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# USA: MOST SIGNIFICANT IP CASES OVER THE LAST 10 YEARS

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## 1. April 2007 – Obviousness

**KSR v. Teleflex:** After petitioner KSR developed an adjustable pedal system for cars with cable-actuated throttles and obtained its '976 patent for the design, General Motors Corporation (GMC) chose KSR to supply adjustable pedal systems for trucks using computer-controlled throttles. To make the '976 pedal compatible with the trucks, KSR added a modular sensor to its design. Respondents (Teleflex) hold the exclusive license for the Engelgau patent, claim 4 of which discloses a position-adjustable pedal assembly with an electronic pedal position sensor attached a fixed pivot point. Despite having denied a similar, broader claim, the U. S. Patent and Trademark Office (PTO) had allowed claim 4 because it included the limitation of a fixed pivot position, which distinguished the design from Redding's. Asano was neither included among the Engelgau patent's prior art references nor mentioned in the patent's prosecution, and the PTO did not have before it an adjustable pedal with a fixed pivot point. After learning of KSR's design for GMC, Teleflex sued for infringement, asserting that KSR's pedal system infringed the Engelgau patent's claim 4.

**Ruling:** Seeking to resolve the obviousness question with more uniformity and consistency, the Federal Circuit has employed a "teaching, suggestion, or motivation" (TSM) test, under which a patent claim is only proved obvious if the prior art, the problem's nature, or the knowledge of a person having ordinary skill in the art reveals some motivation or suggestion to combine the prior art teachings. KSR provided convincing evidence that mounting an available sensor on a fixed pivot point of the Asano pedal was a design step well within the grasp of a person of ordinary skill in the relevant art and that the benefit of doing so would be obvious. Its arguments, and the record, demonstrate that the Engelgau patent's claim 4 is obvious.

*The need for caution in granting a patent based on the combination of elements found in the prior art. See Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U. S. 147, 152. Such a combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results. See, e.g., United States v. Adams, 383 U. S. 39, 50–52. When a work is available in one field, design incentives and other market forces can prompt variations of it, either in the same field or in another. If a person of ordinary skill in the art can implement a predictable variation, and would see the benefit of doing so, §103 likely bars its patentability. Moreover, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond that person's skill. A court must ask whether the improvement is more than the predictable use of prior-art elements according to their established functions. Following these principles may be difficult if the claimed subject matter involves more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement. To determine whether there was an apparent reason to combine the known elements in the way a patent claims, it will often be necessary to look to interrelated teachings of multiple patents; to the effects of demands known to the design community or present in the marketplace; and to the background knowledge possessed by a person having ordinary skill in the art. To facilitate review, this analysis should be made explicit. But it need not seek out precise teachings directed to the challenged claim's specific subject matter, for a court can consider the inferences and creative steps a person of ordinary skill in the art would employ. Pp. 11–14. The TSM test captures a helpful insight: A patent composed of several elements is not proved obvious merely by demonstrating that each element was, independently, known in the prior art.*

## 2. June 2010 – Patent eligibility

**Bilski v. Kappos:** The patent application sought protection for a claimed invention that explains how commodities buyers and sellers in the energy market can protect, or hedge, against the risk of price changes. The key claims are claim 1, which describes a series of steps instructing how to hedge risk, and claim 4, which places the claim 1 concept into a simple mathematical formula. The remaining claims explain how claims 1 and 4 can be applied to allow energy suppliers and consumers to minimize the risks resulting from fluctuations in market demand. The patent examiner rejected the application on the grounds that the invention is not implemented on a specific apparatus, merely manipulates an abstract idea, and solves a purely

mathematical problem.

**Ruling:** The prior test for determining whether a claimed invention was a patentable "process" under Patent Act, 35 U. S. C. §101—i.e., whether the invention produced a "useful, concrete, and tangible result," see, e.g., *State Street Bank & Trust Co v. Signature Financial Group, Inc.*, 149 F. 3d 1368, 1373 – was discarded and it was held instead that a claimed process is patent eligible if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. Concluding that this "machine-or-transformation test" is the sole test for determining patent eligibility of a "process" under §101, the court applied the test and held that the application was not patent eligible.

### 3. June 2013 – Gene patents

**Association for Molecular Pathology v. Myriad Genetics:** Myriad Genetics isolated, sequenced and patented two genes associated with increased risk for breast cancer – BRCA1 and BRCA2. In 1996, the company unveiled exclusive diagnostic testing services for the BRCA genes. Shortly after, Myriad issued a cease and desist letter to the University of Pennsylvania saying that the university's clinical pathologists needed to stop testing patient samples for BRCA because

doing so infringed Myriad's patents. The Association of Molecular Pathology (AMP), along with several other patient rights advocates, brought Myriad to court claiming its BRCA patents were invalid on the grounds that isolated genes are products of nature and that defending such patents would threaten innovation as well as patient rights.

**Ruling:** *Synthetically created DNA is patentable, but isolated natural DNA is not.*

### 4. April 2014 – Attorney fees

**Highmark v. Allcare & Octane Fitness v. ICON Health:** Allcare sued Highmark for patent infringement of its computer data-based method of generating medical treatment options. ICON Health sued Octane Fitness for infringing its patent on elliptical trainer equipment.

Highmark and Octane Fitness were relatively small companies that were dragged through litigation for infringement that never occurred. Both asked for reimbursement of attorney's fees and both received it.

