



PATENT HAPPENINGS®

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judicial, legislative, and administrative developments in U.S. patent law

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JUDICIAL HAPPENINGS

“Clear Showing” for Preliminary Injunction

Following what arguably can be characterized as Supreme Court *dictum*, the district court in *PRE Holding, Inc. v. Monaghan Med. Corp.*, 2009 WL 3874171 (E.D. Va. Nov. 17, 2009), denied a patentee’s motion for a preliminary injunction because the patentee failed to make a “clear showing” of entitlement to relief. The ruling may signal a

significant raising of the evidentiary bar a patentee must surmount to obtain a preliminary injunction.

To demonstrate entitlement to a preliminary injunction in a patent case, a patentee “must establish [1] that he is likely to succeed on the merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in his favor, and [4] that an injunction is in the public interest.”¹ For years the Federal Circuit has held that a patentee need only make a reasonable showing of a likelihood of success in proving infringement and surviving any challenges to the patent’s validity and enforceability.² According to the Federal Circuit, to show a likelihood of success on the merits, a patentee need only show a “reasonable probability” that it can prevail in proving infringement.³ The patentee does not need to show “that infringement [can] be proved

¹ *Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372, 1375-76 (Fed. Cir. 2009) (quoting *Winter v. Natural Res. Def. Council, Inc.*, 129 S.Ct. 365, 374 (2008)). See generally, Robert A. Matthews, Jr., ANNOTATED PATENT DIGEST § 32:21 Four Factors to be Considered [hereinafter APD]. The Federal Circuit has further noted that “some cases state the first factor as requiring a ‘reasonable’ likelihood of success on the merits. It is not clear whether the addition of ‘reasonable’ adds anything substantive to the test, but in any event, for our purposes the Supreme Court’s current statement of the test [in *Winter*] is the definitive one.” *Titan*, 566 F.2d at 1376.

² See generally, APD § 32:27 Patentee Must Show Likelihood of Prevailing on Infringement, Validity and Enforceability.

³ *H.H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 390 (Fed. Cir. 1987). See also APD § 32:28 Specifics of Showing Likelihood of Establishing Infringement.

beyond all question, or that there be no evidence supporting the viewpoint of the accused infringer.”⁴ The Federal Circuit has also instructed that at the preliminary injunction phase the movant “need not present sufficient evidence to be entitled to summary judgment in its favor.”⁵ Consequently, Federal Circuit law does not require a patentee to make a “clear showing” that it can prove infringement to obtain a preliminary injunction. In fact, the Federal Circuit has held that a patentee need not make a “strong” or “clear” showing of likelihood of success on the merits to prevail, unless the patentee attempts to invoke the presumption of irreparable harm.^{6,7}

Despite the foregoing, the district court in *PRE Holding* construed *Winter v. Natural Resources Defense Council, Inc.*, 129 S. Ct. 365 (2008), as requiring that for all preliminary injunctions, a movant must make a “clear showing” as to each of the four factors. The district court noted that in *Winter* “the Chief Justice, speaking for the Court, emphasized that ‘injunctive relief [is] an extraordinary remedy that

may only be awarded upon a clear showing that the plaintiff is entitled to such relief.” 2009 WL 3874171, at *3. Applying this view of *Winter*, the district court further explained that its “initial task entails a careful assessment of the evidence and record to determine whether Plaintiffs have demonstrated a likelihood of both success on the merits and proof of consequent irreparable harm in the absence of preliminary injunctive relief. To warrant such extraordinary relief, Plaintiffs must make a ‘clear showing’ of entitlement. And all four requirements for preliminary injunctive relief must be satisfied.” *Id.* at *4.

Considering the patentee’s showing as to infringement, the district court noted that the patentee and accused infringer each presented expert testimony with divergent views as to whether the structural characteristics of the accused product infringed. *Id.* at *4. Further, the court noted that a “[f]inal resolution of this case-dispositive dispute will require more detailed claim construction[.]” *Id.* Considering the overall evidence, the district court found that “[w]hile the evidence appears to tilt in Plaintiffs’ favor, the Court must conclude at this preliminary stage that the evidence, when collectively viewed, still raises a substantial question as to whether [certain structural features in the accused product] are sufficiently similar structurally [to the asserted patent] to warrant a finding of infringement.” *Id.* Instead of addressing whether the evidence that tilted in the patentee’s favor showed a “reasonable probability” that the patentee could prevail on proving infringement, the district court held that the patentee failed to make a “clear showing” of infringement. Citing to a Fourth Circuit opinion,⁸ the district court stated:

As the United States Court of Appeals for the Fourth Circuit noted in *Real Truth About Obama v. Fed. Election Comm’n*, 575 F.3d 342 (4th Cir. 2009), “[b]ecause a preliminary injunction affords, on a temporary basis, the relief that can be granted permanently after trial, the party seeking the preliminary injunction must demonstrate by ‘a clear showing’ that, among other things, it is likely to

⁴ *H.H. Robertson*, 820 F.2d at 390.

⁵ *New England Braiding Co. Inc. v. A. W. Chesterton Co.*, 970 F.2d 878, 882-83 n.4 (Fed. Cir. 1992).

⁶ *Roper Corp. v. Litton Systems, Inc.*, 757 F.2d 1266, 1271 n.5 (Fed. Cir. 1985) (noting the differences between a “strong” showing needed to invoke the presumption of irreparable harm and the “reasonable” showing needed while proving irreparable harm and stating “A showing of a ‘reasonable likelihood of success’ on validity and infringement is sufficient, when coupled with separate showings of irreparable injury, favorable balance of injury, and the public interest, to justify the grant of a motion for preliminary injunction against patent infringement.”).

