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FEDERAL CIRCUIT CASES

Federal Circuit Grants Mandamus Disallowing Use of U.S. Discovery in Foreign Proceedings

The Federal Circuit has granted mandamus vacating a New Jersey district court's order that allowed plaintiff Nippon to use defendant's proprietary information produced in a US patent case in trade secret theft litigation pending in Japan and Korea. Nippon sued defendant in 2012, alleging patent infringement. Following the entry of the district court's protective order, which prohibited the cross-use of confidential materials, defendant produced several million pages of documents containing confidential information. Nippon later sued defendant in Japan for trade secret misappropriation and defendant filed its own declaratory judgment action in Korea. Nippon moved the New Jersey district court to modify its protective order to allow foreign counsel in the Japanese and Korean actions access to defendant's confidential manufacturing documents. The district, finding the documents relevant to the foreign actions, and citing third circuit precedent, allowed the modification. On writ of mandamus, the Federal Circuit found review appropriate because the case raised an important issue of first impression. The appellate court held that 28 U.S.C. § 1782 and the Supreme Court's 2004 decision in *Intel Corp. v. Advanced Micro Devices, Inc.* applied to the issue at hand. Section 1782 provides that a district court "may order" production of documents for use in a proceeding in a foreign or international tribunal, and Intel sets forth specific factors to be considered in deciding whether to provide evidence for use in foreign proceedings, including "whether the request conceals an attempt to circumvent foreign proof-gathering restrictions." Here, the court noted that our federal court system is more generous than in Japan and Korea, and Nippon was attempting to obtain and use documents that perhaps it would not otherwise be able to obtain and use in those foreign courts. The court therefore granted mandamus, directing the district court to conduct the proper assessment in light of the Intel factors. Judge Hughes concurred in the outcome but wrote separately, faulting the district court for imposing restrictions on the foreign court's use of documents which he believed violated principles of comity. He did not agree that § 1782 applied in this case.

In re POSCO (Fed. Cir. July 22, 2015) (Newman, Dyk (author), Hughes).

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DISTRICT COURT CASES

PTAB Decision to Institute IPR Excluded From Trial

On June 23, 2014, Ivera Medical Corporation and Becton, Dickinson, and Company (plaintiffs) alleged infringement against Hospira, Inc. (defendant). Prior to trial, the parties exchanged motions in limine. In granting and denying in part the parties' motions, the court granted plaintiffs' motion in limine regarding *inter partes* review proceedings. Plaintiff's argued that defendant should not be allowed to submit evidence or argument regarding institution of the *inter partes* review of the asserted patent. Defendant opposed the motion arguing that the *inter partes* proceedings were part of the patent prosecution history and probative of the relevance of prior art.

In granting plaintiff's motion in limine, the court relied on the difference in standards – "a reasonable likelihood that the petitioner would prevail" contrasted with the "clear and convincing" standard. The court also noted that after the Patent Trial and Appeal Board (PTAB) instituted *inter partes* review, the non-party petitioner settled and the *inter partes* review proceeding was dismissed, without the PTAB rendering a decision. The court further noted that the evidence would be confusing to the jury and prejudicial to plaintiffs without a "time-consuming explanation of the PTAB procedures." "Telling the jury that the patent has been called into question by the Patent Office may influence the jury's application of the presumption of validity and prejudice [plaintiff]." The court concluded that the prejudicial potential of the evidence substantially outweighed any probative value.

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District Court Grants Defendant's Motions for Summary Judgment Invalidating Two Software Patents

On July 9, a judge in the district of Oregon granted two motions for summary judgment finding that the claims of United States Patent Nos. 7,346,766 and 6,728,877 fail to state an inventive concept sufficient to satisfy the Supreme Court's test for patentability of an abstract idea under Section 101, and are therefore invalid. The patents-in-suit involve technology related to the migration of user configuration settings from a source computing system to a target computing system. In granting defendant's motions for summary judgment, the court followed the Supreme Court's guidance in the landmark *Alice Corp. Pty. Ltd. v. CLS Bank, Int'l*, 134 S. Ct. 2347 (2014) decision.

Under step one of the two-step *Alice* test, the court first determined whether the patents-in-suit were directed toward an abstract idea. Here, the court found that plaintiff's patents were aimed an abstract idea stating, "[plaintiff's] claimed invention is directed at a practice that was well-known, conventional, and routine at the time of the invention, and is therefore not directed to patent-eligible subject matter." After finding that the patents-in-suit were both directed at abstract ideas, the court then examined step two of *Alice* – whether the elements of each claim, either individually or as an ordered combination, state an "inventive concept" sufficient to transform the patent-ineligible abstract idea into a patent-eligible application of that idea. Here, the court found that plaintiff was attempting to manufacture an inventive concept by arguing that the source and target computing systems are "special purpose" computers programmed by its software. Specifically, the court noted that "[t]here is nothing unique, innovative, or 'special' about these computing systems. The 'source' is the computer from which settings are taken, and the 'target' is the computer to which those settings are applied. The systems themselves are passive in the process; they do not serve any particular purpose, much less a special one. The 'source' and 'target' systems are generic computers to which the abstract idea of migrating settings is applied, and that is not a patentable concept."

The court also expressed concerns over the broad scope of the patents finding that "[a] patent over [plaintiff's] claimed process risks preempting the abstract idea of migrating settings from one computer to the other. The methods and processes described in [plaintiff's] patents are extraordinarily rudimentary and are stated at such a high level of generality that they threaten to foreclose any attempt to migrate settings between computers."

Tranxition Inc., v. Lenovo (United States) Inc., No. 3:12-cv-01065-HZ (D. Or. July 9, 2015) (Hernandez, J).

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PATENT TRIAL AND APPEAL BOARD

A Second Oral Hearing Deemed Unnecessary

It is well established that new arguments cannot be presented at an oral hearing before the PTAB. 35 U.S.C. §§ 316(a) and 326(a); 37 C.F.R. § 42.70(a); *CBS Interactive Inc. v. Helferich Patent Licensing, LLC*, IPR2013-00033, Paper 118 (explaining that "nothing new can be presented [at an oral hearing], no new evidence, no new arguments" because "[u]nlike trials conducted in district courts, a trial before the board is conducted on paper."). Despite this hardline rule, the patent owner attempted to present a "new approach" at an oral hearing on July 21, 2015. The PTAB immediately noted that the patent owner's new arguments were inappropriate. However, the board permitted the patent owner to restart its oral argument, and allowed it to use the entirety of the originally scheduled argument time to present an argument that did not include the new material.

A week later, the petitioner requested permission to file a motion for a new oral argument by pointing to the patent owner's improper conduct at the first hearing. The board, however, noted that the patent owner was effectively thwarted from presenting new arguments at the hearing because its counsel was "instructed ... to not 'take a new approach'" when it restarted its oral argument. Because the issue was effectively decided at the first hearing, the board refused to allow the petitioner to file a motion for a second oral argument.

Samsung Electronics Co. Ltd., v. Rembrandt Wireless Tech., LP, IPR2014-00892, Paper 44 (July 29, 2015).

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