

## WHAT'S INSIDE

## PATENT

- 5 Ford's EcoBoost engine infringes MIT's patents, suit says  
*Ethanol Boosting Systems v. Ford Motor Co.* (D. Del.)
- 6 Patent to let patients access medical records rejected on appeal  
*In re Karpf* (Fed. Cir.)
- 7 No patent for glucose measurement method, Federal Circuit rules  
*In re Ikeda Food Research Co.* (Fed. Cir.)
- 8 PTO should pay its own attorney fees, brief says  
*Iancu v. NantKwest Inc.* (U.S.)

## COPYRIGHT

- 9 1970s-era musicians sue Sony, UMG to reclaim song rights  
*Waite v. UMG Recordings* (S.D.N.Y.)
- 10 Bankruptcy judge rejects performing rights firm's Chapter 11 plan  
*In re ACEMLA de Puerto Rico Inc.* (Bankr. D.P.R.)

## TRADEMARK

- 10 Booking.com can be trademarked, 4th Circuit says  
*Booking.com v. U.S. Patent and Trademark Office* (4th Cir.)
- 11 Jay-Z wins fight for African-American arbitrators in trademark case  
*Carter v. Iconix Brand Group* (N.Y. Sup. Ct.)

## ALISON FRANKEL'S ON THE CASE

- 13 Previously rebuffed, Google asks Supreme Court to review Java copyrights

## PATENT

## U.S. judge tosses constitutional challenge to PTAB

(Reuters) – A federal judge in Washington, D.C., on Jan. 29 dismissed a lawsuit alleging the Patent Trial and Appeal Board is unconstitutional because it takes private property for public use without paying just compensation.

***Christy Inc. v. United States, No. 18-657, 2019 WL 350420 (Fed. Cl. Jan. 29, 2019).***

In throwing out the lawsuit by Christy Inc., a small tool company in Oklahoma, Chief Judge Margaret Sweeney of the U.S. Court of Federal Claims said patents are not property rights for purposes of the Constitution's takings clause.

Christy Inc. holds a patent on an industrial vacuum cleaner that uses pulses of air to prevent dust particles from clogging the filters. It sells such vacuum cleaners through a related entity, CDCLarue Industries Inc., under the brand name Pulse-Bac.

In May 2018, after the PTAB invalidated key claims in its patent, Christy filed a putative class action against the U.S. government on behalf of inventors who have had patents ruled invalid by the PTAB.

"Plaintiff and class members were deprived of the value of the patented technologies, which includes expected royalties," the complaint alleged. "These actions by the defendant constitute a taking and constitute a violation of



REUTERS/Kevin Lamarque

the Fifth Amendment, and compensation for that taking is due."

Judge Sweeney said in the Jan. 29 ruling that precedent makes clear that a patent is not a valid property interest for purposes of the takings clause.

Timothy Davis of Heninger Garrison Davis, who represented Christy, did not respond to a request for comment.

Christy had sued Stanley Black & Decker Inc. in 2014, alleging the latter's industrial vacuums infringed the patent.

**CONTINUED ON PAGE 14**

## EXPERT ANALYSIS

## What is the key to unlocking the Federal Circuit's divided infringement test?

Wolf Greenfield attorney Hunter Keeton and summer associate Susmita Gadre explain how a patent infringement case against a maker of locks that can be opened by the Transportation Security Administration may have unlocked the Federal Circuit's "conditions" test for divided infringement.

**SEE PAGE 3**



## Westlaw Journal Intellectual Property

Published since August 1989

**Director:** Nadia Abadir

**Editor:**

Patrick H.J. Hughes  
Patrick.Hughes1@thomsonreuters.com

**Desk Editors:**

Jennifer McCreary, Elena Neuzil,  
Maggie Tacheny

**Graphic Designers:**

Nancy A. Dubin, Ramona Hunter

**Westlaw Journal Intellectual Property**

(ISSN 2155-0913) is published biweekly by  
Thomson Reuters.

**Thomson Reuters**

2 W. Baltimore Avenue, Suite 315  
Media, PA 19063  
www.westlaw.com  
Customer service: 800-328-4880

For more information, or to subscribe,  
please call 800-328-9352 or visit  
legalsolutions.thomsonreuters.com.

**Reproduction Authorization**

Authorization to photocopy items for internal  
or personal use, or the internal or personal  
use by specific clients, is granted by Thomson  
Reuters for libraries or other users regis-  
tered with the Copyright Clearance Center  
(CCC) for a fee to be paid directly to the  
Copyright Clearance Center, 222 Rosewood  
Drive, Danvers, MA 01923; 978-750-8400;  
www.copyright.com.

Thomson Reuters is a commercial publisher  
of content that is general and educational  
in nature, may not reflect all recent legal  
developments and may not apply to the  
specific facts and circumstances of individual  
transactions and cases. Users should consult  
with qualified legal counsel before acting  
on any information published by Thomson  
Reuters online or in print. Thomson Reuters,  
its affiliates and their editorial staff are not a  
law firm, do not represent or advise clients in  
any matter and are not bound by the profes-  
sional responsibilities and duties of a legal  
practitioner.



## TABLE OF CONTENTS

<b>Patent: <i>Christy Inc. v. U.S.</i></b> U.S. judge tosses constitutional challenge to PTAB (Fed. Cl.)	1
<b>Expert Analysis: By Hunter Keeton, Esq., Wolf Greenfield, and Susmita Gadre, Northeastern University School of Law</b> What is the key to unlocking the Federal Circuit's divided infringement test?	3
<b>Patent: <i>Ethanol Boosting Systems v. Ford Motor Co.</i></b> Ford's EcoBoost engine infringes MIT's patents, suit says (D. Del.)	5
<b>Patent: <i>In re Karpf</i></b> Patent to let patients access medical records rejected on appeal (Fed. Cir.)	6
<b>Patent: <i>In re Ikeda Food Research Co.</i></b> No patent for glucose measurement method, Federal Circuit rules (Fed. Cir.)	7
<b>Patent: <i>Iancu v. NantKwest Inc.</i></b> PTO should pay its own attorney fees, brief says (U.S. )	8
<b>Copyright: <i>Waite v. UMG Recordings</i></b> 1970s-era musicians sue Sony, UMG to reclaim song rights (S.D.N.Y.)	9
<b>Copyright: <i>In re ACEMLA de Puerto Rico Inc.</i></b> Bankruptcy judge rejects performing rights firm's Chapter 11 plan (Bankr. D.P.R.)	10
<b>Trademark: <i>Booking.com v. U.S. Patent and Trademark Office</i></b> Booking.com can be trademarked, 4th Circuit says (4th Cir.)	10
<b>Trademark: <i>Carter v. Iconix Brand Group</i></b> Jay-Z wins fight for African-American arbitrators in trademark case (N.Y. Sup. Ct.)	11
<b>Defamation: <i>Watson v. NY Doe 1</i></b> Ad exec brings defamation suit over anonymous #MeToo posts (S.D.N.Y.)	12
<b>Alison Frankel's On the Case</b> Previously rebuffed, Google asks Supreme Court to review Java copyrights	13
<b>Case and Document Index</b>	15

# What is the key to unlocking the Federal Circuit's divided infringement test?

By **Hunter Keeton, Esq., Wolf Greenfield,** and **Susmita Gadre, Northeastern University School of Law**

In *Travel Sentry Inc. v. Tropp*, 877 F.3d 1370 (Fed. Cir. 2017), the U.S. Court of Appeals for the Federal Circuit shed some light on how to apply the divided infringement standard set forth in *Akamai Technologies Inc. v. Limelight Networks Inc.*, 797 F.3d 1020 (Fed. Cir. 2015). *Akamai V*, as the case is called, clarified what circumstances make a single entity liable for infringement.

*Akamai V* held that an entity may be liable for infringement if it “directs or controls” the others’ actions, if the actors form a “joint enterprise,” or if the entity “conditions” participation in an activity or receipt of a benefit on performance of the patented method and establishes the manner and timing of such performance.

*Travel Sentry* discusses how to apply this last “conditions” test.

## TRAVEL SENTRY BACKGROUND

The patent at issue in *Travel Sentry* is owned by David Tropp. It consists of a method to improve an airport’s system of inspecting luggage by using dual-access locks.