⁷ Whether the presumption of irreparable harm remains a viable legal doctrine is a hotly debated issue. *See generally*, APD § 32:64 Questions Regarding Legality of the Presumption. As discussed in the subsection entitled “Death of the Presumption of Irreparable Harm” in the article *The Restricted Scope of Patent Infringement Remedies Available to Non-Practicing Patent Owners*, Robert A. Matthews, Jr, IP Litigator, July/Aug 2009 (available [here](#)), the Supreme Court cases of *Amoco*, *Winter*, *eBay*, and *Nken* cast significant doubt that a court can presume irreparable harm just because the movant makes a strong showing of a likelihood of success on the merits. *But see Powell v. Home Depot U.S.A., Inc.*, 2009 WL 3855174, *13-*14 (S.D. Fla. Nov. 17, 2009) (magistrate judge opining, in *dictum*, that the presumption of irreparable harm for preliminary injunctions in patent infringement actions survived *eBay*, but not addressing *Amoco*, *Winter*, or *Nken*).

⁸ The Federal Circuit applies its own law, rather than regional circuit law, as to the standards for granting a preliminary injunction under 35 U.S.C. § 283 to enjoin acts of patent infringement. *Hybritech Inc. v. Abbott Labs.*, 849 F.2d 1446, 1451 n.12 (Fed. Cir. 1988). *See generally*, APD § 32:4 Application of Federal Circuit Law.

succeed on the merits at trial.” Plaintiffs’ evidence fails to meet this standard at this stage.

Id.

The district court applied the same “clear showing” requirement to the patentee’s proof of irreparable harm. The court found that “Plaintiffs’ evidence demonstrates that it *may* suffer potential harm from Defendants’ alleged infringement, but Plaintiffs have failed to clearly prove such harm is likely or that it is irreparable.” *Id.* at *5.

In light of the patentee’s failure to make a “clear showing” of a likelihood in proving infringement and “clearly prove” irreparable harm, the district court denied the motion for the preliminary injunction. *Id.* at *5.

The district court’s application of a “clear showing” requirement, when closely securitized, appears questionable. Supreme Court precedent regarding the treatment of dicta instructs that “[i]t is to the holdings of our cases, rather than their dicta, that we must attend[.]”⁹ Thus, opinions should be cited for what the court did, and not just what the court said.¹⁰ The Court has cautioned that “[o]n occasion, a would-be doctrinal rule or test finds its way into our case law through simple repetition of a phrase—however fortuitously coined.”¹¹ For the reasons that follow, the “clear showing” language in *Winter* is arguably such dictum.

In *Winter*, the Supreme Court overturned a grant of a preliminary injunction where the intermediate appellate court had ruled that a movant meets the irreparable harm factor if it merely shows that there is a “possibility” it will suffer irreparable harm without the injunction. Rejecting this standard for being “too lenient,” the Supreme Court ruled that a movant must show that irreparable harm is “likely” without the injunction, not just show a mere “possibility” of irreparable harm.¹² In explaining its holding, the Court stated:

⁹ *Kokkonen v. Guardian Life Insurance Co. of America*, 511 U.S. 375, 379 (1994). See generally, APD § 2:13 Dictum Limits Scope of What is Binding.

¹⁰ *Illinois Tool Works, Inc. v. Grip-Pak, Inc.*, 906 F.2d 679, 684 n.5 (Fed. Cir. 1990) (“[I]t is inappropriate to quote mere *language* from a court *opinion*, while disregarding the actual holding of the court and the factual pattern which gave rise to the quoted language.”).

¹¹ See *Lingle v. Chevron*, 544 U.S. 528, 531 (2005).

¹² 129 S. Ct. at 375-76.

Our frequently reiterated standard requires plaintiffs seeking preliminary relief to demonstrate that irreparable injury is *likely* in the absence of an injunction. Issuing a preliminary injunction based only on a possibility of irreparable harm is inconsistent with our characterization of injunctive relief as an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief.¹³

Notably, the *Winter* court did not apply a “clear showing” standard in overturning the underlying decision. Thus, the “clear showing” language is dicta.

Furthermore, in *Winter*, the Court cited a *per curiam* opinion, *Mazurek*, as the only support for the “clear showing” sentence.¹⁴ In *Mazurek*, the Court, quoting a leading civil procedure treatise stated: “It frequently is observed that a preliminary injunction is an extraordinary and drastic remedy, one that should not be granted unless the movant, *by a clear showing*, carries the burden of persuasion.” While the court did add the italics emphasis to the “clear showing” language, the context of *Mazurek* shows that the “clear showing” language was dicta. The Court made the statement as part of faulting the movant for failing to introduce *any* evidence to show a necessary element of its claim. The issue in *Mazurek* was not whether the movant made a “clear showing” as opposed to a “reasonable probability” showing, but whether it made any showing at all. Thus, even in *Mazurek* the “clear showing” language is dicta. Additionally, the Supreme Court has instructed that it will exercise a “customary refusal to be bound by dicta” especially in a *per curiam* disposition that lacks the full reasoned consideration of a full opinion.¹⁵ As noted above, *Mazurek* is a *per curiam* opinion.

Hence, the district court’s extracting a “clear showing” requirement from *Winter* in *PRE Holding* seems suspect. Additionally, other Supreme Court opinions state that the movant’s burden on a motion for a preliminary injunction is to show a “probability of success”¹⁶ or that the movant is “likely” to

¹³ *Id.*

¹⁴ *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (*per curiam*).

¹⁵ *U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, 513 U.S. 18, 24 (1994).

¹⁶ *Pharmaceutical Research and Manufacturers of Am. v. Walsh*, 538 U.S. 644, 670 (2003) (affirming reversal of a preliminary injunction because petitioner failed to carry its

prevail.¹⁷ Indeed, the Supreme Court has acknowledged that “[i]f complainants in every case must understand that a motion for preliminary injunction requires the same showing as on final hearing very few motion of that sort would be made.”¹⁸ Imposing a “clear showing” standard, which arguably imposes a greater standard of proof than the “preponderance of the evidence” standard that applies to prove infringement at trial,¹⁹ seems contrary to these established precedents.

