

II. PATENTS

A. CASE LAW

1. U.S. Supreme Court

a. *Microsoft Corp. v. i4i Limited Partnership* 82 BNA's PTCJ 182

A unanimous U.S. Supreme Court held on June 9, 2011 that patent invalidity must be proved with "clear and convincing" evidence. Respondents (collectively, i4i) hold the patent at issue, which claims an improved method for editing computer documents. After i4i sued Microsoft for willful infringement of that patent by Microsoft's Word software, Microsoft counterclaimed and sought a declaration that the patent was invalid. Microsoft objected to i4i's proposed jury instruction that the invalidity defense must be proved by clear and convincing evidence. The District Court nevertheless gave that instruction, rejecting Microsoft's alternative instruction proposing a "preponderance" of the evidence standard. The jury found that Microsoft willfully infringed the i4i patent, and had failed to prove the patent's invalidity. The damages award eventually totaled \$290 million.

2. U.S. Courts of Appeal

a. *Vizio Inc. v. International Trade Commission* 95 USPQ2d 1353

The U.S. Court of Appeals for the Federal Circuit ruled on May 26, 2010 that accused "work-around" products do not infringe asserted claims directed to apparatus and method for decoding MPEG-compatible packetized program map information for digital television programs, which require assembly of information to form channel map "for identifying," or "suitable for use in identifying," packetized datastreams, since accused products do not convert all of channel map information from "virtual channel table" into usable format, and thus do not satisfy "suitable for use," "for identifying," or "for decoding" limitations of claims.

b. *Ring Plus Inc. v. Cingular Wireless Corp.* 96 USPQ2d 1022

The U.S. Court of Appeals for the Federal Circuit ruled on August 6, 2010 that the district court clearly erred in finding that applicants, in prosecuting patent for software-based algorithm and method for generating and delivering telephone messages, made misrepresentation regarding prior art with intent to deceive U.S. Patent and Trademark Office, since inference that applicants believed their characterization of prior art to be correct is equally as reasonable as inference of deceptive intent.

**c. *Technologies Inc. v. Cisco System Inc.*
95 USPQ2d 1673**

The U.S. Court of Appeals for the Federal Circuit on July 6, 2010 affirmed summary judgment of non-infringement of patent directed to date transmission in telecommunications networks, since district court properly construed asserted claims that require insertion of date in packetized format into any available payload field” or any “frame” in bit stream, and plaintiff concedes that it cannot prove infringement under that construction; however, action is remanded for reconsideration of invalidity counterclaim, since judgment that claims are not anticipated was based on improper construction of “empty payload field” limitation.

**d. *Golden Hour Data Systems Inc. v. emsCharts Inc.*
96 USPQ2d 1065**

The U.S. Court of Appeals for the Federal Circuit on August 9, 2010 vacated a finding of intent to deceive in action in which inventor and patent counsel failed to fully disclose information in undated brochure during prosecution of application directed to integrated medical databases used in emergency medical transport industry, since district court did not find that either counsel or inventor was aware of brochure’s contents.

**e. *Silicon Graphics Inc. v. ATI Technologies Inc.*
95 USPQ2d 1417**

The U.S. Court of Appeals for the Federal Circuit ruled on June 4, 2010 that direct infringement of apparatus claim directed to computer that is claimed in functional terms does not require performance of all elements of claim; thus, even absent its use, such claim is infringed if accused product is designed in manner that enables user to utilize claimed function without having to modify accused product.

**f. *Lincoln National Life Insurance Co. v.
Transamerica Life Insurance Co.*
95 USPQ2d 1654**

The U.S. Court of Appeals for the Federal Circuit ruled on June 23, 2010 that an accused system for administering annuity policies does not infringe claims directed to computerized methods for administering variable annuity plans having guaranteed minimum payment feature, which pays scheduled benefits “even if the account value is exhausted.”

**g. *Finjan Inc. v. Secure Computing Corp.*
81 BNA’s PTCJ 55**

The U.S. Court of Appeals of the Federal Circuit ruled on November 4, 2010 that computer system and storage medium claims in a software patent were infringed but method claims were not infringed by competitors’ computer security products.

**h. *iLOR LLC v. Google Inc.*
81 BNA's PTCJ 342**

The U.S. Court of Appeals for the Federal Circuit ruled on January 11, 2011 that a patent owner's lawsuit against Google Inc. was not "objectively baseless," reversing a lower court's award of \$626,000 in attorneys' fees to Google as sanctions for the patent owner's frivolous claims.

**i. *Research Corporation Technologies Inc. v. Microsoft Corp.*
81 BNA's PTCJ 171**

The U.S. Court of Appeals for the Federal Court held on December 8, 2010, in delivering its first ruling on patentable subject matter since the U.S. Supreme Court's *Bilski v. Kappos* decision, that to be found unpatentable under 35 U.S.C. § 101, an invention's abstractness must "exhibit itself so manifestly as to override the broad statutory categories" of patent eligibility.

**j. *Western Union Co. v. MoneyGram Payment Systems Inc.*
81 BNA's PTCJ 173**

The U.S. Court of Appeals for the Federal Circuit ruled on December 7, 2010 that a patent on an invention that simply replaced a phone-and-fax based solution with an internet-based approach was invalid for obviousness. The court reverses the district court's award of \$16.5 million for infringement of Western Union Co.'s patents on money transfers using the internet to set up the transactions.

**k. *Centillion Data Systems LLC v.
Qwest Communications International Inc.*
81 BNA's PTCJ 371**

The U.S. Court of Appeals for the Federal Circuit ruled on January 20, 2011 that an infringing "use" of a system patent claim occurs if one party within the system performs an action putting the rest of the system into service. The court holds that an infringing use of a multi-device computing system by an end user does not require physical control over all the devices.