The steps consist of:

- Making available a combination lock for consumers, a key lock for the luggage screening entity, or LSE, and an identification structure known to the LSE.

- Marketing the lock such that the consumers would know that the lock can be opened by the LSE.
- Informing the LSE that there would be an identification structure.
- Having the LSE act pursuant to an agreement to use their provided master key to open locks, if necessary.

Both Tropp and Travel Sentry administer systems that let travelers lock checked bags and also allow the TSA to open, search and relock the bags when necessary.

Travel Sentry had an agreement with the TSA to provide security with passkeys to open locks on consumer baggage. These locks would be identified by the Travel Sentry logo. The agreement would be void if the locks or keys did not perform the intended function. Either party could terminate the contract with 30 days’ notice.

After a disagreement between the parties, Travel Sentry filed suit in the U.S. District Court for the Eastern District of New York against Tropp, seeking a declaration of non-infringement. Tropp filed infringement counterclaims.

The court sided with Travel Sentry, finding the company did not directly infringe any of the patent claims.

It concluded that there was no evidence that Travel Sentry “had any influence whatsoever” or “masterminded” that the TSA follow the third and fourth steps of the method under the earlier, more restrictive standard set by *BMC Resources Inc. v. Paymentech LP*, 498 F.3d 1373 (Fed. Cir. 2007), and *Muniauction Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), divided infringement decisions by the Federal Circuit.

*Akamai V* clarified what circumstances make a single entity liable for infringement.

It found that the TSA did not have to follow Travel Sentry’s method to comply with the congressional luggage screening mandate and faced no consequences for not doing so.

The court also concluded that *Akamai V* did not expand the scope of direct infringement.

## FEDERAL CIRCUIT HOLDING

The Federal Circuit vacated the district court’s decision and remanded the case.

A three-judge panel found a reasonable jury could have decided that the TSA’s performance of the last two claim steps was attributable to Travel Sentry.

The panel also found the District Court did not properly apply the two-part “conditions” test from *Akamai V*.

Specifically, it said the District Court mischaracterized the “activity” and “benefits” and “conditions” in the first step, and failed to acknowledge the context when considering whether Travel Sentry had established the manner or timing of the TSA’s performance of the steps.

The Federal Circuit expressly found that *Akamai V* “broadened the circumstances” in which a third party’s actions can be



**Hunter Keeton** (L) is a shareholder at the Boston office of **Wolf Greenfield**. He focuses his practice on litigation in the areas of patent, trademark, trade dress, copyright, domain name disputes and internet cases. He has experience representing clients in federal district court and state court, and before the International Trade Commission. He has also worked on a number of re-examinations and post grant matters, ensuring those strategies complement the litigation strategy. He can be reached at [Hunter.Keeton@WolfGreenfield.com](mailto:Hunter.Keeton@WolfGreenfield.com). **Susmita Gadre** (R) was a 2018 summer associate at the firm’s Boston office. She attends Northeastern University School of Law where she studies patent law.

attributed to an infringer to support a divided infringement claim, and it found that the *BMC/Muniauction* “mastermind” theory was no longer the only option.

The panel discussed how the “conditions” test applied to the facts of *Akamai V* and a later case, *Eli Lilly & Co. v. Teva Parenteral Medicines Inc.*, 845 F.3d 1357 (Fed. Cir. 2017), and then how it should be applied to the *Travel Sentry* dispute.

---

If two entities agree to perform limited aspects of an activity, that is the part that matters.

---

The panel found a common link in all three cases: “evidence that a third party hoping to obtain access to certain benefits can only do so if it performs certain steps identified by the defendant, and does so under the terms prescribed by the defendant.”

The Federal Circuit also found defining the “activity” as “luggage screening generally” was too broad. If two entities agree to perform limited aspects of an activity, that is the part that matters.

Defining the activity as “screening luggage that TSA knows can be opened with passkeys provided by Travel Sentry” is more consistent with the *Akamai V* test.

The panel also found the District Court incorrectly defined “benefits” when it said the TSA screened luggage only because of a congressional mandate. The panel found this understanding to be impermissibly narrow and a jury could find many benefits.

For example, enabling the TSA to open locks without breaking them is a benefit that

could lead to numerous other benefits, such as a reduction in traveler complaints and improved public perception.

The Federal Circuit also found that the participation in the activity or receipt of the benefit was conditioned on performing the claim steps.

The Travel Sentry logo signaled to the TSA that it should open the locks with the provided keys, and the parties had a contract to look for the logo and use the keys to open the locks. These steps, which parallel the patent claims, constitute the “activity,” and any benefits could be realized only if they were followed.

So a jury could find that Travel Sentry had “conditioned” participation in the activity or benefits on performing the claim steps.

The Federal Circuit found that the TSA did not simply take Travel Sentry’s guidance and act independently. If the TSA did not follow the instructions provided to it, using the materials it was given, it would not have received the benefit of Travel Sentry’s service.

While either party could terminate the contract without cause, so long as the TSA received something of value from performing the steps as instructed, the manner or timing could be considered established.

It was also irrelevant that the TSA could accomplish its mandate through other means, because it still had to follow the infringing claim steps to participate in the activity.

#### **OTHER CASES APPLYING TRAVEL SENTRY**

As a fairly new case, *Travel Sentry* has not yet thoroughly been explored. However, courts seem to generally affirm its precedent, especially at the pleadings stage.

In *Nalco Co. v. Chem-Mod LLC*, 883 F.3d 1337 (Fed. Cir. 2018), for instance, the Federal Circuit reversed the grant of a motion to dismiss. The court found that the plaintiff had adequately pleaded attribution under the “conditions” test by plausibly alleging that third-party performance of claim steps was conditioned on obtaining monetary benefits and was directed by the defendants.

Similarly, in *Techno View IP Inc. v. Sony Interactive Entertainment LLC*, No. 17-cv-1268, 2018 WL 3031518 (C.D. Cal. Apr. 18, 2018), the plaintiff alleged that the defendants performed some steps of the patented method and instructed and encouraged third parties to perform other steps. The court found that was enough to plausibly meet the “conditions” test of *Akamai V*.

Though *Travel Sentry* is relatively new, there is some indication that it now seems to be somewhat harder for defendants to win dismissal motions on divided infringement grounds or summary judgment motions later in the case.

Somewhat surprisingly, there has been no action of substance in the U.S. District Court for the Eastern District of New York after the remand, so we have no idea how the jury may ultimately decide the case.

While the Federal Circuit decision provides insight on how to apply aspects of the “conditions” test, it still appears to require a fact-specific inquiry that calls for careful definition of the relevant “activity” and “benefit,” both in terms of the asserted claims and the accused activity.

It remains to be seen how exactly district courts will apply *Travel Sentry* to future divided infringement cases. **WJ**

# Ford's EcoBoost engine infringes MIT's patents, suit says

By Patrick H.J. Hughes

The Massachusetts Institute of Technology has accused Ford Motor Co. of stealing several patents for reducing engine emissions and using the technology for vehicles with EcoBoost engines.

***Ethanol Boosting Systems LLC et al. v. Ford Motor Co., No. 19-cv-196, complaint filed, 2019 WL 399569 (D. Del. Jan. 30, 2019).***

The university and Ethanol Boosting Systems LLC, a company founded by three MIT professors who invented the technology, filed a patent infringement suit against Ford on Jan. 30 in the U.S. District Court for the District of Delaware.

According to the complaint, Ford executives had several conversations with the inventors before incorporating more environmentally friendly engines in the automaker's Lincoln Navigator SUVs and other vehicles. The suit says these talks led to the infringement.

## DUAL-INJECTION TECHNOLOGY

MIT research scientists Leslie Bromberg, Daniel R. Cohn and John B. Heywood are listed as the three inventors of U.S. Patent Nos. 8,069,839; 9,255,519; 9,810,166; and 10,138,826. The Cambridge, Massachusetts, university is listed as the patents' exclusive licensee.

The inventors founded Ethanol Boosting Systems in 2006 as a Delaware company with headquarters in Cambridge. EBS also owns numerous fuel-injection patents separate from MIT.