Should other courts, including the Federal Circuit, follow the “clear showing” standard of *PRE Holdings*, patentees will face even greater difficulties in proving entitlement to a preliminary injunction. Hence, practitioners should keep an eye on this case, especially if it makes its way to the Federal Circuit.

Update – Transfer of Venue in the E.D. Texas

For most of this decade the Eastern District of Texas has had the reputation for almost routinely denying motions to transfer a patent infringement action for the convenience of the parties under 28 U.S.C. § 1404(a). Indeed, the E.D. Texas court appeared willing to transfer an infringement action only in the limited circumstance where the transfer would achieve judicial economy because the proposed transferee forum had an infringement action addressing the same patent or a related patent pending before it or had recently adjudicated such an action.²⁰

burden of “showing a probability of success on the merits of its claim”)

¹⁷ *Ashcroft v. Am. Civil Liberties Union*, 524 U.S. 656, 666 (2004) (“In deciding whether to grant a preliminary injunction stage, a district court must consider whether the plaintiffs have demonstrated that they are likely to prevail on the merits.” – affirming preliminary injunction enjoining enforcement of statute because district court did not abuse its discretion in finding that the statute likely violated that First Amendment). See also *Doran v. Salem Inn, Inc.*, 422 U.S. 922, 932 (1975) (clarifying that the district court should not have spoken in terms of the plaintiff actually proving success but in the context of the preliminary injunction motion referred to the likelihood that the plaintiff would ultimately prevail)

¹⁸ *Brill v. Peckham Motor Truck & Wheel Co.*, 189 U.S. 57, 63 (1903).

¹⁹ See generally, APD § 9:8 Patentee’s Burden of Proving Infringement.

²⁰ E.g., *Chi Mei Optoelectronics Corp. v. LG Philips LCD Co., Ltd.*, 2008 WL 901405, *2 (E.D. Tex. Mar. 31, 2008); *Kinetic Concepts, Inc. v. Bluesky Med. Gp., Inc.*, 2008 WL 151276, *2 (E.D. Tex. Jan. 15, 2008); *Kinetic Concepts,*

The unusual number of transfer motions denied by the E.D. Texas court over the years has drawn heat from several quarters. Venue provisions specifically targeted to combat the perceived practice of the E.D. Texas have been included in the various versions of the proposed legislative patent reform. Further, in 2008 and early 2009 both the Fifth Circuit and the Federal Circuit granted the extraordinary remedy of mandamus to reverse the E.D. Texas court’s denials of motions to transfer on several occasions.²¹

Whether as a direct consequence of *TS Tech*, *Volkswagen*, and *Genentech*, or as a combination of these opinions and the practical effects of managing a patent docket that is becoming over burdened, if not already over burdened, recent transfer opinions from

Inc. v. Medela AG, 2008 WL 112120, *2 (E.D. Tex. Jan. 9, 2008); *LG Elecs., Inc. v. Hitachi, Ltd.*, 2007 WL 4411035, *1-*5 (E.D. Tex. Dec. 3, 2007).

²¹ *In re Genentech, Inc.*, 566 F.3d 1338, 1348 (Fed. Cir. 2009) (granting a mandamus petition and reversing E.D. Texas court’s denial of accused infringer’s motion to transfer infringement action to N.D. Cal., the home forum of one of the accused infringers, and closer to where the second accused infringer resided); *In re TS Tech USA Corp.*, 551 F.3d 1315, 1318-23 (Fed. Cir. Dec. 29, 2008) (granting mandamus petition and reversing E.D. Texas court’s denial of accused infringer’s motion to transfer infringement action to Ohio, the accused infringer’s home forum, where neither the patentee, nor accused infringer had any offices in the forum); *In re Volkswagen of America Inc.*, 545 F.3d 304, 317-18 (5th Cir. 2008) (*en banc*) (in an automobile product liability action, granting petition for mandamus and reversing denial by the E.D. Texas of defendant’s motion to transfer venue). *But see In re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) (denying accused infringer’s mandamus petition seeking to overturn the E.D. Tex. court’s denial of a motion to transfer venue and ruling that where the plaintiff had two other infringement suits on the same patents pending in the forum against different defendants, the district court could reasonably conclude that judicial efficiency favored not transferring any of the suits so that only one court had to address the patents); *In re Telular Corp.*, Misc. No. 899, 2009 WL 905472, *2-*3 (Fed. Cir. Apr. 3, 2009) (*nonprecedential*) (denying accused infringer’s mandamus petition seeking to overturn the E.D. Texas court’s denial of a motion to transfer venue, the Federal Circuit noting that the accused infringer’s delay in seeking mandamus weighed against its grant and that the facts did not show that the district court clearly abused its discretion where the patentee resided in Dallas, and therefore litigating in the E.D. of Texas was rationally more convenient for the patentee than litigating in the proposed transferee forum of Chicago).

the E.D. Texas court show that the court is granting more transfer motions. Further, the court is deciding § 1404(a) motions in a manner that appears consistent with how other federal district courts handle transfer motions in patent actions. For example, based on opinions posted in Westlaw, it appears that the court only granted four transfer motions in 2008, and each of these motions was granted to achieve judicial economy as the transferee court had a pending related action. In contrast, so far in 2009, the E.D. Texas court has granted at least thirteen transfer motions, including several transfers that were not based on considerations of judicial economy.²² Shortly, after the Federal Circuit handed down *TS Tech* at the end of 2008, the E.D. Texas began to transfer patent cases characterizable as being a regional dispute. Hence, if the patentee and accused infringer both resided on the West coast, the court appeared willing to transfer the action to the West coast.²³ In other cases, however,

²² See APD § 36:183.60 Eastern District of Texas Cases Granting Motion to Transfer Patent Action (collecting opinions posted on Westlaw) {note this section has been recently added to APD and will be posted to Westlaw in the near future, in the meantime the cases can be found in the prior version of § 36:182}.

