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U.S. SUPREME COURT CASES

***B&B Hardware, Inc. v. Hargis Industries, Inc.*, Potential Issue Preclusion on Likelihood of Confusion Rulings**

On March 24, 2015, the United States Supreme Court ruled that that a Trademark Trial and Appeal Board (TTAB) ruling on likelihood of confusion can estop relitigation of that issue in federal courts.

The TTAB and federal courts both determine whether consumers are likely to be confused by similar marks, but they do so for different purposes. The TTAB determines whether to issue a federal trademark registration for a mark, while federal courts decide whether there is infringement of a mark. In *B&B Hardware*, the Supreme Court considered whether an earlier TTAB ruling on likelihood of confusion can preclude later litigation on the same issue in federal court.

In a 7-2 opinion, the Supreme Court held that “[s]o long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before a district court, issue preclusion should apply.” Slip. op. at 22. Writing for the majority, Justice Alito explained that “likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of infringement.” Id. at 16. The Court noted, however, that for “a great many registration decisions issue preclusion obviously will not apply because the ordinary elements [of preclusion] will not be met.” Id. at 14. For example, “[i]f the TTAB does not consider the market-place usage of the parties’ marks, the TTAB’s [registration] decision should have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.” Id. at 18 (citations and quotation marks omitted).

B&B Hardware Inc. v. Hargis Industries Inc. et al., Case No. 13-352, U.S. Supreme Court (March 24, 2015).

- Author: [Emily Johnson](#)

FEDERAL CIRCUIT CASES

Federal Circuit Upholds Finding of Infringement Under Doctrine of Equivalents

The Federal Circuit recently upheld a district court’s determination that claims directed to preparing stable phenol formulations were infringed under the doctrine of equivalents. One of the asserted patents (the “’218 Patent”) covered a method for obtaining stable acetaminophen formulations by deoxygenating solutions with an inert gas to achieve oxygen concentrations below 2 parts-per-million (ppm). The plaintiff alleged that defendant’s generic equivalent of its injectable acetaminophen product, Ofirmev®, infringed claims of the ‘218 Patent either literally or under the doctrine of equivalents. The district court found that the accused process, which first deoxygenates a solvent and only then adds an active ingredient, did not literally infringe. Nevertheless, the court held that the accused process infringed under the doctrine of equivalents (DOE). In reaching its decision, the court found that the timing of the addition of the active ingredient did not matter and ruled that the differences between the claimed steps and accused method were insubstantial. In affirming the district court’s ruling, the Federal Circuit (the “court”) credited expert testimony explaining “that adding acetaminophen before or after the deoxygenation step would have no impact on the stability of the final product.” The court found that this testimony supported the district court’s finding that changing the timing of the deoxygenation step was an insubstantial difference.

The court also rejected the defendant’s contention that deoxygenating after adding the active ingredient is the “antithesis” of deoxygenating before adding the active ingredient and that because such a substitution would “vitiate” the claimed limitation, there can be no finding of equivalence. The court explained that “[v]itiation’ is not

an exception or threshold determination that forecloses resort to the doctrine of equivalents, but is instead a legal conclusion of a lack of equivalence based on the evidence presented and the theory of equivalence asserted.” Because there was no evidence that the accused process is substantially different from the recited claims, the court held that “the argument that a claim limitation is vitiated by the district court’s application of the doctrine of equivalents is both incorrect and inapt.”

Cadence Pharma. Inc., v. Exela Pharmsci Inc., 2014-1184 (Fed. Cir. 2015).

- Author: [Matthew G. Hartman](#)

DISTRICT COURT CASES

Patent Infringement Claims Dismissed For Failure To State A Claim Because An Affirmative Defense Applied

A judge in the Southern District of Florida has dismissed patent infringement claims under Rule 12(b)(6) on the basis of an affirmative defense which defeated all of the allegations. The plaintiff and defendant had entered into a clinical manufacturing activities agreement in which the defendant explored whether it could make an oral formulation of its injected drugs by applying the technology of the plaintiff’s patents. The plaintiff and defendant terminated the agreement, and shortly thereafter the defendant conducted Phase I clinical trials using the technology of the plaintiff’s patents. Subsequently, the plaintiff filed suit for infringement, amongst other things.