Each of the four MIT patents covers a "fuel management system for variable ethanol octane enhancement of gasoline engines."

The suit says the patented system is designed to increase engine efficiency and reduce emissions by incorporating "dual-injection technology," involving both port and direct fuel injection.

The patents set the fuel-injection methods to vary depending on the torque value. This combines the advantages of port fuel injection,

such as better mixing of fuel and air and combustion stability, with those of direct injection, such as engine knock suppression, the suit says.

## CAR CONVERSATIONS

According to the complaint, Heywood contacted Ford several times in 2014 seeking a discussion over possible licensing opportunities.

In an email, he described the advantages of the technology, listed the patents and said Ford was the first company EBS had approached about a licensing deal, according to the suit.

---

Ford made knowingly false representations  
when it said the technology was its own,  
according to the suit.

---

Ford executives eventually spoke with the inventors and analyzed the patents before breaking off conversions in late 2015, the suit says.

About six months later, news reports appeared featuring Ford's "all new" dual fuel system for its EcoBoost V-6 engines, which had been installed in Ford vehicles since 2009.

Ford later touted that its EcoBoost engines had been "enhanced" with "dual port and direct-injection technology," the complaint says.

Ford thus made knowingly false representations when it said the technology was its own, according to the suit.

This also shows Ford is liable for willfully infringing the patents under Section 271 of the Patent Act, 35 U.S.C.A. § 271, the suit says.

The plaintiffs seek declarations of infringement and that the infringement was willful. They also seek damages of no less than a reasonable royalty and enhanced damages under Section 284 of the Patent Act, 35 U.S.C.A. § 284, plus interest, costs and attorney fees.

**WJ**

### Attorneys:

*Plaintiffs:* Matthew R. Berry and Andres C. Healy, Susman Godfrey LLP, Seattle, WA; Brian E. Farnan and Michael J. Farnan, Farnan LLP, Wilmington, DE

### Related Filings:

Complaint: 2019 WL 399569

**See Document Section A (P. 17) for the complaint.**



REUTERS/Brendan McDermid



# Patent to let patients access medical records rejected on appeal

By Patrick H.J. Hughes

The top patent appeals court has shot down an application involving a medical records system designed to make it easier for patients to access treatments and health information.

***In re Karpf*, No. 2018-2090, 2019 WL 384543 (Fed. Cir. Jan. 30, 2019).**

The U.S. Court of Appeals for the Federal Circuit on Jan. 30 said it would have been obvious for an ordinary skilled artisan to create a system that combines a program for providing medical information with a way of providing passwords to patients.

Ronald S. Karpf and his now-deceased co-inventor, Arthur B. White, sought to patent a way of giving patients treatment instructions, evaluating patients' compliance with those instructions and providing reminders to noncompliant patients.

A long-felt, unmet need can overcome an obviousness finding, and Karpf provided "extensive documentation" showing patient noncompliance was a "costly and prevalent issue," but the three-judge Federal Circuit panel said he failed to prove how the invention resolved that issue.

## NOT ANTICIPATED, BUT OBVIOUS

Karpf and White filed U.S. Patent Application No. 11/645,067 with the Patent and Trademark Office in December 2006.

A patent examiner rejected the application after finding that a patent for a "prescription management system," granted in 1998, had anticipated their invention.

The Patent Trial and Appeal Board affirmed the rejection. *Ex parte Karpf*, No. 2010-9172, 2013 WL 1225722 (P.T.A.B. Mar. 18, 2013).

The Federal Circuit reversed and remanded, however, saying the PTAB had erred in its conclusion. *In re Karpf*, 576 F. App'x 968 (Fed. Cir. 2014).

The patent that the examiner cited gave patients control over certain medical information, but that patent "stops short of granting patients actual access to that information through the prescription system," the Federal Circuit said.

prescription information, and combining it with the second patent would allow patients to prescribe drugs to themselves.

The panel discounted this argument, saying the first patent discloses an option for letting

---

While the patent applicant argued that the system met an unmet need, he provided no evidence of how the invention in the application had done that, the Federal Circuit said.

---

On remand, the examiner reopened prosecution of the application and found that the previously cited patent, when combined with a second one for providing patients with passwords to access their own health information, made Karpf's application unpatentable as obvious.

The PTAB affirmed. *Ex parte Karpf*, No. 2016-005324, 2018 WL 1773794 (P.T.A.B. Mar. 30, 2018).

## AN UNMET NEED?

In another appeal to the Federal Circuit, Karpf argued that the first patent only notified physicians of noncompliant patients and could not notify the patients themselves. The second patent did not alter this situation, Karpf said.

The Federal Circuit panel recognized that the first patent did not provide patients with certain records, but said that need could be met by the second patent's technology for providing patients with passwords.

Karpf also argued that no ordinary artisan would have combined the two prior art references because the first patent manages

nonphysicians access a system, so passwords could be designed to allow patients access to medical records without the ability to fill prescriptions.

While Karpf argued that the system met an unmet need, he provided no evidence of how the invention in the application had done that, the Federal Circuit said.

The password functionality of the added prior art reference overcame what was lacking in the examiner's first rejection, the Federal Circuit concluded. [WJ](#)

### Attorneys:

*Appellant*: Ronald S. Karpf, Pro se, Corvallis, OR  
*Appellee*: Thomas W. Krause, Monica B. Lateef, Joseph Matal and Meredith H. Schoenfeld, Office of the Solicitor, U.S. Patent and Trademark Office, Alexandria, VA

### Related Filings:

2019 Federal Circuit opinion: 2019 WL 384543  
 2018 PTAB decision: 2018 WL 1773794  
 2014 Federal Circuit remand opinion: 576 F. App'x 968  
 2013 PTAB decision: 2013 WL 1225722

**See Document Section B (P. 29) for the 2019 Federal Circuit opinion.**

# No patent for glucose measurement method, Federal Circuit rules

By Patrick H.J. Hughes

The Patent and Trademark Office properly rejected an application to patent a “convenient” method for diabetes patients to measure and monitor their blood sugar levels, the top patent appeals court has ruled.

***In re Ikeda Food Research Co. Ltd., No. 2017-2624, 2019 WL 361451 (Fed. Cir. Jan. 29, 2019).***

The U.S. Court of Appeals for the Federal Circuit said skilled artisans at the time of invention would have combined a patented “biosensor” for measuring glucose with an enzyme-preparation method published in Europe.

The patent applicant, Ikeda Food Research Co., based in Yokohama, Japan, had argued that a U.S. patent examiner erred in refusing to recognize the ingenuity of the method and bless it with a patent.

Afterward Ikeda asked the Patent Trial and Appeal Board to re-examine the application.

The PTAB found Ikeda’s method was obvious under Section 103 of the Patent Act, 35 U.S.C.A. § 103. *In re Ikeda Food Research Co., No. 2015-002637, decision issued (P.T.A.B. July 28, 2017).*

Ikeda then appealed to the Federal Circuit.

## TOO OBVIOUS

Ikeda filed U.S. Patent Application No. 12/851,668 in 2010, seeking to patent a method for patients to manage their diabetes by monitoring their blood sugar at home.

The method employs blood glucose biosensors, which the Federal Circuit opinion described as devices that commonly rely on enzymes that can be “an important marker for diabetes.”

Ikeda argued that previous biosensors had disadvantages such as “high background noise” and were often unreliable and expensive, the opinion said.

However, the Federal Circuit said the PTAB correctly found a prior art reference in a European application for a patent employing an enzyme preparation, combined with a pair of patents for a biosensor meant to improve stability and reduce costs, would have had the same effect as Ikeda’s invention.

Combining these prior art references would have been obvious, the Federal Circuit said.

To refute the obviousness argument, Ikeda said the PTAB ignored the “objective indicia of nonobviousness,” which often includes such factors as commercial success and others’ failure to solve a particular problem.

The primary indicia Ikeda cited was a need it said had existed since at least 1986 for improved blood-glucose monitors that are “both specific and independent of separate cofactors.”

