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SUPREME COURT CASES

Post-Complaint Events or Transactions Cannot Cure Prudential Standing Defects

The U.S. Supreme Court denied Alps South's writ to review the Federal Circuit's decision that the company lacked standing to assert its patent covering prosthetic liners against The Ohio Willow Wood Company. The district court initially found that the patent was valid and willfully infringed, and denied Ohio Willow's motion to dismiss for lack of standing. On appeal, Ohio Willow argued that Alps South did not possess all substantial rights to the asserted patent. Alps South obtained the asserted patent via a license agreement in which the original licensor retained the rights to make and sell products outside the field of prosthetic liners. Because the license agreement had a field-of-use restriction and Alps South did not join the original assignee as a co-plaintiff, Ohio Willow argued that Alps South lacked standing to sue.

Alps South countered that it had prudential standing because the license agreement was amended after the complaint was filed, which retroactively granted Alps South all substantial rights effective as of the date of the original license agreement. Alps South also argued that the complaint was amended to reflect this amended license agreement, which cured Alps South's prudential standing defect existed at the time the complaint was filed.

The Federal Circuit rejected Alps South's arguments, holding that a jurisdictional defect that existed at the time the complaint was filed cannot be cured by post-filing activities or retroactive license agreements. It also held that a supplemental complaint does not become the operative complaint for determining jurisdictional and standing issues.

Alps South then filed a petition for a writ of certiorari challenging the Federal Circuit's holdings, but the Supreme Court denied it without explanation, leaving the Federal Circuit's holdings intact.

Alps South, LLC v. The Ohio Willow Wood Company, No. 15-567 (U.S. Supreme Court, Jan. 19, 2016).

- Author: [Alex Chan](#)

FEDERAL CIRCUIT CASES

Federal Circuit Denies Writ of Mandamus to Force E.D. Tex. Court to Decide Transfer Motion

A three-judge panel of the Federal Circuit denied a mandamus motion from Marten Transport, Ltd. requesting that Judge Gilstrap in the Eastern District of Texas promptly rule on its transfer motion. Marten filed its Writ of Mandamus on January 11, 2016. At that time, its transfer motion had been pending for over six months and briefing had been completed for over five months.

After Marten filed its Writ, the district court scheduled a hearing for the transfer motion for the following month. There was no indication in the record that the hearing was scheduled in response to Marten's Writ, though the hearing was scheduled just 11 days after the Writ was filed. Nevertheless, the Federal Circuit denied Marten's Writ because the district court had set the transfer motion for a hearing, stating that it "expects that the district court will promptly decide the transfer motion."

In re: Marten Transport Ltd., C.A. No. 16-108, (Fed. Cir. Feb. 3, 2016).

- Author: [Michael Reeder](#)

DISTRICT COURT CASES

California Court Invalidates Two Patents under *Alice*

A federal judge in the Northern District of California ruled that two patents asserted against Apple Inc. are invalid for failure to meet the patent-eligibility test as established in *Alice*. The patents are asserted by OpenTV, Inc., a subsidiary of Kudelski SA. OpenTV accuses Apple services such as Apple TV and iTunes of infringing patents generally directed to secure transmission of media content to a target device, such as a television, computer, or smartphone.

U.S. Patent No. 6,148,081 is generally directed to controlling interactive television access to media content. U.S. Patent No. 7,644,429 is generally directed to conditional access to pay-per-view and broadcast television programs based on user information. The Court stated that “[t]he practice of controlling access to information by verifying credentials (via well-known encryption methods) is neither novel nor specific to interactive television systems” and that “[g]ranting access to a product (pay-per-view programming for example) after confirming that the user has paid for the product and provided certain product-specific information has been a well-known practice in the cable industry for decades.” The Court went on to say that both patents require nothing more than a general purpose computer with well-known components. The Court held that both patents at issue are directed to abstract ideas and are invalid.

OpenTV, Inc. et al v. Apple Inc., No. 5:15-cv-02008 (N.D. Cal. Jan. 28, 2016) (Davila, E.).

