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FEDERAL CIRCUIT CASES

“Bust!” — Federal Circuit Deals Tough News to Inventors of Card Game

The Federal Circuit affirmed the Patent Trial and Appeal Board’s (PTAB) determination of unpatentability for claims covering new rules for a card game. The panel found the claims patent-ineligible under the *Mayo* two-step analysis for 35 U.S.C. § 101. First, they were directed to an abstract idea; second, they lacked an inventive concept sufficient to bridge the gap between abstract idea and invention.

In applying *Mayo*, the panel decided to stick with the Board’s reasoning that the rules of a wagering game are like the ineligible methods from *Alice* (reducing risk in escrow settlement) and *Bilski* (reducing risk in price fluctuations) — wagering is “effectively, a method of exchanging and resolving financial obligations based on probabilities created during the distribution of the [playing] cards.” Turning to the next step, the panel reasoned that the additional elements in the claims (shuffling and dealing) were like the additional elements in *Alice* of using a computer to implement an abstract idea. The panel found that these additional elements were not the ace in the hole that the applicants needed to trump the second step of *Mayo*.

While the panel kept these particular claims in the discard pile, it threw some dicta into the pot, stating that claims to “a game using a new or original deck of cards” might not be foreclosed from patenting under § 101.

In re Smith, No. 2015-1664 (Fed. Cir. Mar. 10, 2016).
[Stoll (opinion), Moore, Hughes]

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Dismissal on *Forum non Conveniens* Grounds Is Inappropriate Absent Evidence Showing that the Foreign Forum Can Provide an Adequate Remedy for U.S. Infringement

On March 14, 2016, the Federal Circuit reversed a decision of the United States District Court for the District of Illinois and held that dismissal on *forum non conveniens* grounds is improper when there is no evidence indicating that the foreign forum will provide an avenue for redress for the subject matter in dispute.

In this case, Appellant Halo, a Hong Kong private company that designs and sells high-end furniture, sued appellee Comptoir, a Canadian corporation, in the Northern District of Illinois. Halo alleged that Comptoir infringed its U.S. design patents, copyrights and trademark. Halo also alleged that Comptoir violated the Illinois consumer fraud and deceptive business practices statutes. Comptoir moved to dismiss Halo’s complaint on *forum non conveniens* grounds, arguing that the Federal Court of Canada provided a superior forum in which to resolve the dispute.

In reversing the district court’s decision to grant Comptoir’s motion to dismiss, the Federal Circuit stated that a *forum non conveniens* inquiry must consider whether an alternative forum is both adequate and available. In order to meet the adequacy requirement, the foreign forum must provide some potential avenue for redress of the subject matter in dispute. Here, the Federal Circuit held that the Federal Court of Canada was not an adequate alternative forum, because there was no indication that the Canadian court would adjudicate an intellectual property dispute where the alleged infringement occurred elsewhere, and there was no evidence to support the proposition the Canadian court would apply U.S. law. The Federal Circuit further noted that the requirement that a movant demonstrate adequacy of an alternative forum is particularly important in intellectual property cases due to the territoriality concerns raised by these disputes.

Halo Creative & Design Ltd. v. Comptoir Des Indes Inc., No. 15-1375 (Fed. Cir. Mar. 14, 2016).
[Dyk (opinion), Mayer, Hughes]

DISTRICT COURT CASES

Court Finds Computer-Based Map Navigator Patent Invalid Under Section 101

A district court in Virginia has found a patent related to a navigation system that assists users in locating stores to be directed to an unpatentable abstract idea. U.S. Patent No. 6,397,143 (the “143 patent”), titled “Layout based method for map navigation” was issued to Inventor George Peschke in 2002. The patent is directed to a computer-based map navigation system that provides a “visual presentation of a shopping center” to the user and assists the user in locating stores and businesses in and around the shopping mall. Each store shown on the visual presentation can be clicked to view a description page about that store. Last year, Peschke sued Rouse Properties Inc. for infringement of the ‘143 patent, alleging that Rouse’s website for a shopping mall uses a computerized mapping system. Rouse moved to dismiss the suit under Section 101. The court granted Rouse’s motion, finding that the asserted claims were directed toward an abstract idea.