²³ E.g. *Orinda Intellectual Properties USA Holding Group, Inc. v. Sony Corp.*, 2009 WL 3261932, *4 (E.D. Tex. Sept. 29, 2009) (granting accused infringers' motion to transfer venue to the N.D. of Cal., as the parties had their principal offices in California and Japan, no sources of proof were in the forum, the forum had no connection with the suit other than that some infringing activity was done in the forum, and therefore the convenience factors favored transfer); *Abstrax, Inc. v. Sun Microsystems, Inc.*, 2009 WL 2824581, *1-*2 (E.D. Tex. Aug. 28, 2009) (granting renewed motion to transfer venue to N.D. of Cal., since the infringement case had little, if any, connection with the Texas forum, as the accused infringer had its operations in California and Oregon, and the patentee was located in Arizona); *Aten Intern. Co. Ltd. v. Emine Technology Co., Ltd.*, 2009 WL 1809978, *9-*11 (E.D. Tex. June 25, 2009) (granting accused infringer's motion to transfer where patentee was a Taiwanese corporation, with its principal place of business in Taiwan, its subsidiary co-plaintiff was a California corporation with its principal place of business in the proposed transferee forum of the C.D. of Cal, the accused infringer retailer seller had its principal place of business in California, and the accused infringer supplier was a Taiwanese corporation with its principal place of business in Taiwan, the court finding that transfer was warranted since the majority of documents and fact witnesses were located in California, no fact witnesses were located in Texas, and the dispute was of national scope without any special ties to Texas); *PartsRiver, Inc. v. Shopzilla, Inc.*,

the E.D. Texas court denied transfer if the Texas forum appeared to be centrally located because the patentee and accused infringer were located on both the East and West coasts of the country.²⁴

A more recent case from the E.D. Texas suggests that the court's attitude on transferring patent cases is softening even more. In *Vasudevan Software, Inc. v. Int'l. Business Machines Corp.*, 2009 WL 3784371, *2-*3 (E.D. Tex. Nov. 10, 2009), Judge Ward granted a motion to transfer venue of a patent infringement action to the N.D. of California. Interestingly, the parties were scattered across the nation. The patentee resided in North Carolina. The first accused infringer resided in New York. The second accused infringer

2009 WL 279110, *2 (E.D. Tex. Jan. 30, 2009) (granting motion to transfer to ND Cal. where plaintiff and six of the defendants resided in California and the remaining defendant resided in Washington); *Odom v. Microsoft Corp.*, 596 F. Supp. 2d 995, 1003-04 (E.D. Tex. Jan. 30, 2009) (granting motion to transfer venue to Oregon, the patentee's home, where the accused infringer resided in Washington, and ruling that where the majority of key witnesses resided in the Northwest transfer was warranted).

²⁴ E.g., *Novartis Vaccines and Diagnostics, Inc. v. Bayer HealthCare LLC*, 2009 WL 3157455, *5 (E.D. Tex. Sept. 28, 2009) (denying accused infringers' motion to transfer case to the N.D. of Cal., even though both the plaintiff and one accused infringer had California offices, and the accused product was made in California, the court finding that due to the presence of other accused infringer residing in New York, Denmark, and Germany, Texas was a more convenient forum, also, while agreeing with the accused infringers that the mere fact that accused product was sold in the forum did not provide a significant tie to keep the case in the forum, judicial economy weighed heavily in favor of denying transfer where the court had a second case pending involving the same patent but a different accused infringer); *Centre One v. Vonage Holdings Corp.*, 2009 WL 2461003, *5-*8 (E.D. Tex. Aug. 10, 2009) (denying motion to transfer infringement action to New Jersey, home forum of two of the accused infringers, because the court found that the action was a national in scope with the accused infringers spread throughout the nation and the accused infringers that requested the transfer failed to show litigating in New Jersey would be more convenient); *Motiva LLC v. Nintendo Co Ltd.*, 2009 WL 1882836, *6 (E.D. Tex. June 30, 2009); *MHL Tek, LLC v. Nissan Motor Co.*, 2009 WL 440627, *4-*7 (E.D. Tex. Feb. 23, 2009), *denying mandamus petition sub nom. In re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009); *Invitrogen Corp. v. General Elec. Co.*, No. 6:08-CV-113, 2009 WL 331889, *2-*5 (E.D. Tex. Feb. 9, 2009); *Novartis Vaccines and Diagnostics, Inc. v. Hoffman-La Roche Inc.*, 597 F. Supp. 2d 706, 711-14 (E.D. Tex. Feb. 3, 2009).

resided in California. The accused products had been designed and developed in California. On these facts, Judge Ward found that the E.D. Texas forum had no connection with the suit. Without giving weight to the E.D. Texas forum being centrally located among the various relevant forums, and giving little weight to the fact that one of the accused infringers had a training facility in Plano, Texas (N.D. of Texas) where it trained personnel on using the accused product, Judge Ward granted the motion to transfer.

If *Vasudevan* came from any court other than the E.D. of Texas it would not be that noteworthy of a patent-transfer opinion. The rationale of the opinion effectively follows (without citing) the general rule in patent cases that if the patentee does not bring suit in its home forum, then the action should be transferred to the forum that is the “center of gravity” of the accused activity, i.e., where the accused product is made or had been developed.²⁵ But as a transfer case from the E.D. Texas, *Vasudevan* shows a marked departure from prior E.D. Texas opinions, including some handed down earlier this year, that effectively refused to give credence to the “center of gravity” doctrine.²⁶

²⁵ *Estate of Antonious v. Yonex Corp. USA*, 2009 WL 1346617, *2-3 (D.N.J. May 13, 2009) (“[I]n patent infringement cases ‘the preferred forum is that which is the ‘center of gravity’ of the accused activity.’”) See generally, APD § 36:171 “Center of Gravity of the Infringing Activity.”