- Author: [Justin J Chi](#)

Damages Expert Fails to Properly Apportion Out the Unpatented Features in Royalty Base

Judge Gilstrap in the Eastern District of Texas recently held that plaintiff's damages expert failed to properly apportion the royalty base “because he has failed to specify, distinguish, and then separate the value of BMC's patented features from the unpatented features of ServiceNow's products.” Plaintiff's damages expert created his relevant royalty base by simply reducing defendant's total revenue by 50%, then subtracting out the revenues he determined were subject to lost profits. The Court rejected plaintiff's argument that the “original 50% reduction” was sufficient to isolate or apportion the incremental value associated with the infringement of the asserted patents. Although the Court recognized that the damages expert adequately identifies a portion of defendant's revenue that is at risk, the Court rejected the asserted royalty base because the expert failed to apportion out any of the value of the unpatented features in the accused products. Relying on the Federal Circuit's recent *Ericsson* opinion, the Court held that the “expert fails to provide an ultimate combination of royalty base and royalty rate based on the ‘incremental value that the patented invention adds to the end product.’” Ultimately, the Court carried defendant's motion to exclude and ordered plaintiff to supplement its damages expert report to correct the deficiency within ten days, reserving the right to readdress this issue after supplementation.

BMC Software, Inc. v. ServiceNow, Inc., Case No. 2:14-cv-903 (E.D. Tex. Feb. 1, 2016) (Gilstrap, J.).

- Author: [James L. Duncan III](#)

PATENT TRIAL AND APPEAL BOARD

PTAB Denies IPR Petition Because Modification to Prior Art Was Not Obvious

In a January 27, 2016 decision, the Patent Trial and Appeal Board (PTAB) denied institution of Inter Partes Review (IPR) of a patent under 35 U.S.C. § 103(a). Petitioner Allsteel Inc. sought review of U.S. Patent No. 8,024,091, which relates to a wall system that includes modules connected through a removable connecting strip. The asserted independent claim requires a connecting strip with a pair of spaced apart arms, each having a beaded portion. Further, the claim requires the beaded portions to have flanges fitting inside the arms of the connecting strip. The prior art, however, disclosed beaded portions with members fitting outside the arms. Petitioner contended that a skilled artisan would have found it obvious to reverse the positions of the members to fit inside the arms. Petitioner also relied on the testimony of its expert to show that it would have been obvious to reverse some inwardly projecting members so that the beaded portions would fit inside the arms.

The PTAB disagreed. It found that Petitioner's modification would result in the repositioning and rotating of several parts of the wall system, making the change nonobvious. Moreover, the PTAB considered the testimony of Petitioner's expert conclusory. Specifically, the PTAB explained that the expert failed to show how the modified system would work in the same manner as the original arrangement. Finally, the PTAB considered an alternative modification proposed by Petitioner, which involved orienting a horizontal member vertically and replacing a bayonet with another bayonet of a different shape. Similarly, the PTAB concluded that Petitioner failed to show this modification would have been obvious to a skilled artisan. The PTAB also did not give the expert's conclusory opinion much weight. Because neither proposed modification to the prior art would have been obvious, the PTAB denied the petition for IPR review.

Allsteel Inc. v. Dirtt Env't Solutions Ltd., Case IPR2015-01690 (PTAB Jan. 27, 2016) [Medley (opinion), Daniels, and Harlow].

PTAB Denies Institution of IPRs of HUMIRA™ Patents

On January 14, 2016, a PTAB panel denied institution of petitions for *inter partes* review of two patents owned by AbbVie and alleged by AbbVie to cover the pharmaceutical product HUMIRA®, the best-selling brand-name drug of 2015. The petitions, filed by Amgen, preceded the company's submission of a Biologics License Application for a biosimilar alternative to HUMIRA®. According to the Board, the petitions challenging the patentability of the claims of U.S. Patent Nos. 8,916,157 and 8,916,158 failed to show "that there [was] a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition[s]" as required under 35 U.S.C. § 314. Petitioner challenged claims in both patents under 35 U.S.C. § 103(a) as obvious over two sets of prior art references and the state of the art at the time of the inventions. The Board was not persuaded in either instance, and determined that the first set of references did not provide "sufficient guidance such that a skilled artisan would have had a reasonable expectation of success..." The Board further found the combination of the references to "be exercises in impermissible hindsight reconstruction," citing to *Grain Processing Corp. v. Am.-Maize prods. Co.*, 840 F.2d 902, 907 (Fed. Cir. 1988). In also rejecting the patentability arguments over the second set of references, the Board agreed with the Patent Owner that a "lack of teachings . . . would have left one of ordinary skill in the art 'with an utter lack of guidance..." After determining that Petitioner had "not established a reasonable likelihood of prevailing with respect to" the challenged independent claims, the petitions were denied and no trial was instituted.

Amgen, Inc. v. AbbVie Biotechnology LTD., IPR2015-01514 (PTAB January 14, 2015)[Elluru (opinion), Hulse, LaVier].

Amgen, Inc. v. AbbVie Biotechnology LTD., IPR2015-01517 (PTAB January 14, 2015)[LaVier (opinion), Elluru, Hulse].

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