The Federal Circuit, however, affirmed the PTAB’s finding that Ikeda’s expert testimony on the need was lacking and Ikeda’s method, in fact, used “cofactors” that did not satisfy this alleged need. **WJ**

### Attorneys:

**Appellant:** Thomas H. Jenkins, Michael P. Barker and Michael L. Su, Finnegan, Henderson, Farabow, Garrett & Dunner, Palo Alto, CA

**Appellee:** Sarah E. Craven, Thomas W. Krause and Kakoli Caprihan, Office of the Solicitor, U.S. Patent and Trademark Office, Alexandria, VA

### Related Filings:

Opinion: 2019 WL 361451



## WESTLAW JOURNAL HEALTH LAW

As the health litigation arena becomes more complex, and laws and regulations keep changing, you can rely on this reporter to provide comprehensive coverage of the latest developments in all aspects of the field of health care law. Each issue details cases and legislation regarding such topics as hospital billing, health insurance disputes, health provider contracts, malpractice, legislation such as EMTALA, ERISA, and HCQIA, abortions, medical devices, pharmaceuticals and vaccines, diet drugs, medical marijuana, AIDS, the duty of care and confidentiality.

Call your West representative for more information about our print and online subscription packages, or call 800.328.9352 to subscribe.

## PTO should pay its own attorney fees, brief says

By Patrick H.J. Hughes

Biotech firm NantKwest Inc. says the U.S. Patent and Trademark Office should pay its own attorney fees even if the agency wins in litigation, according to the patent applicant's brief opposing certiorari.

***Iancu v. NantKwest Inc., No. 18-801, opposition brief filed, 2019 WL 292090 (U.S. Jan. 22, 2019).***

NantKwest filed its brief Jan. 22 opposing the PTO's high court plea for attorney fees after the agency convinced a federal district court to reject NantKwest's patent application for a cancer treatment.

The U.S. Supreme Court held in *Hardt v. Reliance Standard Life Insurance*, 560 U.S. 242 (2010), that courts must enforce the "American rule," which says litigants should pay for their own attorney fees "win or lose, unless a statute or contract provides otherwise," the brief says.

The statute in question is Section 145 of the Patent Act, 35 U.S.C.A. § 145, which states that in patent disputes, "all the expenses of the proceedings shall be paid by the applicant."

But this statute does not veer from the American rule, the brief says.

"'Fees' are never mentioned, let alone 'attorney fees' or any other equivalent that would suggest that such fees are recoupable," NantKwest says.

Overcoming the American rule requires "specific and explicit" statutory authorization, and Section 145 does not provide that, NantKwest says.

### PATENT APPLICANTS PAY ENOUGH, BRIEF SAYS

The certiorari petition follows a decision by the full U.S. Court of Appeals for the Federal Circuit that rejected the PTO's attorney fee request. *NantKwest Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018).

The American rule serves as a "basic point of reference" from which all courts should start before considering if there is a statute that overrides that rule, the en banc opinion said.

While seven judges sided with NantKwest, four dissented with policy arguments that said the PTO should not have to pay for the losing side's attorneys.

The company's brief recounts the policy reasons for the arrangement: Patent applicants who lose before the PTO can appeal to the Federal Circuit, but the appeals court must rely on the evidence that was already presented to the PTO before the agency rejected the application.

Instead, a patent applicant can bring a new suit under Section 145, where a court reviews the application de novo, but this requires the applicant to shoulder new costs for a new presentation of the evidence and sometimes for evidence that is entirely new, the brief says.

Such a proceeding places a burden on the applicant, who must pay for the PTO's printing, travel and expert witnesses, the brief says. Courts have consistently agreed that applicants should not have to pay for the PTO's attorneys as well, the firm says.

Before this case, no other court has interpreted the word "expenses" in Section 145 to mean attorney fees, NantKwest says.

According to the brief, the word "expenses" is ambiguous "at best," so the Supreme Court should not read more into the statute. [WJ](#)

#### Attorneys:

*Petitioner:* Sarah Harris, Joseph Matal, Thomas W. Krause and Thomas L. Casagrande, U.S. Patent and Trademark Office, Alexandria, VA; Mark Freeman, Charles Scarborough and Jaynie Lilley, Justice Department, Washington, DC

*Respondent:* Morgan Chu, Gary N. Frischling, Alan J. Heinrich, Lauren N. Drake and John P. Long, Irell & Manella, Los Angeles, CA

#### Related Filings:

Opposition brief: 2019 WL 292090  
Petition for certiorari: 2018 WL 6788571  
Federal Circuit en banc opinion: 898 F.3d 1177  
Federal Circuit opinion: 860 F.3d 1352  
District Court opinion: 162 F. Supp. 3d 540  
Complaint: 2013 WL 6860200  
PTAB decision: 2013 WL 5798589

**See Document Section C (P. 33) for the brief.**



## 1970s-era musicians sue Sony, UMG to reclaim song rights

(Reuters) – David Johansen, John Waite and other prominent 1970s musicians filed lawsuits Feb. 5 accusing Sony Music Entertainment Inc. and UMG Recordings Inc. of improperly refusing to let them reclaim rights to songs they had long ago signed away.

***Waite et al. v. UMG Recordings Inc. et al., No. 19-cv-1091, complaint filed, 2019 WL 469770 (S.D.N.Y. Feb. 5, 2019).***

***Johansen et al. v. Sony Music Entertainment Inc. et al., No. 19-cv-1094, complaint filed, 2019 WL 441985 (S.D.N.Y. Feb. 5, 2019).***

The proposed class actions filed in Manhattan federal court said U.S. copyright law gives songwriters who bargained away their works on unfavorable terms a “second chance” to reclaim their rights by filing termination notices after 35 years.

But they said Sony and UMG have “routinely and systematically” ignored hundreds of notices, mainly because they deemed the songs “works made for hire” under their recording contracts and therefore not subject to being reclaimed.

The named plaintiffs in the Sony case are Johansen, formerly of the New York Dolls and who as Buster Poindexter recorded “Hot Hot Hot”; John Lyon, who performs as Southside Johnny; and Paul Collins, known for the Paul Collins Beat.

Plaintiffs suing UMG, a unit of France’s Vivendi SA, include Waite, formerly of The Babys and later known for his 1984 hit “Missing You,” and Joe Ely, a guitarist who has performed with The Clash, Bruce Springsteen and others.

Sony and UMG did not immediately respond to requests for comment.

The plaintiffs are represented by the law firm Blank Rome and by Evan Cohen, a Los Angeles lawyer.

“We represent well over 100 artists from the late ‘70s and early ‘80s who want to own their U.S. copyrights, but are being stonewalled by Sony and Universal after sending notices,” Cohen said in an interview. “In many cases, we are talking about artists who have never received royalties from the recordings.”

Both lawsuits cover recording artists who served termination notices effective Jan. 1, 2013, or later.

They seek injunctions requiring that the notices be honored, monetary damages and other remedies. **WJ**

*(Reporting by Jonathan Stempel)*

### Related Filings:

Waite complaint: 2019 WL 469770

Johansen complaint: 2019 WL 441985



REUTERS/Jeff Chistensen



REUTERS/Steve Marcus

***David Johansen (L, in 2004) and John Waite (R, in 2004) are among the musicians suing to get a “second chance” to reclaim song copyrights from Sony Music Entertainment Inc. and UMG Recordings Inc.***

## Bankruptcy judge rejects performing rights firm's Chapter 11 plan

By Donna Higgins

A Puerto Rico federal judge has dismissed the bankruptcy case of a performing rights organization after finding that the debtor's proposed disclosure statement did not provide enough information for creditors to decide how they should vote.

***In re ACEMLA de Puerto Rico Inc., No. 17-2021, 2019 WL 311008 (Bankr. D.P.R. Jan. 22, 2019).***

The debtor, ACEMLA de Puerto Rico Inc., is one of five U.S.-based performing rights organizations. According to its website, the debtor licenses performance rights for Latin American Music Co. and other Latin American music publishers.

The debtor's business depends entirely on a music portfolio owned by a third party, who

received it from Lamco in a 2003 transaction, but the disclosure statement did not provide any details about that deal or how it relates to ACEMLA's current operations, U.S. Bankruptcy Judge Enrique S. Lamoutte of the District of Puerto Rico said in a Jan. 22 opinion.

Nor did the disclosure statement address other key issues, including the effect of future copyright infringement litigation the debtor might become involved in, Judge Lamoutte said.