²⁶ *E.g. Motiva LLC v. Nintendo Co Ltd.*, 2009 WL 1882836, *6 (E.D. Tex. June 30, 2009) (“[T]he simple fact that one of the Defendants operates primarily in the transferee venue cannot, standing alone, show clear convenience. If that were so, most cases could only be tried where the parties had their principal places of business. That result is clearly in conflict with a plaintiff’s right to file a case in a district where jurisdiction and venue are proper.” – where patentee, a resident of Ohio, brought suit against a Japanese parent corporation and its manufacturing U.S. subsidiary, denying accused infringer’s motion to transfer infringement suit to Washington, the home forum of the subsidiary, the court finding that while the local interest strongly favored transfer, as Texas had little connection with the dispute, the remaining factors were neutral, and therefore the accused infringers failed to show that transfer would be clearly more convenient); *Novartis Vaccines and Diagnostics, Inc. v. Hoffman-La Roche Inc.*, 597 F. Supp. 2d 706, 711-14 (E.D. Tex. Feb. 3, 2009) (where patentee, a California resident, had not brought suit in its home forum, denying accused infringers’ motion to transfer infringement action to North Carolina where accused drug product was developed and distinguishing

Digital-Vending Services, Intern. LLC v. Univ. of Phoenix, Inc., 2009 WL 3161361, *3-5 (E.D. Tex. Sept. 30, 2009), presents another transfer opinion of Judge Ward showing that the geographic centrality of the Eastern Texas forum to an infringement dispute is having less force to support a refusal to transfer. In *Digital-Vending*, the accused infringers, who resided in Arizona and Minnesota, moved to transfer the case to Washington D.C. In view of the patentee’s opposition to the transfer motion, Judge Ward refused to transfer the action to Washington D.C. But instead of denying the transfer, Judge Ward granted the patentee’s alternative motion to transfer the case to the E.D. Virginia, the patentee’s home forum. Judge Ward found that transfer was proper since the E.D. Texas forum had no ties to the litigation as the accused infringers were in Arizona and Minnesota, and the Virginia forum was a more convenient forum than D.C. since some of the identified witnesses lived in the Virginia forum.

In yet another recent transfer opinion of note handed down in November, *Deep Nines, Inc. v. McAfee, Inc.*, 2009 WL 3784372, *1 (E.D. Tex. Nov. 10, 2009), the court instructed that “It is clear that where there is no connection with Texas or the Eastern District of Texas, venue is improper...” Although denying the motion to transfer in *Deep Nines*, the court arrived at its decision only after painstakingly identifying the numerous contacts the

over *TS Tech* by finding that where the patentee had sued several entities relating to the accused product including the developer of the drug product who resided in North Carolina); *Sybase, Inc. v. Vertica Sys., Inc.*, 2008 WL 2387430, *2 (E.D. Tex. June 9, 2008) (denying accused infringer’s motion to transfer action to Massachusetts where the patented technology and the accused product were developed since accused infringer did not deny that some accused activity was done in the forum); *FCI USA, Inc. v. Tyco Elecs. Corp.*, 2006 WL 2062426, *3 (E.D. Tex. July 24, 2006) (Ward, J.) (denying accused infringer’s motion to transfer infringement action to Pennsylvania, even though patentee and accused infringer both had their principal place of business in Pennsylvania, since plaintiff’s choice of forum had weight, and even though Pennsylvania may have had a greater private interest in the dispute, Texas still had an interest since there were offer for sales made in Texas based on accused infringer’s sales catalog and website, and Texas had an interest in stopping potential infringement within the district, and rejecting argument that Pennsylvania was the center of accused infringing activity since the products were offered nationwide, the court concluding therefore that there was no “center of accused infringing activity”).

action had with the forum. Specifically, the court found that one accused infringer maintained an office in the Eastern Texas forum, and that witnesses within the court's subpoena power resided in Dallas. Additionally, the court noted that it had previously adjudicated a related dispute between the parties and the terms of the settlement agreement, governed by Texas law, were at issue in the current case, which gave the court an advantage in applying Texas law over the proposed transferee forum in Minnesota.

In one other surprising opinion, the E.D. Texas court showed some backbone against a patentee's transparent attempt to manufacture a tenuous connection to the E.D. Texas. In *Balthasar Online, Inc. v. Network Solutions, LLC*, 2009 WL 2952230 (E.D. Tex. Sept. 15, 2009), the court severed some accused infringers so it could transfer a case to California.²⁷ In the suit, the patentee sued several accused infringers who resided in California, and some who resided elsewhere. After the accused infringers moved to transfer, the patentee obtained leave to amend its complaint to add additional accused infringers, including some who resided in the E.D. Texas forum. In considering the transfer motion, the court determined that the Texas defendants were small businesses who were not major players in the accused infringement. Accordingly, the court severed the Texas defendants from the case, and stayed the infringement claims against the Texas defendants. It then granted the accused infringers' motion to transfer the case to California. *Id.* at *5. The court concluded that the patentee had "failed to show a sufficient connection to this district to override the conveniences gained by transferring the case to the NDCA." *Id.*

The foregoing suggests that the E.D. Texas is now applying standards to motions to transfer venue of patent infringement actions that are consistent with the standards other district courts usually apply. As such the E.D. Texas court is granting more motions to transfer venue than it has in the past. Merely showing that the accused infringer performed some of the accused infringing activity in the forum will not allow the patentee to keep the suit in the E.D. Texas forum if

the suit has no other ties to the forum.²⁸ Showing that the E.D. Texas forum is centrally located among the various relevant forums has little weight in the analysis.²⁹ If the patentee can show that the E.D. Texas forum is the patentee's home forum, even if the patentee is a non-practicing entity, that will weigh heavily in supporting the patentee's efforts to keep the case in the forum.³⁰ Considerations of judicial economy still have a paramount role, and hence it is unlikely that the court will transfer an infringement action if it has a related action pending before it.³¹ Similarly, if another forum has a suit pending on the same or related patent and/or technology, the E.D. Texas court will likely transfer the case if judicial economy can thereby be achieved.