The defendant moved to dismiss for failure to state a claim on the basis its activity was covered by the Hatch-Waxman Act’s safe harbor provision for clinical testing during the term of the patent. The plaintiff countered that the safe harbor was an affirmative defense and it was entitled to discovery to test the factual basis for the defense.

The court accepted that “generally an affirmative defense cannot serve as a basis for a [12(b)(6)] dismissal.” However, the court noted that if a complaint’s own allegations on the face of the complaint indicated the existence of an affirmative defense, dismissal could be proper under 12(b)(6). The court then likened the case before it to two other cases where the claims had been dismissed because the plaintiff had failed to allege any specific act of infringement not covered by safe harbor provisions. Finally, the court held dismissal of the infringement contentions was warranted because the plaintiff had only alleged the defendant used the patented technology in protected new drug investigational activity.

Enteris Biopharma, Inc. v. Clinical Pharmacology of Miami, Inc., No. 1-14-cv-227700-UU (Mar. 20, 2015) [Ungaro, J.].

- Author: [Jonathan Underwood](#)

PATENT TRIAL AND APPEAL BOARD

Timing is Everything: Patent Trial and Appeal Board Clarifying When the One Year Clock For Requesting *Inter Partes* Review Begins to Run

In a decision issued on March 23, 2015 instituting an *inter partes* review of patent owned by A&J Manufacturing, LLC, (A&J) the Patent Trial and Appeal Board (PTAB) separately addressed whether the petitioner, The Brinkmann Corp. (Brinkmann), had standing to request the *inter partes* review.

At issue was U.S. Patent No. 8,381,712 relating to a barbeque grill. On August 21, 2013, the patent owner, A&J sued Brinkmann for patent infringement of the 712 patent in the Southern District of Georgia. A&J sent Brinkmann a copy of the complaint and a request for waiver of service on October 7, 2013. Brinkmann executed the waiver of service on October 14, 2013, and A&J filed the executed waiver of service with the district court on October 21, 2013. Meanwhile, on the same day that A&J filed the district court complaint, it also filed a complaint with the U.S. International Trade Commission naming 21 respondents, including Brinkmann. A&J served its ITC complaint on Brinkmann on September 23, 2013. Thereafter, Brinkmann filed its petition for *inter partes* review of the 712 patent on October 13, 2014.

A&J alleged that Brinkmann did not have standing to request the *inter partes* review because its request was time barred. Under 35 U.S.C. § 315(b), an *inter partes* review may not be instituted if it is filed more than one year after the petitioner “is served with a complaint alleging infringement of the patent.” A&J relied on the date it served the district court complaint on Brinkmann, October 7, 2013, to allege that Brinkmann’s *inter partes* review request of October 13, 2014 was more than a year after service of the district court complaint, and hence untimely. The board disagreed, resting its decision on Fed. R. Civ. P. 4(d)(4). That rule states that “[w]hen the plaintiff files a waiver, proof of service is not required and these rules apply as if a summons and complaint had been served at the time of filing the waiver.” Fed. R. Civ. P. 4(d)(4). Applying this rule, the board determined that the date on

which A&J filed Brinkmann's waiver of service with the district court, October 21, 2013, sets the clock for requesting inter partes review, and thus Brinkmann's petition was timely.

A&J also argued that the date it served Brinkmann with the ITC complaint (September 23, 2013) should control whether Brinkmann's petition was timely. The Board also rejected this argument, finding that the language "served with a complaint alleging patent infringement" in 35 U.S.C. § 315(b) means "a complaint in a civil action for patent infringement, not in an arbitral or administrative proceeding."

The Brinkmann Corp. v. A&J Manufacturing, LLC, IPR2015-00056, Paper No. 10 (PTAB Mar. 23, 2015).

- Author: [Angie Verrecchio](#)

CONTACT INFORMATION

If you have any questions regarding this issue of *IP Newsflash*, please contact—

Todd Eric Landis

tlandis@akingump.com

214.969.2787

Michael Simons

msimons@akingump.com

512.499.6253

www.akingump.com



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