

MVS Filewrapper® Blog: New and Useful - January 31, 2013

Posted At : January 29, 2013 3:24 PM | Posted By : Blog Staff

Related Categories: Design patents, Inventorship, USPTO, Licensing, Federal Circuit cases, Obviousness, Civil procedure, International, Anticipation

- In **Soverain Software LLC v. Newegg Inc.**

the Federal Circuit vacated in part and reversed in part an Eastern District of Texas decision finding Newegg Inc. liable for infringement of U.S. Patent Nos. 5,715,314, 5,909,492, and 7,272,639, all relating to electronic commerce. The Federal Circuit offered clarifying insight on the obviousness doctrine. The background facts are as follows: Soverain Software purchased three software patents through bankruptcy proceedings and then proceeded to sue seven different entities for infringing the patents. Six of the defendants settled and entered paid up license agreements with Soverain. The seventh defendant, Newegg, refused to settle and argued that the asserted patents are all invalid and even if valid, Newegg's system is different and non-infringing. At trial, the district court refused to permit Newegg to present its obviousness argument to the jury and ruled that the patents were valid as a matter of law. The jury found that Newegg had infringed two of the patents but not the third; the district court, however, entered judgment as a matter of law that Newegg infringed the third patent. Newegg appealed and the Federal Circuit found all three patents obvious. The federal circuit had three major discussion points: (1) each element of the disputed claims was found in the prior art, (2) combining those elements would be obvious to one of skill in the art, and (3) licenses entered in settlement to a lawsuit do not constitute evidence of commercial success.

- In **Rexnord Industries, LLC v. Kappos**

the Federal Circuit reversed a BPAI decision holding claims for a mechanical conveyor belt patentable. The patent in question was

asserted by Habasit Boring, Inc. against Rexnord Industries in an infringement suit in Delaware district court. Rexnord filed a request for *inter partes* reexamination. The examiner in the reexamination found all of the claims to be unpatentable for anticipation or obviousness. Habasit appealed the examiner's findings, and the BPAI reversed, concluding that the claims of the patent were not anticipated by any of the references cited in the reexamination, and were unobvious over the cited references. Rexnord appealed the BPAI decision to the Federal Circuit, arguing that the BPAI erroneously refused to review all of the arguments that Rexnord had presented as grounds for unpatentability. The PTO countered that the BPAI only needed to consider the issue raised by Habasit on appeal, and had no obligation to consider other grounds that had been presented during reexamination, relying on a BPAI rule that "bars the presentation of new arguments outside appellant's opening brief." The Federal Circuit noted that Rexnord was not the appellant before the BPAI since Habasit appealed the examiner's decision, and concluded that the alternative bases for obviousness raised in the reexamination were properly raised on appeal to the Federal Circuit because they were fully raised in the reexamination and were not an issue for patentability until after the Board reversed the examiner. The court then found the claims obvious on these additional grounds.

- In **Hall v. Bed Bath & Beyond**, the Federal Circuit affirmed a Southern District of New York district court's dismissal of counts against Bed Bath & Beyond (BB&B) executives and counterclaims filed by BB&B, but concluded that the district court's dismissal of Hall's design patent infringement, unfair competition, and misappropriation claims for failure to state a claim on which relief can be granted under Federal Rule of Civil Procedure 12(b)(6). BB&B argued in its motion to dismiss, and the district court agreed, that the complaint was insufficient because it failed to include any claim construction, but the Federal Circuit held the complaint met the requirements for pleading design patent infringement

previously set out by the court in *Phonometrics, Inc. v. Hospitality Franchise Systems, Inc.* Specifically, the court found the complaint (i) alleged ownership of the patent, (ii) named each defendant, (iii) cited the patent that was allegedly infringed, (iv) stated the means by which the defendant allegedly infringed, and (v) pointed to the sections of the patent law invoked, and in doing so met its burden to withstand a motion to dismiss under Rule 12(b)(6), *Twombly* and *Iqbal*.

- In *LG Display Co. v. Obayashi Seikou Co.*, 2013 U.S. Dist. LEXIS 10785 (D.D.C. 2013) The district court for the District of Columbia issued a ruling in a case between LG and Obayashi Seikou Co., LTD that goes back nearly a decade, centering on LG's allegations that a former employee stole proprietary information and passed it along to Obayashi Seikou Co., who then obtained several patents on the technology. Prior to the U.S. litigation, the parties had entered into a settlement agreement, and after the settlement failed, litigated the settlement agreement in the Korean courts. In the Korean litigation LG secured a judgment from Korea's highest court holding that the settlement agreement was valid, and the defendants were required to transfer their patents to LG, under the terms of the agreement. LG then filed suit in the District of Columbia seeking recognition of the Korean judgment, as well as claiming misappropriation of trade secrets, conversion, and unjust enrichment. The district court granted in part LG's motion for partial summary judgment, recognizing the Korean judgment, but concluded that ownership of two related patents involved factual disputes and was not ready for summary judgment.