²⁸ See *In re TS Tech USA Corp.*, 551 F.3d 1315, 1321 (Fed. Cir. 2008) (presence in the forum of accused products, which are sold nationwide, does not provide a "meaningful" connection with the forum)

²⁹ See *In re Genentech, Inc.*, 566 F.3d 1338, 1344 (Fed. Cir. 2009) (ruling that E.D. Texas court "improperly used its central location as a consideration in the absence of witnesses within the plaintiff's choice of venue").

³⁰ E.g., *ICHL, LLC v. NEC Corp. of Am.*, 2009 WL 1748573 (E.D. Tex. June 19, 2009); *Aloft Media, LLC v. Yahoo!, Inc.*, 2009 WL 1650480, *7 (E.D. Tex. June 10, 2009) (denying accused infringers' motion to transfer venue to their home forum in the N.D. of Cal, where the patentee, a holding company, brought suit in its home forum); see also *Acceleron, LLC v. Egenera, Inc.*, 634 F. Supp. 2d 758, 764-68 (E.D. Tex. June 9, 2009). See generally, APD § 36:168.40 Patent-Holding Company Bringing Suit in Its Home Forum.

³¹ See e.g., *Novartis Vaccines and Diagnostics, Inc. v. Bayer HealthCare LLC*, 2009 WL 3157455, *5 (E.D. Tex. Sept. 28, 2009) (denying accused infringers' motion to transfer case and noting that judicial economy weighed heavily in favor of denying transfer where the court had a second case pending involving the same patent but a different accused infringer); but cf. *Abstrax, Inc. v. Sun Microsystems, Inc.*, 2009 WL 2824581, *1-*2 (E.D. Tex. Aug. 28, 2009) (granting renewed motion to transfer venue to N.D. of Cal., since the infringement case had little, if any, connection with the Texas forum, as the accused infringer had its operations in California and Oregon, and the patentee was located in Arizona, even though the patentee had a second suit against a different accused infringer pending in the forum, where that second suit was in a different and more advanced procedural stage as the present suit, the two suits had not been consolidated, and the accused infringers agreed to be bound by the claim construction ruling in the first case in the second suit when it was transferred).

²⁷ But cf. *Adrain v. Genetec Inc.*, 2009 WL 3063414, *2-*3 (E.D. Tex. Sept. 22, 2009) (denying accused infringer's motion to sever and transfer the claims against it to its home forum where the court deemed the movant's accused product to be sufficiently similar to the accused products of the other accused infringers, and therefore to promote judicial economy denying motion to sever and transfer).

Tafas and Vacatur

The saga of the proposed regulations by the United States Patent & Trademark Office (PTO) to limit the number of continuation applications an applicant may file and to require an applicant to submit an Examination Supporting Document should the applicant pursue in a patent application more than five independent claims or more than twenty-five total claims came to an end on November 13, 2009 with a precedential order in *Tafas v. Kappos*, No. 2008-1352, 2009 WL 3806451, *1 (Fed. Cir. Nov. 13, 2009). During the course of the challenge to the legality of the proposed rules, the district court issued a preliminary injunction enjoining enforcement of the rules³² and granted a summary judgment that the proposed rules were substantive rule-making, and therefore beyond the PTO's authority to enact.³³ On appeal, a panel of the Federal Circuit determined that while it "agree[d] with the district court that § 2(b)(2) 'does not vest the USPTO with any general substantive rulemaking power,'"³⁴ the proposed rules were, contrary to the district court's finding, procedural rulemaking, and therefore within the PTO's power to promulgate. The panel further found, however, that the rule limiting the number of continuation applications was contrary to § 120 of the Patent Act, and therefore improper.³⁵ Granting a petition for an *en banc* hearing, the Federal Circuit vacated the panel decision on July 6, 2009.³⁶ Thereafter, under a new PTO Director, the PTO opted to discontinue its efforts to implement the proposed rules.

As a result of the decision to forego its efforts to implement the new rules, the PTO moved the Federal Circuit to dismiss the appeal, including the pending *en banc* rehearing, and, additionally, to vacate the district court's judgment. The plaintiff/challenger joined in the motion to dismiss the appeal but opposed the request to vacate the district court's judgment.

Noting that the issue between the parties had become moot due to the PTO's action, the Federal

Circuit stated that it was required to dismiss the appeal, and therefore did so. *Id.* at *1.³⁷

As to vacating the district court's summary judgment, however, the Federal Circuit denied the motion. Relying on the Supreme Court's opinion in *U.S. Bancorp*, where the Supreme Court instructed that "mootness by reason of settlement does not justify vacatur of a judgment under review,"³⁸ the Federal Circuit refused to vacate the underlying judgment. The Federal Circuit explained that vacating a district court's judgment when the case has become moot "is appropriate if the mootness arises from external causes over which the parties have no control, or from the unilateral act of the prevailing party, but not when the mootness is due to a voluntary act by the losing party, such as a settlement." *Id.* The Federal Circuit determined that since the PTO unilaterally determined to rescind the proposed regulations, which mooted the appeal, and the PTO was the party that lost at the district court level (even though it prevailed in part at the panel stage of the appeal), vacatur was inappropriate. *Id.*

The order refusing to vacate the district court judgment in *Tafas* may have ramifications well beyond the administrative issues concerning the PTO. Often in patent infringement litigation, parties may agree to settle a case if the district court will vacate some or all of the orders it has issued in the case. Such orders may include rulings on claim constructions or partial or full summary judgments regarding infringement, validity, and/or enforceability.³⁹ Parties often seek *vacatur* so that these prior orders will not have preclusive effect in future litigations. Indeed, Judge Dyk has noted that parties should consider requesting district courts to vacate judgments to avoid future estoppel.⁴⁰ According to Judge Dyk, *U.S. Bancorp* only prohibits an appellate court from vacating a district court's judgment, but does not apply to prevent a district

³² *Tafas v. Dudas*, 511 F. Supp. 2d 652 (E.D. Va. Oct. 31, 2007).