**Ruling:** *A court can order reimbursement of a defendant's attorneys' fees if it determines a lawsuit to be objectively baseless.*

### 5. June 2014 – Patentable subject matter

**Alice v. CLS Bank:** Alice Corporation is the assignee of several patents that disclose a scheme for mitigating "settlement risk," i.e., the risk that only one party to an agreed-upon financial exchange will satisfy its obligation. In particular, the patent claims are designed to facilitate the exchange of financial obligations between two parties by using a computer system as a third-party intermediary. The patents in suit claim (1) a method for exchanging financial obligations, (2) a computer system configured to carry out the method for exchanging obligations,

and (3) a computer-readable medium containing program code for performing the method of exchanging obligations. Alice sued CLS Bank for patent infringement when CLS began using a similar technology. CLS argued that the patents at issue were invalid because they were based on an abstract idea and that merely implementing the idea on a computer did not transform it into patentable subject matter.

**Ruling:** *Because the claims are drawn to a patent-ineligible abstract idea, they are not patent eligible under §101.*

### 6. June 2014 – Indefiniteness

**Nautilus v. Biosig Instruments:** The Patent Act requires that a patent specification "conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant

regards as [the] invention." 35 U. S. C. §112, 2.

**Ruling:** *A patent is invalid for indefiniteness if its claims fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.*

### 7. December 2016 – Design patents

**Samsung Electronics Co v. Apple Inc:** Section 289 of the Patent Act makes it unlawful to manufacture or sell an "article of manufacture" to which a patented design or a colorable imitation thereof has been applied and makes an infringer liable to the patent holder "to the

extent of his total profit." 35 U. S. C. §289.

**Ruling:** *The Supreme Court ruled that Samsung's infringement of Apple's design patents on its smartphones did not necessarily require the company to turn over all profits from those phones. Rather, damages could be limited to the profits attributable to infringing parts.*

### 8. March 2017 – Laches defense

**SCA Hygiene v. First Quality Baby Products:** In 2003, SCA notified respondents (that their adult incontinence products infringed an SCA patent. First Quality responded that its own patent antedated SCA's patent and made it invalid. In 2004, SCA sought reexamination of its patent in light of First Quality's patent, and in 2007, the Patent and Trademark Office confirmed the SCA patent's validity. SCA sued First Quality for patent infringement in 2010. The District Court granted summary judgment to First Quality on the grounds of equitable estoppel and laches (laches is an equitable defense viz an unreasonable

delay by the plaintiff in bringing the claim.)

**Ruling:** *Laches cannot be invoked as a defense against a claim for damages brought within §286's 6-year limitations period. A statute of limitations reflects a congressional decision that timeliness is better judged by a hard and fast rule instead of a case-specific judicial determination. Applying laches within a limitations period specified by Congress would give judges a "legislation-overriding" role that exceeds the Judiciary's power. Moreover, applying laches within a limitations period would clash with the gap-filling purpose for which the defense developed in the equity courts.*

## 9. May 2017 – Court jurisdiction

**TC Heartland v. Kraft Foods:** Kraft Foods claimed that TC Heartland had infringed its patented drink mix products. TC Heartland is incorporated in Indiana, but Kraft brought them to court in Delaware – a jurisdiction known for being patentholder-friendly. TC

Heartland claimed that the court lacked jurisdiction to hear the case and asked to relocate the suit to Indiana. The lower courts denied this request, so TC Heartland appealed and won.

**Ruling:** *A plaintiff can only bring an intellectual property infringement lawsuit in the jurisdiction where the defendant operates.*

## 10. May 2017 – Patent exhaustion

**Impression Products v. Lexmark:** Respondent Lexmark International, Inc. designs, manufactures, and sells toner cartridges to consumers in the United States and abroad. It owns a number of patents that cover components of those cartridges and the manner in which they are used. When Lexmark sells toner cartridges, it gives consumers two options: One option is to buy a toner cartridge at full price, with no restrictions. The other option is to buy a cartridge at a discount through Lexmark’s “Return Program.” In exchange for the lower price, customers who buy through the Return Program must sign a contract agreeing to use the cartridge only once and to refrain from transferring the cartridge to anyone but Lexmark. Companies known

as remanufacturers acquire empty Lexmark toner cartridges—including Return Program cartridges—from purchasers in the United States, refill them with toner, and then resell them. They do the same with Lexmark cartridges that they acquire from purchasers overseas and import into the United States.

**Ruling:** *Lexmark exhausted its patent rights in the Return Program cartridges that it sold in the United States. A patentee’s decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to impose. As a result, even if the restrictions in Lexmark’s contracts with its customers were clear and enforceable under contract law, they do not entitle Lexmark to retain patent rights in an item that it has elected to sell.*

## 11. June 2017 – Offensive trademarks

**Matal v. Tam:** The rock group “The Slants,” chose that name to dilute the term’s denigrating force as a derogatory term for Asians. The Patent and Trademark Office (PTO) denied an application for registration of the name under 15 U.S.C. 1052(a), which prohibits the registration of trademarks that may “disparage . . . or bring . . . into contemp[t] or

disrepute” any “persons, living or dead.”

**Ruling:** *The registration of a name as a trademark may not be denied on the basis that the trademark disparages or brings into contempt any living or dead people or groups, since this violates the free speech protections of the First Amendment.*

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