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IP Newsflash

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DISTRICT COURT CASES

Attorney's Fees Awarded Against Plaintiff for Inadequate Pre-Filing Investigation and Meritless Post-Discovery Positions

A judge in the U.S. District Court for the Central District of California has awarded attorney fees to the defendant after finding the plaintiff's case on one of four asserted patents "exceptionally meritless" under *Octane Fitness*.

The court considered the totality of the circumstances of plaintiff's infringement case, beginning with the plaintiff's pre-suit activities. The defendant argued the plaintiff filed had the lawsuit without "purchas[ing] or test[ing] any of the accused products to determine if they infringed the four subject patents." The plaintiff countered he had conducted a thorough investigation, including "correspond[ing] with and call[ing the defendant], and [analyzing] public materials." However, the judge found the plaintiff's pre-suit investigation inadequate, weighing in favor of exceptionality.

The court turned to whether the "plaintiff should have known the case was meritless." The defendant argued the plaintiff should have known its infringement allegations were "objectively baseless." The defendant pointed to the plaintiff's visit to the defendant's facilities, his receipt of "technical documents, such as schematics," and education about the defendant's technology from a tutorial in a related case between the parties. Furthermore, the court in that related case had found the tutorial was the pivotal moment, after which the plaintiff should have known that "he had no admissible evidence to support his [allegations]." Against this background, the court also found that after the tutorial, the plaintiff had been "unreasonable" by "continu[ing] to prosecute his claims [by] relying on conclusory allegations of infringement." Ultimately, the court found the plaintiff should have known that his case on one of the four patents was "meritless," making the case exceptional.

Yuka v. TSI Inc., No. 12-cv-1614-FMO (C.D. Cal. Aug. 12, 2015) (Olguin, J.).

- *Author*: Jonathan Underwood

PATENT TRIAL AND APPEAL BOARD

Priority Analysis Does Not Impermissibly Expand Scope of *Inter Partes* Review

A Patent Trial and Appeal Board (PTAB) panel has concluded that all challenged claims of an internet application patent are invalid because they are obvious in view of the prior art. In its petition for *inter partes* review (IPR), the petitioner contended that the earliest possible priority date for each of the challenged claims is the actual filing date of the application that matured into the patent. In response, the patent owner argued that the petition exceeded the permissible scope of inter partes review because petitioner's challenge "raises issues related to a purported failure of the written description requirement, which is in the realm of 35 U.S.C. § 112(a) and not a prior art challenge under Section 102 or Section 103." The panel rejected the patent owner's argument and, in doing so, clarified the difference between compliance with the requirements of 35 U.S.C. § 112 and assessing the earliest priority date for a claim. The panel explained that the petitioner "does not assert that [the owner] never had possession of the claimed features. Petitioner argues only that there is no description of these features until the application filed on November 30, 2009. A review of the disclosure for purposes of identifying the priority date for the claimed subject matter is appropriate and within the scope of inter partes review." Because the patent owner did not offer any other substantive response to the challenges upon which the trial was instituted, the panel concluded that the claims are unpatentable.

SAP America, Inc., v. Lakshmi Arunachalam, IPR2014-00414 (PTAB August 17, 2015)

[Easthom, Saindon, McNamara (opinion)].

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