Financial projections were not supported by "sufficient and reliable data," he found.

The judge said dismissal of the case was "in the best interest of the creditors," and he barred ACEMLA from refiling for Chapter 11 for two years "to prevent abuse of the bankruptcy process." [WJ](#)

**Related Filings:**

Opinion: 2019 WL 311008

## TRADEMARK

### Booking.com can be trademarked, 4th Circuit says

(Reuters) – A divided federal appeals court on Feb. 4 said the Booking.com travel website could trademark the Booking.com name, rejecting the U.S. Patent and Trademark Office's contention that the name was too generic.

***Booking.com BV v. U.S. Patent and Trademark Office et al., Nos. 17-2458 and 17-2459, 2019 WL 419053 (4th Cir. Feb. 4, 2019).***

In a 2-1 decision, the 4th U.S. Circuit Court of Appeals in Richmond, Virginia, said adding ".com" to a generic word such as "booking" could in "rare circumstances" create a protectable, nongeneric composite when the composite's primary significance to the public is the source, not the product being offered.

The court also said Booking.com, a unit of Amsterdam-based Booking Holdings BV, must pay the PTO's legal fees.

Both parts of the decision upheld rulings from 2017 by U.S. District Judge Leonie Brinkema in Alexandria, Virginia. *Booking.com BV v. Matal*, 278 F. Supp. 3d 891 (E.D. Va. 2017).

Booking.com was represented by Jonathan Moskin of Foley & Lardner, who had no immediate comment.

The PTO was represented by Tyce Walters of the U.S. Department of Justice, which did not immediately respond to a request for comment.

Booking.com began using its name globally in 2006 and filed four associated trademark applications in 2011 and 2012.

The PTO rejected those applications, saying Booking.com was generic in connection with providing booking services, or alternatively that the proposed trademarks were simply descriptive and lacked secondary meaning.

Judge Brinkema ordered the PTO to register two proposed marks but said it could also, under the Lanham Act, recoup \$76,874 of its legal fees. *Booking.com BV v. Matal*, No. 16-cv-425, 2017 WL 4853755 (E.D. Va. Oct. 26, 2017).

In the Feb. 4 decision, U.S. Circuit Judge Allyson Duncan, joined by U.S. Circuit Judge Robert King, first said it was the PTO's burden to show Booking.com was generic.

She then rejected the PTO's argument that adding a "top-level domain" such as .com to a generic "second-level domain" such as booking could never create a nongeneric mark, saying other federal appeals courts have rejected such a rigid rule.

Judge Duncan distinguished a 2009 decision from the U.S. Court of Appeals for the Federal Circuit that Hotels.com was too generic to be trademarked, by pointing to a survey finding that 74.8 percent of respondents identified Booking.com as a brand name.

She said that was "strong evidence" that Booking.com wasn't generic, making it more like Dial-A-Mattress, which the Federal Circuit found not generic, than "pretzel crisps," which the Federal Circuit found generic, or "ale house," which the 4th Circuit said generically described places serving beer and food.

Judge Duncan said the Hotels.com case also involved a consumer survey but that

the survey's methodology was found questionable, justifying giving greater weight to dictionary definitions and similar uses of "hotels" with a .com suffix.

As to the legal fees, Judge Duncan said that while the "American rule" requires litigants to pay their own attorneys' fees unless Congress provides otherwise, the Lanham Act created an exception calling for trademark applicants

to pay "all the expenses of the proceeding" when challenging PTO rulings in district court.

U.S. Circuit Judge James Wynn dissented. He said protecting the Booking.com mark would likely chill competition in online booking by dissuading rivals fearful of infringement litigation from using the "booking" in their

names, even if that term best described their services. [WJ](#)

(Reporting by Jonathan Stempel)

**Related Filings:**

4th Circuit opinion: 2019 WL 419053  
District Court summary judgment opinion: 278 F. Supp. 3d 891  
District Court fee opinion: 2017 WL 4853755

---

## TRADEMARK

---

# Jay-Z wins fight for African-American arbitrators in trademark case

(Reuters) – Jay-Z has agreed to privately arbitrate a trademark and contract dispute with clothing company Iconix Brand Group Inc., his lawyers said Jan. 30, after enough African-American arbitrators became eligible to handle the case.

***Carter et al. v. Iconix Brand Group Inc. et al., No. 655894/2018, order granting voluntary discontinuance issued (N.Y. Sup. Ct., N.Y. Cty. Jan. 30, 2019).***

Lawyers for the rapper and entrepreneur asked a New York state judge to dismiss Jay-Z's Nov. 28 lawsuit in Manhattan to halt the arbitration related to his 2007 sale of the Rocawear clothing brand to Iconix for about \$204 million.

Jay-Z, whose legal name is Shawn Carter, had complained that arbitration would be unfair because only two of the more than 200 arbitrators proposed by the American Arbitration Association identified as African-American and had no conflicts of interest.

He said that lack of candidates left him with "no choice at all," constituted racial discrimination under New York law, and voided his earlier agreement to arbitrate with Iconix.

But Jay-Z's lawyer, Alex Spiro, told Justice Barry Ostrager of Manhattan Supreme Court on Jan. 30 that the AAA has allowed the dispute to be heard by a three-arbitrator panel instead of a single arbitrator, and offered five African-American candidates.

Spiro also said the AAA agreed to consider Jay-Z's list of 11 African-American candidates to handle big arbitrations.

On those bases, Jay-Z is "content to proceed with the arbitration," and wants Judge Ostrager to end the lawsuit even though Iconix is still defending against it, Spiro said.

Lawyers for Iconix did not immediately respond to requests for comment.

The New York-based company has dozens of brands including Danskin, Joe Boxer, London Fog, Mossimo, Pony and Starter.



American rapper Jay-Z

REUTERS/Benoit Tessier

Iconix has written off almost the entire value of the Rocawear brand, and the U.S. Securities and Exchange Commission has been probing its write-downs.

Last May, a federal judge ordered Jay-Z to testify in the probe. The SEC wanted to ask him about his personal involvement with the Rocawear brand.

Jay-Z, 49, is famous for songs including "Hard Knock Life," "99 Problems" and "Big Pimpin," and is married to the pop star Beyonce.

[WJ](#)

(Reporting by Jonathan Stempel)

**Related Filings:**

Petition to stay arbitration: 2018 WL 6521810



WESTLAW JOURNAL  
**COMPUTER  
&  
INTERNET**

This publication, previously known as the Computer and Online Industry Litigation Reporter, follows the lawsuits arising from the use of the Internet for business and recreation, as well as cases involving computer hardware and software. This publication helps you stay abreast of the latest pretrial activities and winning case strategies in this quickly changing area of litigation. Each issue covers cases involving intellectual property, national and international jurisdictional issues, antitrust, Internet regulation, computer crime, and privacy issues, including issues arising from the increasing use of social networking sites like Facebook and MySpace.

Call your West representative for more information about our print and online subscription packages, or call 800.328.9352 to subscribe.

## DEFAMATION

# Ad exec brings defamation suit over anonymous #MeToo posts

By Dave Embree

An advertising executive who lost his job after accusations of sexual harassment surfaced on the Instagram account Diet Madison Avenue has filed a \$10 million defamation suit in New York federal court against the operators of the anonymous account.

***Watson v. NY Doe 1 et al., No. 19-cv-533, complaint filed, 2019 WL 255636 (S.D.N.Y. Jan. 17, 2019).***

Ralph M. Watson filed the suit Jan. 17 in the U.S. District Court for the Southern District of New York, saying the operators wrongfully accused him in several posts of sexually harassing women in the workplace.

As a result of this “intentional and malicious smear campaign,” Watson lost his job and “had his life destroyed,” the complaint says.

The New York suit marks the third time Watson has sued over the Diet Madison Avenue posts. He filed a similar defamation case against the account operators in California last May and lodged a wrongful-termination suit against his former employer Crispin Porter & Bogusky in June.

Watson was employed as chief creative officer for the Boulder, Colorado-based advertising agency known as CP+B from April 2014 to February 2018, according to the suit.

Diet Madison Avenue, which has claimed to be dedicated to publishing allegations of sexual harassment against men in the advertising industry, posted a statement about Watson on Jan. 19, 2018, the complaint says.

