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FEDERAL CIRCUIT CASES

Federal Circuit Strikes Down Award of Attorneys' Fees

In a decision that rejects a recent trend of district courts' willingness to award attorneys' fees since the Supreme Court's 2014 Octane Fitness decision, the Federal Circuit has held that a district court judge did not properly justify an enhanced award of attorneys' fees. After granting a Rule 12(c) motion early in the case, the district court found that the lodestar amount of attorneys' fees was uncharacteristically low because of the court's expeditious treatment of the case, and therefore was not substantial enough to properly deter the plaintiff's future predatory conduct. Under this reasoning, the district court doubled the lodestar to deter the plaintiff's conduct.

On appeal, the Federal Circuit affirmed that the district court's finding that the case was exceptional. When it came to the amount of the award, however, the Federal Circuit found that there was not proper justification for enhancement. Specifically the Federal Circuit stated that "[a]lthough deterrence may be a consideration when determining *whether* to award attorney fees, it is not an appropriate consideration in determining the *amount* of a reasonable attorney fee." (emphasis in original). The Federal Circuit remanded the case for a proper determination of the amount of attorneys' fees, noting that such determination should not include the expedited schedule of the district court or any deterrence purpose.

Lumen View Technology LLC v. Findthebest.com Inc., No. 15-1275 (Fed. Cir. Jan. 22, 2016).

- Author: [Michael Reeder](#)

DISTRICT COURT CASES

Texas Court Defers *Alice* Determination until After Claim Construction

An Eastern District of Texas judge denied Defendants' motion for judgment on the pleadings that the asserted claims are invalid under *Alice* concluding the decision here is best left until after claim construction. The claims at issue relate to processing coupons. Defendants contend the asserted claims should be invalidated because they are directed to the abstract idea of 'offering, tracking, and processing discounts'—a concept Defendants contend is a longstanding commercial practice." *Id.* at 5. Defendants also argued that the discount vehicle claims are invalid under the printed matter doctrine because the claim term "discount vehicle" can only be interpreted as paper with certain text and/or graphics printed on it. Plaintiff responded that making a decision at this stage is inappropriate because there exist underlying factual disputes concerning the scope of the claims. Specifically, Plaintiff argued that "discount vehicle" is not limited to a sheet or card as interpreted by Defendants.

Based on the parties' disagreement as to the scope of the asserted claims, the court determined that more analysis regarding the interpretation of the claims is needed to resolve this issue. The court also concluded that the asserted claims do not clearly show that they recite an abstract idea because the claims include physical structures. Thus, the court denied Defendants' motion without prejudice to re-file a similar motion after claim construction.

Advanced Marketing Sys, LLC v. CVS Pharmacy, C.A. No. 6:15-cv-134 (E.D. Tex. Jan. 25, 2016) (Gilstrap, J.).

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Statements Made During IPR Doom Plaintiff's Media Streaming Patent

A California federal judge dismissed an infringement suit alleging Apple Inc.'s Apple TV video streaming service infringes a patent held by Aylus Networks Inc.. The court ruled that Apple's technology does not follow the steps laid out in patent claims asserted by Aylus. Specifically, the court relied on statements made by plaintiff during

inter partes review, holding that “[d]uring the claim construction process, the Court was not asked to construe the term ‘The [Control Point Proxy] is invoked.’ However, the Court agrees with [defendant] that based on the language of the patent and [plaintiff’s] statements during the inter partes review process, dependent claims 2 and 21 require that only the CPP logic is invoked to negotiate media content delivery. . . . [T]his distinction is confirmed by [plaintiff’s] preliminary responses to [defendant’s] inter partes review petitions of the [patent-in-suit] and the PTAB’s adjudication of the petition. In this regard, [plaintiff’s] statements are akin to a prosecution disclaimer. . . . Based on this distinction, the PTAB denied [defendant’s] petition for inter partes review of claims 2 and 21. . . . [T]he PTAB’s conclusion was not based on the application of the [broadest reasonable interpretation] standard of review, but rested on the distinction that [plaintiff] itself articulated in its response to [defendant’s] petition.” (emphasis added).