**l. *Uniloc USA v. Microsoft Corp.*
81 BNA's PTCJ 275**

The U.S. Court of Appeals for the Federal Circuit on January 4, 2011 overturned a district court's award of judgment as a matter of law that Microsoft Corp. was not liable for infringement of a patent on software copying protection. A \$388 million jury award is vacated, but Microsoft will now have to face the jury again on the damages issue alone.

**m. *Juniper Networks Inc. v. Shipley*
82 BNA's PTCJ 7**

The U.S. Court of Appeals for the Federal Circuit on April 29, 2011 limited availability of false patent marking complaints, in the context of Internet websites at least, as it determines that a listing of a patented but no longer used network product did not refer to an "unpatented article" as required to state a false marking claim under 35 U.S.C. § 292.

**n. *ResQNet.com, Inc. v. Lansa, Inc.*
594 F.3d 860**

The U.S. Court of Appeals for the Federal Circuit rejected on February 5, 2010 the 12.5 percent reasonable royalty rate adopted by the district court to calculate a damages award in a software patent infringement case. The Federal Circuit determined that the expert testimony on which the award's reasonable royalty rate was based had relied too heavily on 25 percent to 40 percent royalty rates received by the patentee for "rebundled" software and source code licenses as opposed to "straight" licenses covering just the patents at issue.

**o. *Dow Jones & Co. v. Ablaise Ltd.*
606 F.3d 1338**

The U.S. Court of Appeals for the Federal Circuit ruled on May 28, 2010 that an offer of a covenant not to sue for infringement is sufficient to divest the district court of subject matter jurisdiction in a suit for declaratory judgment of invalidity of a pair of software patents.

**p. *Rembrandt Data Technologies LP v. AOL LLC*
81 BNA's PTCJ 858**

The U.S. Court of Appeals for the Federal Circuit ruled on April 18, 2011 that a computer modem patent assignee had exhausted its rights against the assignee of AT&T's original license with Rockwell International Corp.

**q. *TiVo Inc. v. EchoStar Corp.*
81 BNA's PTCJ 813**

An *en banc* U.S. Court of Appeals for the Federal Circuit on April 20, 2011 rejects as unworkable its two-step *KSM* test to determine, in a contempt hearing, whether a redesigned product continues to infringe a patent. The court vacates a \$110 million damages award against Dish Network Corp. and EchoStar Corp., who now will have another opportunity to convince the lower court that EchoStar's redesigned digital video recorders do not infringe the patent of pioneer DVR maker TiVo Inc.

- r. ***McKesson Technologies Inc. v. Epic Systems Corp.***
81 BNA's PTCJ 786

A split U.S. Court of Appeals for the Federal Circuit on April 12, 2011 affirms summary judgment of non-infringement of a patent on an online personalized health care system. The case reveals substantial differences on joint infringement of a multiparty method claim within the court that may prompt *en banc* review. .

- s. ***Innovention Toys LLC v. MGA Entertainment Inc.***
81 BNA's PTCJ 667

The U.S. Court of Appeals for the Federal Circuit ruled on March 21, 2011 that a district court erred in failing to consider that electronic computer versions of a “laser chess” game could be considered in an obviousness analysis of a patent on a physical board game with the same basic game rules and strategy. Vacating the lower court’s injunction against MGA Entertainment Inc.’s “Laser Battle” game, the appeals court determines that articles on the electronic versions were analogous prior art because they had the same purpose—the design of a “winnable yet entertaining strategy game.”

3. **U.S. District Courts**

- a. ***SP Technologies LLC v. Garmin International Inc.***
80 BNA's PTCJ 344

The U.S. District Court for the Northern District of Illinois ruled on July 7, 2010 that claims covering a touch-screen navigation device patent were invalid as they were anticipated by an earlier navigation system that was sold with the 1996 Acura RL.

- b. ***Oracle America Inc. v. Google Inc.***
80 BNA's PTCJ 533

Oracle filed a lawsuit for patent and copyright infringement against Google Inc. in the U.S. District Court for the Northern District of California on August 12, 2010. The fight is over Google's Android operating system for cell phones.

- c. ***Interval Licensing LLC v. AOL Inc.***
81 BNA's PTCJ 297

Interval, a Seattle-based patent licensing firm formed by Microsoft’s co-founder, Paul Allen, on December 28, 2010 amends suit in the U.S. District Court for the Western District of Washington for internet giants’ (including Apple, AOL, eBay, Facebook, Google, Netflix, YouTube) patent infringement.

**d. *TiVo Inc. v. EchoStar Corp.*
82 BNA's PTCJ 11**

In a joint motion to dismiss in the Eastern District of Texas on May 2, 2011, Dish Network Corp. and EchoStar Corp. agree to a \$500 million settlement with pioneer digital video recorder maker and patent owner TiVo Inc.

**e. *Mirror Worlds LLC v. Apple Inc.*
81 BNA's PTCJ 787**

The U.S. District Court for the Eastern District of Texas issued on April 4, 2011 a judgment of non-infringement as a matter of law, effectively vacating a \$625.5 million damages award against Apple Inc. The court also analyzes the damages calculation, concluding that the jury likely intended to award a third of awarded amount.

**f. *CLS Bank International v. Alice Corporation Pty. Ltd.*
81 BNA's PTCJ 708**

The U.S. District Court for the District of Columbia ruled on March 9, 2011 that a computerized system and methods for financial transactions are not statutory subject matter under 35 U.S.C. § 101 of the Patent Act.