Specifically, the statement alleged that there were “corroborated stories” from multiple advertising agencies about Watson sexually harassing young women “going back years,” according to the complaint.

Diet Madison Avenue posted again Jan. 25, 2018, saying Watson was an “unrepentant sexual predator” and calling on CP+B to fire him, the suit says.

Watson says the agency fired him about a week later.

### ‘GLOVES ARE OFF’

Watson’s California lawsuit, filed in the Los Angeles County Superior Court on May 22, accuses several state residents he believes to be associated with the Diet Madison Avenue account of defamation and intentional interference with contractual relations.

Two days later, Watson says, Diet Madison Avenue published a third post about him, saying: “Gloves are off. I don’t care if the industry knows he raped me.”

In the New York lawsuit Watson says the unidentified defendants — four New York residents, one Illinois resident and one Illinois company — were also responsible for the allegedly defamatory posts.

“Defendants’ false statements ... have destroyed his reputation, caused him to suffer shame, and have wholly interfered with his ability to perform his trade, profession and/or occupation,” the complaint says.

Watson is asking the court for \$10 million in compensatory and punitive damages, attorney fees, and prejudgment interest, in addition to a public retraction and apology.

His lawsuit against CP+B, filed June 29 in Colorado federal court, has been stayed pending the company’s motion to compel arbitration. **WJ**

#### Attorneys:

Plaintiff: Michael W. Ayotte, Hermosa Beach, CA

#### Related Filings:

New York complaint: 2019 WL 255636

California complaint: 2018 WL 2356293

Colorado complaint: 2018 WL 3209896



## Previously rebuffed, Google asks Supreme Court to review Java copyrights

By Alison Frankel

(Reuters) – Google has finally filed its long-awaited petition for U.S. Supreme Court review of a pair of decisions from the U.S. Court of Appeals for the Federal Circuit that put Google on the hook for infringing Oracle's copyright on certain programming interfaces in Java coding language.

Pitching the case as a watershed for software development — and thus American innovation across untold industries — Google wants the Supreme Court to overturn the Federal Circuit's rulings on both the copyrightability of the Java interfaces, in *Oracle America Inc. v. Google Inc.*, 750 F.3d 1339 (Fed. Cir. 2014), and Google's fair use of the Java code, in *Oracle America Inc. v. Google LLC*, 886 F.3d 1179 (Fed. Cir. 2018).

"Google has never disputed that some forms of computer code are entitled to copyright protection," the petition said. *Google LLC v. Oracle America Inc.*, No. 18-956, *petition for cert. filed*, 2019 WL 338902 (U.S. Jan. 24, 2019).

"But the Federal Circuit's widely criticized opinions — in an area in which that court has no specialized expertise — go much further, throwing a devastating one-two punch at the software industry. ... Developers who have invested in learning free and open programming languages such as Java will be unable to use those skills to create programs for new platforms — a result that will undermine both competition and innovation."

Google contends that the Supreme Court must step in to resolve conflicts in the lower courts on the "exceptionally important" copyrightability issue, which the justices haven't considered since they deadlocked

in a 1996 case involving menu commands in Lotus spreadsheet software, *Lotus Development Corp. v. Borland International Inc.*, 516 U.S. 233 (1996).

But here's the thing: Google told the Supreme Court exactly the same thing about lower court disarray back in 2014, when it previously asked the justices to review the Federal Circuit's ruling that the Java interfaces are copyrightable. *Google Inc. v. Oracle Am. Inc.*, No. 14-410, *petition for cert. filed*, 2014 WL 5319724 (U.S. Oct. 6, 2014).

And back then — after the U.S. solicitor general in 2015 said in a court-requested amicus brief not only that the Federal Circuit ruled correctly but also that there was no circuit split on copyrighting the kind of code at issue in the Google case — the Supreme Court decided not to hear the case.

So why does Google think history shouldn't repeat itself? Why should the justices now take a case presenting the same issue it sidestepped in 2014?

Google's very able Supreme Court team — Kannon Shanmugam of Williams & Connolly is counsel of record, with Thomas Goldstein of Goldstein & Russell also on the petition — seem to have anticipated just that question.

The new petition makes the obvious argument that the case is farther along now than it was in 2014, with more key questions

resolved. But more subtly, the brief uses the solicitor general's 2015 amicus brief as a foil, fleshing out its opposition to some of the government's points and emphasizing language in the solicitor general's brief that seems to boost Google's case.

I'll briefly recap the history of this case (emphasis on briefly). In 2010, after Oracle acquired Java's developer, Sun Microsystems, it sued Google for patent and copyright infringement for using Java code in developing the Android system.

In 2012, a federal jury in San Francisco found no patent infringement but said Google violated Java copyrights on code known as "declarations," which allow programmers to interface with libraries of prewritten Java code for oft-used functions. (Google's filings in the litigation often analogize declaring code to a standard keyboard: Just as you can type a particular letter by pushing a particular button on a keyboard, programmers use declarations to trigger particular functions.)

The trial judge overturned the jury verdict, holding that the copyrights were invalid under the Copyright Act's exception for procedures, processes, systems and methods of operation.

The Federal Circuit disagreed. In a 2014 decision, it reinstated Oracle's copyright claims and remanded the case for retrial.

A second jury determined that Google made fair use of the Oracle code, but in 2018, the Federal Circuit overruled the jury, holding that Google's use of the Java declaring code was for commercial use and was not transformative.

In the new petition for certiorari, Google points out that one of the reasons the solicitor general advised against review in 2015 was because the fair use question hadn't been decided. That's no longer true, Google said — and the Federal Circuit's



**Alison Frankel** updates her blog, "On the Case," multiple times throughout each day on Thomson Reuters Westlaw's Practitioner Insights. A founding editor of *Litigation Daily*, she has covered big-ticket litigation for more than 20 years. Frankel's work has appeared in *The New York Times*, *Newsday*, *The American Lawyer* and several other national publications. She is also the author of "Double Eagle: The Epic Story of the World's Most Valuable Coin."



cramped interpretation of transformation will have deeply deleterious consequences since developers are always building on old code when they write new programs.

The government already acknowledged in that 2015 brief that the Java copyright case raised “substantial and important” questions about whether developers can use copyrights to squelch competition by denying interoperability and locking programmers into their platforms. DOJ said that concern was best addressed in the context of fair use.

Google argues in its new petition that the Federal Circuit’s fair use analysis makes the solicitor general’s previously noted fears all the more pressing.

To amplify how, in its view, the Federal Circuit rulings squelch competition, Google cited an ancient Supreme Court case, 1880’s *Baker v. Selden*, 101 U.S. 99 (1880). In the *Baker* case, the Supreme Court said an accountant who had written a book detailing a new accounting system did not hold exclusive rights on the system, or even on the forms required to practice his innovative methods.

The court’s ruling in *Baker* established a principle that has become known as the “merger doctrine,” which holds that when there’s only one way to express a method — like the accounting forms in the *Baker* case — a copyright holder cannot claim exclusive ownership. Under *Baker*, Google

said, a monopoly that might be attainable via patent law can’t be achieved by copyright.

Google said in the new Supreme Court petition that the Federal Circuit misconstrued *Baker* in its copyrightability and fair use analysis because the Java declarations it adopted in its Android code were the only means by which its platform could interface with the uncopyrighted Java code.

The Justice Department’s 2015 brief opposing review of the Federal Circuit’s copyrightability ruling didn’t engage deeply with the merger doctrine, noting just that the appeals court believed Google had plenty of alternative ways to craft declaring code.

By highlighting the merger doctrine’s core holding that copyright shouldn’t be a means to monopoly, Google is cleverly playing up the Justice Department’s concerns about squelching competition, giving the government a reason, this time around, to back its petition.

“Precluding Google’s use of the Java API declarations would permit Oracle to accrue market power via copyright, locking in developers that had invested in learning the Java language and making it difficult for them to use those skills to program for new platforms,” Google said. “The Federal Circuit afforded software interfaces a government-granted monopoly based on a more relaxed standard and for a much longer period than permitted by patent law.”

