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## DISTRICT COURT CASES

### **New York Court Invalidates Targeted-Advertising Patents under *Alice***

A federal judge in the Southern District of New York granted counterclaim-defendant TNS's motion for summary judgment ruling that three patents related to targeted-advertising were invalid under *Alice*. As a preliminary matter, the court rejected Tivo's (TRA) presumption of validity argument noting that "[t]he presumption of validity—and its concomitant clear and convincing evidence standard—does not apply to section 101 claims." In analyzing the patents, the court found that all three patents describe the same basic invention in five basic steps: "(1) collecting household-level data from a variety of digital sources, (2) matching this data to individual households through the use of digital double-blind matching, (3) digitally storing this matched data, (4) applying a "cleansing and editing algorithm" to the data to remove extraneous and/or private information, and (5) calculating an advertising metric based on the data." Accordingly, the court found claim 71 of the '940 patent to be representative of all asserted claims—essentially a method for correlating the advertisements that consumers view and their purchasing behavior.

In applying the *Alice* standard, the court ruled that "[b]ecause the asserted claims are directed to an abstract idea and nothing in the claims comprises an inventive concept, TRA claims are patent-ineligible. Under step one of *Alice*, the court stated that the "abstract nature of TRA's patent is confirmed by the fact that TRA's claim, as a whole, can be performed by humans rather than computers" and are therefore, "directed towards a patent-ineligible abstract idea." Under step two of *Alice*, the court found that the asserted claims lacked an inventive concept stating that "claim 71 of the '940 patent recites only "well-understood, routine, [or] conventional activities" such as data collection, data storage, and routine 'post-solution' activities (activities performed on the data following the double-blind match) that are insufficiently inventive to render TRA's claims patentable."

*TNS Media Research LLC et al. v. TiVo Research and Analytics Inc.*, Case No. 1:11-cv-04039 (S.D.N.Y. Feb. 22, 2016) (Scheidlin, J.).

- Author: [Jay K. Tatachar](#)

### **Prejudicial Statements by Attorney during Closing Warrants New Trial**

After a jury found infringement and no invalidity in a patent case involving HVAC systems, Judge Robinson of the District of Delaware granted a new trial based on prejudicial and gratuitous statements made by an attorney during closing arguments. The court explained that of the most common reasons for granting a new trial, one is "improper conduct by an attorney or the court [that] unfairly influenced the verdict." Opinion at 4. Defendant Goodman argued in the post-trial phase that Plaintiff Carrier's counsel made improper arguments during closing regarding indemnity and copying issues, as well as the burden of proof.

In the first instance, counsel for Carrier likened an indemnity clause Goodman had signed to a motivation to ignore patent rights. The court noted that such statements were "a pretty big stretch" and that there was "no good way to fix" the issue. Opinion at 34. Second, counsel for Carrier—after it was agreed by the parties that there would be no evidence of copying—described Goodman's knowledge of Carrier's product in the context of copying, arguing, "Why would [Goodman] have done that [compared products] if they truly didn't infringe?" Opinion at 36. Third, counsel for Carrier explained the clear and convincing burden in the context of taking away parental rights. Specifically, he argued that invalidating a patent takes away the patent from an inventor like "tak[ing] away someone's kid." *Id.* As to the copying and burden arguments, the court noted that counsel's "gratuitous argument" was sufficient to tip the balance for the wrong reason. Opinion at 37. The court, thus, concluded that a new trial was warranted based on these statements.

*Carrier Corp. v. Goodman Global, Inc.*, Civ. No. 12-930-SLR (D. Del. Feb. 22, 2016). [J. Robinson]

## **N.D. Cal. Judge Denies Summary Judgment Motions in Dispute Over Hepatitis C Products**

Judge Freeman of the Northern District of California issued an order on February 1, 2016, denying plaintiff Gilead Sciences, Inc.'s motion for summary judgment of invalidity of two patents assigned to Merck Sharp and Dohme Corp. and alleged to cover Gilead's blockbuster Hepatitis C (HCV) drug sofosbuvir. Sofosbuvir is a key component of Gilead's Sovaldi(R) and Harvoni(R) products. Gilead argued that the asserted claims were invalid for failure to satisfy "the utility prong of enablement." This theory is based on the requirement that "the how to use prong of section 112 [requires] that the specification disclose as a matter of fact a practical utility for the invention,"—designed to "prevent the patenting of mere ideas, research proposals, and hypotheses."

Gilead argued that "one having ordinary skill in the art...would not have accepted the assertion that the nucleoside compounds claimed by the asserted patents could treat HCV." Merck countered that a "skilled artisan would have understood the methods and compounds claimed in the asserted patents would be useful in treating HCV." The court agreed with Merck and found "that there is enough evidence to create a disputed issue of material fact as to whether a skilled artisan would have 'accept[ed] the allegations [in the asserted patents] as obviously correct.'"