The court found the use of multiple layers of maps that enables users to zoom into and out of a geographic area to be an unpatentable abstract idea. The court stated that “maps of cities have long existed that depict structures and include identifying marks that direct a user to information about those structures.” The court found no innovative concept in the use a “non-text based system” used to provide a user with information about a particular store; nor did the court agree that the patent addresses a challenge particular to computers or the Internet. According to the court, the patent merely “addresses a problem ‘known from the pre-Internet world’: navigating through maps and locating information about structures appearing on those maps.” Further, the court noted that, because the subject matter of the claims is readily ascertainable from the face of the ‘143 patent, claim construction is not necessary for the court to consider the patent-eligibility of the claims, and a Section 101 analysis is properly conducted at the 12(b)(6) stage. The court therefore dismissed Peschke’s suit.

Peschke Map Techs. LLC v. Rouse Properties, Inc., No. 1-15-cv-01365 (E.D. Va. Mar. 8, 2016) (O’Grady).

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E.D. Tex. Judge Denies Motion for Summary Judgment of Invalidity Based in Part on Expert Testimony

Judge Gilstrap of the Eastern District of Texas denied defendant Genband US LLC’s motion for summary judgment that plaintiff Metaswitch Networks Ltd.’s patent, relating to the control of communication sessions in a telecommunications network, was invalid. Metaswitch argued that the prior art patent application is fundamentally different from the asserted patent and does not disclose even a single limitation of the asserted claim 8. In general, Metaswitch’s arguments related to the asserted patent and prior art reference having different network topologies.

In denying the motion for summary judgment, the court found that “Metaswitch raise[d] material factual issues about whether [the patent application] actually fact [sic] discloses the limitations of claim 8 . . .” and “cite[d] the testimony of its expert . . . to support its position.” Specifically, the court stated that “Metaswitch’s arguments, supported by evidence and expert testimony, create material fact questions that defeat summary judgment on the issue of anticipation under § 102. These same fact questions, combined with additional disputes on the issue of whether the [reference used in combination] was publicly available, whether one of ordinary skill in the art would have been motivated to combine [patent application] and [combination reference], and whether secondary considerations undermine a finding of obviousness, compel denial of summary judgment on § 103 grounds as well.”

Metaswitch Networks Ltd. et al. v. Genband US LLC et al., 2-14-cv-00744 (E.D. Tex. Mar. 10, 2006). (J. Gilstrap).

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PATENT TRIAL AND APPEAL BOARD

PTAB Finds That Petitioner Failed to Prove Anticipation of Claims from Patents Covering Self-Testing Memory Modules

In two related *inter partes* reviews (IPRs) decided on March 9, 2016, a PTAB panel issued final written decisions holding that Smart Modular Technologies Inc. (Petitioner) failed to prove by a preponderance of the evidence that any challenged claim is invalid as anticipated. The patents at issue had previously been the subject of IPRs, brought by a different party. In those previous IPRs the PTAB held that the petitioner had proven some, but not all, claims obvious or anticipated based on very similar prior art as that raised by Smart Modular here.

In its institution decision, the PTAB construed the term “generate” to mean “produce or cause.” In its response, the patent owner argued that the term should be construed as only “produce” and that a construction including “cause” is inconsistent with the intrinsic and extrinsic evidence. In its reply, Petitioner disagreed and argued that

the PTAB was correct in its institution decision. In its final written decision, the PTAB determined that, consistent with its construction of these same terms in the previous IPRs, the broadest reasonable construction of “generate” was “produce.” Petitioner’s evidence here did not convince the panel otherwise. Accordingly, the PTAB changed the construction it had used in the institution decision and construed “generate” to mean “produce.” Under this construction, the PTAB found that Petitioner failed to show that the cited reference included every claim element, and, accordingly, Petitioner had failed to prove the claims anticipated. This may be a case where the difference between the ‘broadest reasonable interpretation’ standard, currently applied by the PTAB, and the *Phillips* standard for claim construction applied by the district courts could have a material impact on the ultimate outcome.

Smart Modular Techs. Inc. v. Netlist, Inc., IPR2014-01372; IPR2014-01374 (PTAB Mar. 9, 2016).
[Gaudette (opinion), Moore, Chen]

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