Will the new petition accomplish what the old petition did not? Google said in a blog post Jan. 24 that all kinds of businesses, tech firms, nonprofits and academics agree that the Federal Circuit botched this case. I’m expecting lots of amicus briefs backing the company’s request for Supreme Court review — but Google had lots of amicus support in 2015 as well.

Undoubtedly, Google has a good argument that the case is riper now than it was back then. And I think the new petition does a good job of turning the government’s previous opposition into a point in Google’s favor.

Oracle, however, will have potent counterarguments. In an email statement, the company said Google’s petition “presents a rehash of arguments that have already been thoughtfully and thoroughly discredited.”

Google’s true concern, Oracle said, is “that it be allowed the unfettered ability to copy the original and valuable work of others for substantial financial gain. ... The Court of Appeals has twice sided with Oracle against Google. The Supreme Court should once again deny Google’s request to take the case.” **WJ**

**Related Filings:**

Petition for certiorari: 2019 WL 338902  
Federal Circuit 2018 opinion: 886 F.3d 1179  
Federal Circuit 2014 opinion: 750 F.3d 1339

---

## PTAB

### CONTINUED FROM PAGE 1

Stanley Black & Decker asked the PTAB to review the patent, arguing it was obvious in light of earlier ones disclosing machines used to remove dust or dirt from the air.

The PTAB agreed with Stanley Black & Decker and invalidated key claims in the patent in a 2016 decision. *Black & Decker (U.S.) Inc. v. Christy Inc.*, No. IPR2015-00472, 2016 WL 3382466 (P.T.A.B. June 17, 2016).

The U.S. Court of Appeals for the Federal Circuit affirmed the decision in September

2017. *Christy Inc. v. Black & Decker (U.S.) Inc.*, 696 F. App’x 1020 (Fed. Cir. 2017). **WJ**

(Reporting by Jan Wolfe)

**Related Filings:**

Opinion: 2019 WL 350420

## CASE AND DOCUMENT INDEX

---

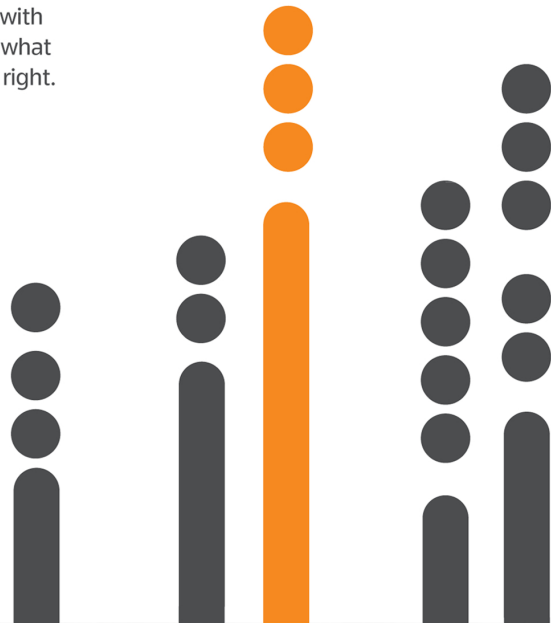
<i>Booking.com BV v. U.S. Patent and Trademark Office et al.</i> , Nos. 17-2458 and 17-2459, 2019 WL 419053 (4th Cir. Feb. 4, 2019).....	10
<i>Carter et al. v. Iconix Brand Group Inc. et al.</i> , No. 655894/2018, order granting voluntary discontinuance issued (N.Y. Sup. Ct., N.Y. Cty. Jan. 30, 2019).....	11
<i>Christy Inc. v. United States</i> , No. 18-657, 2019 WL 350420 (Fed. Cl. Jan. 29, 2019).....	1
<i>Ethanol Boosting Systems LLC et al. v. Ford Motor Co.</i> , No. 19-cv-196, complaint filed, 2019 WL 399569 (D. Del. Jan. 30, 2019).....	5
<b>Document Section A</b> .....	17
<i>Iancu v. NantKwest Inc.</i> , No. 18-801, opposition brief filed, 2019 WL 292090 (U.S. Jan. 22, 2019).....	8
<b>Document Section C</b> .....	33
<i>In re ACEMLA de Puerto Rico Inc.</i> , No. 17-2021, 2019 WL 311008 (Bankr. D.P.R. Jan. 22, 2019).....	10
<i>In re Ikeda Food Research Co. Ltd.</i> , No. 2017-2624, 2019 WL 361451 (Fed. Cir. Jan. 29, 2019).....	7
<i>In re Karpf</i> , No. 2018-2090, 2019 WL 384543 (Fed. Cir. Jan. 30, 2019).....	6
<b>Document Section B</b> .....	29
<i>Johansen et al. v. Sony Music Entertainment Inc. et al.</i> , No. 19-cv-1094, complaint filed, 2019 WL 441985 (S.D.N.Y. Feb. 5, 2019).....	9
<i>Waite et al. v. UMG Recordings Inc. et al.</i> , No. 19-cv-1091, complaint filed, 2019 WL 469770 (S.D.N.Y. Feb. 5, 2019).....	9
<i>Watson v. NY Doe 1 et al.</i> , No. 19-cv-533, complaint filed, 2019 WL 255636 (S.D.N.Y. Jan. 17, 2019).....	12

# Our experience. Your expertise.

THOMSON REUTERS  
**WESTLAW™**

When being wrong is simply not an option, superior results matter. With the latest in legal research technology and experienced attorney-editors tracking legal changes daily, we're consumed with making sure your research doesn't consume you. So no matter what you're searching for on Westlaw®, you can find it fast and get it right.

See how Westlaw delivers superior results at [legalsolutions.com/westlaw](http://legalsolutions.com/westlaw)



The intelligence, technology and human expertise  
you need to find trusted answers.



the answer company™  
**THOMSON REUTERS®**

---

# ETHANOL BOOSTING SYSTEMS

---

2019 WL 399569 (D.Del.) (Trial Pleading)  
United States District Court, D. Delaware.

ETHANOL BOOSTING SYSTEMS, LLC, and Massachusetts Institute of Technology, Plaintiffs,  
v.  
FORD MOTOR COMPANY, Defendant.  
No. 1:19-mc-196  
January 30, 2019.

## Complaint for Patent Infringement

Brian E. Farnan (Bar No. 4089), Michael J. Farnan (Bar No. 5165), Farnan LLP, 919 N. Market St., 12<sup>th</sup> Floor, Wilmington, DE 19801, (302) 777-0300, (302) 777-0301, bfarnan@farnanlaw.com, mfarnan@farnanlaw.com, for plaintiffs.

Matthew R. Berry, Andres C. Healy, Of Counsel, Susman Godfrey L.L.P., 1201 Third Ave, Suite 3800, Seattle, Washington 98101, Telephone: (206) 516-3880, Facsimile: (206) 516-3883, mberry@susmangodfrey.com, ahealy@susmangodfrey.com.

Civil Action No. 1:19-mc-196

## JURY TRIAL DEMANDED

This is an action for willful patent infringement in which Ethanol Boosting Systems, LLC (“EBS”) and the Massachusetts Institute of Technology (“MIT”) (collectively, “Plaintiffs”) make the following allegations against Ford Motor Company (“Defendant” or “Ford”):

## THE PARTIES

1. Plaintiff EBS is a limited liability company duly existing and organized under the laws of the State of Delaware with its principal place of business in Cambridge, Massachusetts.
2. EBS was co-founded by three MIT researchers who work in the field of internal combustion engines: Dr. Leslie Bromberg, Dr. Daniel R. Cohn, and Professor John B. Heywood.
3. During the more than four decades that Dr. Bromberg, Dr. Cohn, and Professor Heywood have been at MIT, they have been widely recognized as leaders in their field, and have published hundreds of articles in academic journals and conference proceedings.
4. For example, Dr. Bromberg is internationally known for his work, including his work in the fields of vehicle engine and pollution reduction technologies, alternative fuels, and plasma-based energy technologies. Dr. Bromberg also has received a number of awards for the innovative technologies he has invented, and his inventions have resulted in more than 90 granted United States patents.
5. Dr. Cohn also is internationally known for his work on improved engine technologies, alternative transportation fuels, and plasma-based energy and environmental technologies and has received awards for innovation in transportation and environmental technologies. He also is a fellow of the American Physical Society, and his inventions have resulted in more than 80 granted United States patents.
6. Professor Heywood was the Director of the Sloan Automotive Laboratory at MIT and has done research and taught classes at MIT on internal combustion engines for decades. He also literally wrote the book on internal combustion engines. Since first being published in 1988, his textbook—*Internal Combustion Engine Fundamentals*—has sold more than 130,000 copies and is widely considered a field-defining publication. A revised and updated second edition was published in 2018.
7. Building on its founders’ expertise and inventions, EBS has sought to develop innovative internal combustion engines and fuel-management systems that result in cleaner and more efficiently operating internal combustion engines. One of EBS’s approaches

for accomplishing this improvement is through the use of gasoline internal combustion engines and fuel-management systems that incorporate the MIT/EBS dual port and direct injection technology at issue in this case.