In addition, Judge Freeman granted Merck's uncontested motion for summary judgment concerning both direct and indirect infringement. The issue of ultimate liability remains to be determined at trial following consideration of Gilead's outstanding invalidity defenses.

*Gilead Sciences, Inc. v. Merck & Co, Inc.*, 13-cv-04057-BLF (N.D. Cal., Feb. 1, 2016).

- Author: [Michael Kahn](#) and Law Clerk Matt Weiss (not admitted to practice) co-wrote this article.

## **PATENT TRIAL AND APPEAL BOARD**

### **Insufficient Showing of Secondary Considerations Fails to Rebut Obviousness Case**

The Patent Trial and Appeal Board (PTAB) found all of the claims of the patent-at-issue invalid, notwithstanding the patent owner's (Owner) showing of secondary considerations of nonobviousness. As an initial matter, PTAB found each limitation of the claims in the prior art. Owner then attempted to rebut Petitioner's prima facie obviousness case by presenting evidence of secondary considerations of nonobviousness based on: (1) copying, (2) commercial success, and (3) industrial praise. PTAB addressed each argument, holding overall that Petitioner's "strong evidence of obviousness" outweighed Owner's secondary considerations of nonobviousness.

First, Owner alleged copying based on Petitioner possessing Owner's patented product and on unsuccessful license negotiations with Petitioner. In response, PTAB found that Petitioner's product (for which Petitioner received its own patent) used a different configuration than Owner's patented product. Further, PTAB found that Petitioner could not have had access to Owner's "patent product" for the purpose of copying because Petitioner's allegedly copied product was sold before the Owner's patent issued.

Second, Owner argued that Owner's success in the marketplace was due to the patented features of its product. PTAB was not persuaded by Owner's mere showing that Owner was able to grow quickly in its marketplace. In holding that Owner failed to establish "a nexus between its commercial product and any novel features" of its patented product, PTAB found that the features purported to promote the Owner's commercial success "were present in the prior art." Further, PTAB held that even if Owner had established a nexus, Owner had "not provided evidence of the market share held by its product to back up its claim of commercial success."

Third and finally, Owner presented evidence of industry praise wherein its patented product won an award and was mentioned in two trade journals. PTAB held that Owner's evidence of industry success was insufficient, finding that there was no indication that the award was given on the merits of the patented features of Owner's product. Further, PTAB found that "two brief mentions in" trade journals do not "constitute industry praise."

*Chums, Inc., and Croakies, Inc., v. Cablz, Inc.*, IPR2014-01240.  
[Kalan (opinion), Cocks, Plenzler]

- Author: [Michael Durbin](#)

### **PTAB Denies Institution of IPR Review of Computer Security Patents**

On February 26, 2016, PTAB denied institution of Inter Partes Reviews (IPR) of two patents related to computer security software. Petitioner Symantec requested review of U.S. Patent Nos. 7,613,926 (the '926 Patent) and 8,677,494 (the '494 Patent), asserting that the patent did not properly establish their priority claims and, therefore, were invalid over prior patents issued to Patent Owner Finjan, Inc. The earlier of the two patents at issue, the '926 Patent, is a continuation-in-part from an earlier patent owned by Finjan. The later of the two patents, the '494 Patent is a continuation of the '926 Patent and shares a common specification.

Symantec argued that the two patents at issue did not properly establish priority with the earlier Finjan patents

since the shared specification of the '926 and '494 differs from that of their parent applications, and the claims at issue relate to the disclosures of the earlier Finjan patents. Symantec acknowledged that the specification of both patents at issue stated that they incorporated by reference the entirety of the parent specifications, but argued that such "boilerplate" statements were not proper incorporation by reference. In addition to the priority issues, Symantec raised arguments that the patents did not have proper unity of inventorship and/or unreasonable delays in recording the assignment of the patents to Finjan.

PTAB denied institution of all of Symantec's IPRs. Citing Federal Circuit precedent, PTAB ruled that the statements of incorporation by reference in the '926 and '494 Patents was proper to establish continuity of disclosure between the parent application and the specification of the patents at issue. Finding that the disclosure of the prior Finjan patents described the claimed inventions, PTAB ruled that the prior Finjan patents asserted by Symantec were not prior art and that Symantec, therefore, had not demonstrated a reasonable likelihood of success on its challenges. PTAB also ruled that Symantec's arguments regarding inventorship and assignment were beyond the scope of IPR review.

*Symantec Corp. v. Finjan, Inc.*, IPR2015-01895, IPR2015-01897 (PTAB Feb. 26, 2016).

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