Aylus Networks, Inc. v. Apple Inc., 3-13-cv-04700 (CAND January 21, 2016, Order) [Chen, J.].

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PATENT TRIAL AND APPEAL BOARD

PTAB Denies Institution of CBM Review of ATM Patent

In a January 22, 2016 decision, the Patent Trial and Appeal Board (PTAB) denied institution of covered business method (CBM) review of an ATM patent under 35 U.S.C. § 101. Petitioner NRT Technology sought review of U.S. Patent No. 6,081,792, which relates to a modified ATM terminal that allows a user to obtain cash from a bank account through one of multiple alternative networks. According to the patent, when a cardholder attempts to withdraw money via an ATM network and fails because she has exceeded her daily limit, the request is routed through a different type of transaction, such as a point-of-sale (POS) network. When the POS transaction is approved, the ATM terminal informs a nearby money location—for example, a hotel concierge or a cash window at a casino—of the approved transaction, and the cardholder obtains the money from that location instead of the ATM terminal itself.

The Board denied institution of CBM review. Although NRT argued that the claims were directed to abstract ideas, it did not specify what those abstract ideas were. The Board found that NRT implicitly identified them as “providing money to an account holder” and “trial-and-error.” Yet the Board found these to be an oversimplification: “[t]he challenged claims are not directed simply to the idea of providing money to an account holder or using trial-and-error until success is achieved. Rather, the claims are directed to particular methods of providing money to an account holder using an ATM via a POS transaction after an ATM transaction has failed.” The Board also faulted NRT for failing to consider the claim elements as ordered combinations to determine whether any additional elements transformed the claims into a patent-eligible application of an abstract idea. Because NRT failed to show that the claims were more likely than not patent-ineligible, the Board denied CBM review.

Petition for Covered Business Method Patent Review by NRT Technology Corp., CBM2015-00167 (PTAB January 22, 2016).

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PTAB Designates Two of Its Earlier Decisions as Precedential

The PTAB has recently designated two of its prior decisions as precedential. These are only the second and third decisions from AIA reviews to be designated as such by the Board. The first decision, *LG Electronics Inc. v. Mondis Tech Ltd.*, relates to the meaning of the term “served with a complaint” in 35 USC § 315(b). In its decision denying institution of LG’s IPR petition, the Board held that LG’s petition, filed within one year of Mondis’s second complaint, but more than a year after Mondis’s first complaint alleging infringement of the patent at issue, fell outside of the one-year time bar for filing an inter partes review. The Board declined “LG’s invitation to amend § 315(b) by inserting either ‘latest’ or ‘second’ into the statute,” and instead interpreted “a complaint” plainly as any complaint. LG had also argued that the settlement agreement following the first lawsuit did not cover all of its accused products and that, following dismissal of that suit, the parties were left in the same legal position with respect to the “unreleased products” as before the complaint was filed. The Board rejected that argument, finding that at least some of the claims were dismissed with prejudice, and it was LG’s decision to exclude products from its settlement.

The second decision, *Westlake Services LLC v. Credit Acceptance Corp.*, clarified that estoppel under 35 USC § 325(e) applies on a claim-by-claim basis. Petitioner Westlake, who had been sued by CAC, sought CBM review of all 42 claims of the CAC’s financing method patent. The Board instituted review as to only 19 claims and found them unpatentable under § 101 in its final written decision. Westlake filed a second CBM petition on the same patent seeking review of the remaining 23 claims. CAC sought to terminate the second proceeding, arguing that estoppel under § 325(e)(1) applies to all claims challenged by a petitioner, not just the instituted ones, and that a contrary reading of the statute would allow serial challenges to a patent. The Board rejected that argument, finding that the statute plainly applies to claims that “result in a final written decision.” It noted that its prior final written decision did not in any way incorporate portions of its institution decision relating to claims for which trial was not instituted. The Board therefore denied CAC’s motion, and in its final written decision in the second proceeding, found the remaining 23 claims also unpatentable under § 101.

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