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DISTRICT COURT CASES

District Court Required Identification of Prior Art in Defendant's Counterclaim of Invalidity

In the Southern District of New York, the court granted plaintiff's motion to dismiss defendant's declaratory judgment counterclaim of invalidity because defendant failed to include factual allegations (such as prior art) to support its claim of invalidity.

Defendant's counterclaim alleged, without additional facts, that each of the asserted patents "is invalid for failure to satisfy one or more conditionals of patentability...including but not limited to 35 U.S.C. §§ 102, 103, 112, and/or 171." The court held these statements were merely conclusory and failed to meet the *Twombly* "plausibility" pleading standard. The court highlighted that defendant "does not identify any prior art that anticipates or renders obvious [plaintiff's] patents." Because defendant failed to identify any prior art (or other bases of invalidity), defendant failed to "assert nonconclusory factual matter sufficient to nudge its claims across the line from conceivable to plausible."

The Court rejected defendant's argument that the plausibility/*Twombly* pleading standard should not apply to patent invalidity counterclaims. In particular, Defendant pointed to the district's local patent rules, which set forth the process for disclosing the factual allegations and contentions for the invalidity claim, including any prior art. The court disagreed, noting (1) the pleading standard and local patent rules are not inconsistent, and (2) there is no precedent that invalidity counterclaims should be measured under a different pleading standard than other claims.

Ultimately, the court dismissed all of defendant's invalidity counterclaims, but granted one opportunity to amend to cure the pleading deficiencies.

Crye Precision LLC v. Duro Textiles, LLC, 15-cv-1681-DLC (June 16, 2015) (Cote, J.).

- Author: [Jamie Duncan](#)

Court Grant's Summary Judgment of Invalidity Under § 101 for Certain Claims of Computer Voice Control Patent, but Denies Summary Judgment for Means-Plus-Function Claims

On June 11, 2015, the district court for the Northern District of California granted-in-part Apple Inc.'s (defendant) motion for summary judgment finding certain claims of U.S. Patent No. 5,729,659 (the patent-in-suit) invalid under 35 U.S.C. § 101 for being directed to an abstract idea. Using the two-part *Alice* test, the court first determined that all seven claims challenged by defendant were directed to an abstract idea. Second, the court ruled that four of the seven claims did not contain an "inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application" and, thus, were invalid. For the remaining three claims, however, the court held that they "may" involve an inventive concept "when described and limited by the relevant language in the specification" and, thus, denied summary judgment as to those claims.

The patent-in-suit is generally directed to using "natural language based rules, associative search and tabular data structures" in order to control a computer. Specifically, input information (e.g., words spoken through a microphone) is "used to associatively search the contents of a tabular data structure organized in rows and columns" in order to determine the meaning of the spoken words and perform the requested operation. With regard to the first step of the *Alice* test, the court was persuaded by defendant's argument that the challenged claims are directed to a "longstanding," "routine" and "conventional" practice (i.e., the abstract idea of finding information in a tabular data structure). Further, the court held that "a patent is directed towards an abstract idea if it has no particular concrete and tangible form." Accordingly, the court found the patent-in-suit to be "directed to an abstraction," similar to *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), because "its disclosure

of the use of a human voice to control a computer has no tangible or concrete form.”

In step two of the *Alice* test, the court held that four of the seven challenged claims were not directed to an inventive concept because they failed to do significantly more than simply describe the abstract method. Plaintiff argued that the patent-in-suit introduces the inventive concept of “using associative searching.” The court, however, was not persuaded, because the patent-in-suit does not introduce any novel hardware and it considered the patent’s definition for “associative searching” to itself be an abstract idea (i.e., “a technique of accessing or identifying an entire datum from a body of data by specifying any portion of the datum.”). Thus, the court found these four claims to “simply recite the abstract idea of finding and processing data implemented on a generic computer which is controlled by a generic word recognition device.” For the three remaining challenged claims, the court held that they “may” involve an inventive concept because they are means-plus-function limitations that are limited to the structure disclosed in the specification. Thus, the court denied summary judgment as to these three claims.

Potter Voice Technologies, LLC v. Apple Inc., 4:13-cv-01710 (N.D. Ca. June 11, 2015) (C. Wilken).

- Author: [Ashraf Fawzy](#)

PATENT TRIAL AND APPEAL BOARD

Patent Owner denied permission to file a motion for sanctions on a charge that the petitioner recycled arguments from an earlier IPR petition

The Patent Trial and Appeal Board (PTAB) denied a patent owner’s request to file a motion for sanctions under 37 C.F.R. §§ 42.12(a)(2) and 42.12(a)(7). These rules authorize the PTAB to impose sanctions when a party (1) advances misleading or frivolous arguments, or (2) improperly uses the proceeding to harass, cause unnecessary delay or increase cost.

At the telephonic conference to hear the request, the parties disputed whether the petitioner had reused arguments from an earlier *inter partes* review (IPR) petition against the same parties on the same patent. The PTAB ultimately decided that the arguments in the two IPR petitions were different. “Some overlap between [the two petitions] does not demonstrate cause to authorize a motion requesting sanctions.” Despite this rejection, the board noted that it would consider the patent owner’s arguments in deciding whether to institute the IPR.

On a procedural note, remember, most motions in an IPR must be authorized by the PTAB before they are filed. 35 C.F.R. § 42.20(b). In *Chums*, the board disregarded, in its entirety, the patent owner’s draft motion for sanctions, which was attached to an email requesting permission to file the sanctions motion, because it violated 35 C.F.R. § 42.20(b).

Chums, Inc. v. Cablz, Inc., IPR2015-00602, Paper No. 9 (PTAB Jun. 16, 2015).

- Author: [Samar Shah](#)

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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