³³ *Tafas v. Dudas*, 541 F. Supp. 2d 805, 817 (E.D. Va. Apr. 1, 2008).

³⁴ *Tafas v. Dudas*, 559 F.3d 1345, 1352 (Fed. Cir. Mar. 20, 2009).

³⁵ *Id.* at 1359-62.

³⁶ No. 2008-1352, 2009 WL 1916498 (July 6, 2009).

³⁷ See generally, APD § 36:35 Mootness.

³⁸ *United States Bancorp Mortgage Co. v. Bonner Mall P'ship*, 513 U.S. 18, 27-29 (1994). See generally, APD § 38:11.50 Seeking Vacatur in view of Settlement to Limit Future Preclusive Effect.

³⁹ See generally, APD § 38:66 —Seeking Vacatur in Connection with Settlement (discussing and collecting cases addressing requests to vacate claim construction orders as part of a settlement).

⁴⁰ *Dana v. E.S. Originals, Inc.*, 342 F.3d 1320, 1328-29 (Fed. Cir. 2003) (Dyk, J., concurring).

court from vacating its own orders. Thus it is curious as to why the Federal Circuit in *Tafas* directly ruled that *vacatur* was not appropriate as opposed to remanding the case to the district court so that the district court could determine whether to vacate its order.⁴¹

Given the Federal Circuit's clear instruction in *Tafas* that where a losing party unilaterally takes acts to moot a controversy, *vacatur* is improper, parties in patent litigation may face greater difficulties in getting a district court to vacate orders previously entered in the case. To the extent a previous order remains interlocutory, a district court may be willing (but not legally compelled) to vacate the order as part of a settlement agreement.⁴² But if a district court deems its order was a final judgment, the court may be less willing to vacate its prior order to facilitate a settlement especially if the losing party is the party requesting the *vacatur* and offering to settle the case.⁴³

⁴¹ See e.g., *Lucent Tech., Inc. v. Gateway, Inc.*, 2009 WL 2973394, *1 (Fed. Cir. May 19, 2009) (*nonprecedential*) (granting parties joint motion to remand appeal to district court so that the district court could consider a joint motion of the parties to vacate certain judgments, orders and decisions relating to claim construction and summary judgment); *PBI Performance Products, Inc. v. NorFab Corp.*, 2008 WL 5638369, *1 (Fed. Cir. May 30, 2008) (*nonprecedential*) (granting joint motion to remand case to the district court "for further proceedings consistent with the settlement agreement reached by the parties and, specifically, to allow the parties to jointly move the district court for vacatur of its August 29, 2007 order invalidating U.S. Patent No. 6,624,096"); *Windy City Innovations, LLC v. America Online, Inc.*, 2007 WL 582025, *1 (Fed. Cir. Feb. 15, 2007) (*nonprecedential*) (where parties jointly moved to remand appeal to district court so that the district court could consider a Rule 60(b) motion to vacate the judgment and dismiss the case, granting a limited remand for the district court to determine whether it would grant the requested relief, and if so parties could then move for a remand).

⁴² E.g., *Vutek, Inc. v. Leggett & Platt, Inc.*, 2009 WL 3806368, *1 (E.D. Mo. Nov. 12, 2009) (granting patentee's unopposed motion to vacate prior order finding claims invalid, where parties had settled the case, since that order was interlocutory); see also APD § 38:66 (collecting additional cases).

⁴³ E.g., *Vertex Surgical, Inc. v. Paradigm Biodevices, Inc.*, 2009 WL 2749668, *2-*10 (D. Mass. Aug. 31, 2009) (refusing to vacate a portion of a final judgment to facilitate a settlement of the action and ruling that Rule 60(b) requires exceptional circumstances to vacate any portion of a final judgment, the parties' stated position that the they

Unclaimed Feature Fails to Avoid Anticipation

The law has long required that to anticipate a claim, a single prior art reference must disclose, expressly or inherently, each and every limitation of the challenged patent claim.⁴⁴ Since an invalidity analysis focuses on the scope of the claim, the law also holds that a patentee cannot avoid a finding of anticipation by showing that a prior art reference does not disclose a specific feature of the invention described in the patent specification if that feature is not also claimed.⁴⁵ Applying this principle, the Federal Circuit in *Iovate Health Sciences, Inc. v. Bio-Engineered Supplements & Nutrition, Inc.*, No. 2009-1018, 2009 WL 3855928 (Fed. Cir. Nov. 19, 2009), affirmed a summary judgment of invalidity granted by the Eastern District of Texas.

The claims at issue in *Iovate* were directed to "a method for enhancing muscle performance or recovery from fatigue" by administering a certain type of dietary supplement. The district court, on summary judgment, ruled that an advertisement in a fitness magazine anticipated several of the asserted claims on the basis of showing a public use and an on-sale bar. The Federal Circuit affirmed on the ground that the ad was a "printed publication" under § 102(b) that disclosed each limitation of the challenged claims. *Id.* at *3-*4.⁴⁶

The prior art ad described a dietary supplement and disclosed the chemical composition of the supplement, described that the supplement was orally ingested before and after a workout, described how the supplement was made, and described that using the supplement helped muscles recuperate faster after exercise and provided a greater potential for post-workout recovery. *Id.* at *1. Seeking to avoid the finding of anticipation, the patentee argued that the prior art ad failed to disclose any information about the supplement's effectiveness in enhancing muscle performance or recovery from fatigue. Noting that the patentee was improperly attempting to read an effectiveness requirement into the claim's preamble of

need the portion of the judgment vacated to achieve a settlement did not present such exceptional circumstances); see also APD § 38:66 (collecting additional cases).

⁴⁴ See generally, APD § 17:37 Basic Test of Anticipation – All Limitations Must be Contained in a Single Reference.

⁴⁵ See generally, APD § 17:44 Absence of Unclaimed Features Irrelevant.

⁴⁶ In his concurring opinion, Judge Mayer agreed that the evidence supported a finding of an on-sale bar.

