



04.17.15

FEDERAL CIRCUIT CASES

Federal Circuit Decides Sua Sponte To Consider Patent Exhaustion Issues En Banc

On April 14, 2015, the Federal Circuit issued a precedential order pursuant to Fed. R. App. P. 35(a) ordering that the pending appeal in *Lexmark International, Inc. v. Impression Products, Inc.*, be heard en banc.

Lexmark holds a number of patents covering printer toner cartridges that it sells for use in its printers. It offers some of its cartridges as “return cartridges,” and sells them at an approximately 20 percent discount if the end-user agrees to use the cartridge only once. Lexmark sued several parties for patent infringement, alleging that those parties sold, among other things, unauthorized “remanufactured” cartridges that were originally sold by Lexmark but later refurbished by third parties. Defendant Impression Products twice moved to dismiss Lexmark’s case on the theory that Impression’s cartridges did not infringe Lexmark’s patents due to patent exhaustion. The district court denied Impression’s first motion to dismiss, holding that extraterritorial sales of patented products did not exhaust patent rights despite the Supreme Court’s holding in *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351 (2013), which held that extraterritorial sales exhausted copyright rights. But the district court granted Impression’s second motion to dismiss because, under *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008), Lexmark’s post-sale use restrictions did not prevent its U.S. sales from exhausting its patent rights.

Impression appealed the denial of its first motion to dismiss, arguing that *Kirtsaeng* applies in patent cases and Lexmark’s sales outside the U.S. exhausted its patent rights. Lexmark cross-appealed the court’s grant of Impression’s second motion to dismiss, arguing that *Quanta* does not apply to Lexmark’s U.S. sales that incorporated a post-sale use restriction.

A panel of the Federal Circuit heard oral argument on March 6, 2015. Prior to issuing a panel decision, the full court ordered the case to be heard en banc and requested that the parties file new briefs addressing two specific questions: (1) in light of *Kirtsaeng*, should the court overrule its precedent to the extent it holds that a sale of a patented item outside the U.S. never gives rise to U.S. patent exhaustion, and; (2) in light of *Quanta*, should the court overrule its precedent to the extent it holds that sale of a patented article under a lawful re-sale restriction does not give rise to patent exhaustion. The court invited the U.S. Department of Justice to file an amicus brief and will likely hear oral argument later this year.

Lexmark Int’l, Inc. v. Impression Prods., Inc., No. 2014-1617, -1619 (Fed. Cir. Apr. 14, 2015) (per curiam).

- Author: [Jason Weil](#)

DISTRICT COURT CASES

Eastern District of Texas Opinion Denies a Daubert Challenge

In denying a motion to strike expert testimony, the District Court for the Eastern District of Texas warned litigants not to “conflate a [person having ordinary skill in the art] with the requirements for expert testimony” set forth by Federal Rule of Evidence 702, when patent specific issues do not require more.

Defendants had argued that an expert witness’s testimony should be stricken because the expert lacked the appropriate, agreed-upon, technical background of a person having ordinary skill in the art (PHOSITA). Although the court recognized that “specific patent issues require an expert to have the skillset of a PHOSITA,” such as “opining on obviousness, anticipation or the doctrine of equivalents[,]” the court ruled that general questions of expert admissibility in “[p]atent cases, like all other cases, are governed by Rule 702[.]” and that there is “no

basis for carving out a special rule as to experts in patent cases.” The court reasoned, “[a]n expert need not be an expert on the entire invention, but rather only the technology about which he or she is opining.” Although the court found that the expert also met the qualifications of a PHOSITA, the court allowed the testimony under Rule 702 because the expert “had specific knowledge as to the testimony the proponent elicited[.]”

Allure Energy, Inc., v. Nest Labs, Inc., et al., Case No. 9:13-cv-00102-RC (E.D. Tex.) (Clark, R).

- Author: [Brock Wilson](#)

PATENT TRIAL AND APPEAL BOARD

Evidence Relating to the Public Accessibility of a Prior Art Reference is “Supplemental Information” Under 37 C.F.R. § 42.123, Not “Supplemental Evidence” Under 37 C.F.R. § 42.64 (b)

A Patent Trial and Appeal Board (PTAB) panel granted petitioner’s motion to submit supplemental information relating to the public accessibility of a prior art reference. In doing so, it determined that such evidence is “supplemental information” under 37 C.F.R. § 42.123. In this case, petitioner relied on the “Broggi” reference, a paper presented at an IEEE presentation, to support several of its grounds for unpatentability. In its preliminary response, the patent owner argued that petitioner failed to establish that the Broggi reference qualifies as a printed publication under 35 U.S.C. § 102.

After the PTAB instituted trial, the patent owner filed a motion to file supplemental information consisting of declarations and printed publications further evidencing that the Broggi reference was publicly available, making it prior art under 35 U.S.C. § 102(a). The patent owner responded by arguing that those documents should be regarded as supplemental evidence because they modify potential dates at which Broggi qualified as prior art and were made in response to its objections on the admissibility of Broggi. The PTAB disagreed, stating that the Broggi reference was included in the petition for inter partes review, so the supplemental information “does not change the grounds of unpatentability or the evidence presented initially in the Petition.” In addition, “[n]othing in the board’s rules prohibits a party from filing, as supplemental information,” evidence which also is responsive to evidentiary objections.”

Valeo North America, Inc. v. Magna Electronics, Inc., IPR2014-01204, Paper No. 26 (PTAB Apr. 10, 2015).

- Author: [John Wittenzellner](#)

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



© 2015 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. IRS Circular 230 Notice Requirement: This communication is not given in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any tax advice contained in this communication for the purpose of avoiding United States federal tax penalties. In addition, any tax advice contained in this communication may not be used to promote, market or recommend a transaction to another party. Lawyers in the London office provide legal services through Akin Gump LLP, practicing under the name Akin Gump Strauss Hauer & Feld. Akin Gump LLP is a New York limited liability partnership and is authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG.

[Update](#) your preferences | [Subscribe](#) to our mailing lists | [Forward](#) to a friend | [Opt out](#) of our mailing lists | [View](#) mailing addresses