“a method for enhancing muscle performance or recovery from fatigue,” the court rejected the patentee’s argument. The Federal Circuit found that, as written, the patent claims did “not restrict the administration of the claimed composition to any specific dosage or amount, or even an ‘effective amount.’” *Id.* at *4. Neither did the claims require any measurement or determination of any result achieved by administering the claimed composition. *Id.* Consequently, the court found that “the ad’s disclosure of a certain composition taken for a certain purpose suffices for the purpose of anticipation.” *Id.*

Additionally, the Federal Circuit found that the ad provided an enabling disclosure to support the finding of anticipation.⁴⁷ According to the court, one of ordinary skill in the art could practice an embodiment of the claimed method by mixing the ingredients described in the ad and administer the composition in the manner taught by the ad. *Id.* The Federal Circuit, therefore, affirmed the invalidity summary judgment after concluding that “no reasonable fact-finder could conclude other than that the Professional Protein ad discloses each limitation of the claimed method in an enabling manner, it qualifies as a printed publication that invalidates the asserted claims.” *Id.* at *5.⁴⁸

Admissibility of Pending Reexamination

As discussed in the [September, 2009 issue of Patent Happenings](#), at pp. 8-9, courts are typically refusing to permit an accused infringer to present to a jury evidence of a non-final pending reexamination proceeding.⁴⁹ Staying true to this trend, the district court in *Presidio Components Inc. v. American Technical Ceramics Corp.*, 2009 WL 3822694, *1-*3 (S.D. Cal. Nov. 13, 2009), granted a patentee’s motion *in limine* to exclude all evidence of a PTO reexamination proceeding as the court found that admitting the evidence would unduly prejudice the patentee under F.R.E. 403.⁵⁰

Trying to avoid the pitfalls other accused infringers encountered when trying to offer evidence of a

pending reexamination to rebut the presumption of validity, the accused infringer in *Presidio* argued that the evidence of the pending reexamination proceedings had relevance to issues in the case beyond the validity of the patent, including inequitable conduct and willful infringement. Specifically, the accused infringer argued that the grant of the reexamination requests provided probative evidence that the nine prior art references forming the basis of the reexaminations were non-cumulative to the prior art considered during the original prosecution. The accused infringer also argued that the PTO’s grant of the reexamination requests provided probative evidence of the importance of the prior art references to a reasonable examiner, i.e., it provided evidence showing the materiality of the prior art reference.⁵¹ The accused infringer additionally contended that “the specific USPTO’s determinations are also highly probative on the evaluation of the relevant *Graham* obviousness factors and regarding willfulness.”

Rejecting these arguments, the district court agreed with the patentee that “the grant by the examiner of a request for reexamination is not probative of unpatentability.” *Id.* at *2. The district court concluded that “because the reexamination proceedings before the USPTO are still incomplete and based solely on the evidence provided by [the accused infringer] in its replacement request for reexamination, there is very little probative value to the grant of reexamination.” *Id.* The court further ruled that “even if the reexamination proceedings are somehow relevant on the issues of obviousness or willfulness, they are nevertheless unfairly prejudicial,” and their admission has “great” potential for jury confusion. *Id.* While granting the motion *in limine*, the district court noted that its ruling did not preclude the accused infringer “from arguing to the jury that the nine references discussed by the USPTO in its grant of reexamination were non-cumulative or important to a reasonable examiner. ATC [the accused infringer] just has to do it based on separate and independent evidence, rather than on the grant of reexamination itself.” *Id.* at *3.

In an interesting aspect of the opinion, the district court further noted that it had previously granted the accused infringer’s motion *in limine* to exclude from the trial “any reference to the ‘presumption of

⁴⁷ See generally, APD § 17:46 Prior Art Reference Must Provide an Enabling Disclosure of the Claimed Invention.

⁴⁸ See generally, APD§ 40:122 Affirming or Granting Summary Judgment of Anticipation; § 17:65 Finding Claim Anticipated.

⁴⁹ See generally, APD § 25:104.50 Admissibility of Pending Reexamination Proceedings in Infringement Trial.

⁵⁰ See generally, APD § 44:89 General Aspects of Rule 403.

⁵¹ See generally, APD § 27:54 Treatment of Reference in Subsequent Proceedings.

validity.” *Id.* at *2 n.1.⁵² The court concluded that this ruling further supported excluding the evidence of the non-final reexamination proceedings. It explained that “[w]ith any reference of the ‘presumption of validity’ excluded, allowing the jury to hear about incomplete USPTO proceedings will be unfairly prejudicial to [the patentee], and could potentially confuse the jury as to who has what burden throughout the trial.” *Id.*

Hence, *Presidio* may signal a balance future courts will strike when faced with the question of whether to admit evidence of a non-final reexamination proceeding. The balance being to exclude the evidence of the reexamination proceedings while also prohibiting the patentee from mentioning to the jury the “presumption of validity.” Its doubtful accused infringer’s will find this compromise totally satisfying as, absent a change in the current law, they will continue to have to prove invalidity by the “clear and convincing” evidentiary standard.⁵³

FIRM HAPPENINGS

Patent Jury Instruction Handbook

I am pleased to report that West has released the 2009-2010 edition of the PATENT JURY INSTRUCTION HANDBOOK. The second edition of the handbook adds to the prior version the model patent jury instructions published by the National Jury Instruction Project in June of this year. Additionally, I have updated several of the instruction sets and commentary throughout the handbook to account for recent developments in the law. West publishes the handbook as a single-volume paperback.. West will also be adding the 2009-10 handbook to Westlaw in the near future (the 2008-09 edition of the handbook is presently available on Westlaw).

ABOUT THE AUTHOR

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⁵² See generally, APD § 15:31 Jury Instruction on Presumption (collecting cases where courts have refused to give an instruction on the presumption of validity).

⁵³ See *Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1258-59 (Fed. Cir. 2004) (district court can refuse to give an instruction on the presumption of validity so long as it has the jury apply the “clear and convincing” evidentiary burden).