8. Plaintiff MIT is a non-profit private research and educational institution duly incorporated and existing under the laws of the Commonwealth of Massachusetts with its principal place of business in Cambridge, Massachusetts. MIT's mission is to advance knowledge and educate students in science, technology, and other areas of scholarship that will best serve the nation and the world in the 21st century. MIT commits itself to generating, disseminating, and preserving knowledge, and to working with others to bring this knowledge to bear on the world's great challenges.

9. Defendant Ford is a corporation duly existing and organized under the laws of the State of Delaware that makes, sells, and offers for sale in the United States, or imports into the United States, motor vehicles and related motor vehicles components and accessories, including those products accused of infringement in this matter.

### JURISDICTION AND VENUE

10. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a) as this action arises under Title 35 of the United States Code.

11. This Court has personal jurisdiction over Ford because Ford is incorporated in the State of Delaware. This Court also has personal jurisdiction over Ford because Ford regularly transacts business with entities and individuals in the State of Delaware, including one or more of at least four Ford dealerships located in the State of Delaware, and because Ford manufactures and distributes infringing motor vehicles and other infringing products that it purposefully directs into the State of Delaware, including this District, or at least places into the stream of commerce via established distribution channels with the knowledge and expectation that they will be sold in the State of Delaware, including in this District.

12. Venue is proper in this District under 28 U.S.C. § 1400(b) because Ford is incorporated in the State of Delaware.

### THE ASSERTED PATENTS

13. This lawsuit concerns Ford's infringement of United States Patent No. 8,069,839 (the "'839 Patent"); United States Patent No. 9,255,519 (the "'519 Patent"); United States Patent No. 9,810,166 (the "'166 Patent"); and United States Patent No. 10,138,826 (the "'826 Patent") (collectively, the "Asserted Patents").

14. Each of the above patents continues from and claims priority to the application that resulted in United States Patent No. 7,314,033, which was filed on November 18, 2004.

15. Each of the Asserted Patents was invented by Dr. Bromberg, Dr. Cohn, and Professor Heywood, who assigned their inventions to MIT before each patent was issued by the Patent and Trademark Office. Since such assignment, MIT has owned and continues to own each of the Asserted Patents. Further, EBS currently is the exclusive licensee of each Asserted Patent with the right to sue for any infringement of the Asserted Patents and the exclusive right to sublicense any alleged infringer of such patents.

16. Generally speaking, each of the Asserted Patents is directed to engines and/or fuel management systems that improve over prior art engines and fuel management systems through their incorporation of MIT/EBS's dual injection technology, which involves the use of both port and direct fuel injection. For example, each of the Asserted Patents recites ways in which an engine or fuel management system employs both port and direct injection such that, at certain torque values, the engines are fueled by both simultaneously. Further, in some embodiments, the fraction of fueling provided by direct injection decreases with decreasing torque. Further, in other embodiments, port fueling alone is utilized when torque is below a certain value.

17. Such inventions improve over the prior art by, for example, permitting an increase in engine efficiency and reducing emissions as described in their common specification— providing the advantages of port fuel injection, which allows for better fuel/air mixing and combustion stability than direct injection, while also providing the engine knock suppression advantage associated with direct injection.

18. The inventions disclosed in the Asserted Patents have been revolutionary throughout the industry. In fact, the patent family to which each of the Asserted Patents belongs has been cited by over 115 other patents, including dozens of patents filed by Ford and its related entities such as Ford Global Technologies, LLC.



**THE PARTIES' PAST RELATIONSHIP AND FORD'S USE OF PLAINTIFFS' TECHNOLOGY**

19. Ford incorporated MIT/EBS's patented dual injection technology into its highly profitable vehicles even though (a) EBS told Ford that such technology was patented and (b) Ford indicated to EBS that Ford would not be incorporating the MIT/EBS dual injection technology into its vehicles and thus did not need a license.

20. As described below, Ford's representations were false when made, and Ford has willfully infringed and continues to willfully infringe the Asserted Patents.

21. Ford has had notice since at least October 2014 of a number of MIT and EBS patents and pending applications covering the use of dual port and direct injection.

22. For example, on October 30, 2014, Professor Heywood emailed Dr. Ken Washington (Ford's Vice President of Research and Advanced Engineering) and Mr. Bill Coughlin (Ford's Global Technologies CEO and chief intellectual-property officer) on behalf of EBS—attaching a document titled “Optimized Port + Direct Injection for Cleaner and More Efficient Gasoline Engines.”

23. In his email, Professor Heywood explained to Ford that EBS “would like to discuss possible licensing of another important technology to Ford” and that “[t]his technology involves optimized combinations of port and direct injection for gasoline engines,” which he explained “could provide a relatively simple and low cost way to reduce particulate emissions in direct-injection gasoline engines without the need for a particulate filter” and “could also be employed to increase engine efficiency.”

24. Professor Heywood also wrote that “[t]his technology along with the intellectual property is further described in the attachment” and that, given their past dealing, EBS “would like to give Ford the first opportunity to discuss a possible license for this intellectual property portfolio.” In the referenced attachment, EBS further explained that “EBS has developed a patent portfolio that includes a variety of options related to minimization of direct injection and reduction of particulate emissions in gasoline engines,” including “US patents 8,857,410; 8,733,321; 8,302,580; 8,146,568; and 8,069,839.”

25. Professor Heywood concluded his email by asking Ford to “[p]lease let us know by December 8, 2014, whether Ford would like to pursue this licensing discussion.” He also explained that, “while we are excited about the prospect of entering into a licensing agreement with Ford for the technology, we may approach other potential licensees including the possibility of entering into an exclusive license with such licensees,” but that “Ford is the first, and only, company we have approached at this time.”

26. The next day, Dr. Washington responded on behalf of Ford—stating: “Thank you for your note with the offer for Ford to be the first to discuss a possible license for this intellectual property portfolio. I suspect that these technologies have a complex business case. I will consult with our technical, legal and business teams and get back with you.”

27. After more than a month passed without EBS hearing back from Ford, Professor Heywood emailed Dr. Washington again on December 16, 2014—stating: “We have not yet heard from you and would appreciate knowing where you are in your deliberations and when you could let [sic] us know if you would like to discuss the possibility of licensing. We believe the technology [i]s important to address the pressing environmental issue of particulate emissions in an affordable way and want to move forward in establishing the path for its utilization. Please let us know if you need any additional information.”

28. Dr. Washington replied the following day—telling EBS: “We have not forgotten,” and “[s]omeone will get back with you later in the month of January or early February with our thoughts.”

29. After another month passed without EBS hearing back from Ford, Professor Heywood emailed Dr. Washington on January 23, 2015. In that email, Professor Heywood told Dr. Washington that EBS had “significantly enhanced our technology and intellectual property portfolio since I contacted you in October and thought it would be useful to pass on an updated description (attached).” In the attachment Professor Heywood provided, EBS again identified several of the patents it was offering to license to Ford, including the '839 Patent. Professor Heywood then concluded his email by stating: “We look forward to hearing Ford's thoughts about exploration of licensing possibilities of mutual benefit to Ford, MIT and EBS.”

30. EBS again was met with silence. On February 13, 2015, Professor Heywood thus wrote Dr. Washington again—telling him “[w]e have not received a response as to whether Ford will meet with us about possible licensing of the MIT spinoff technology on

optimized port +direct injection,” which Professor Heywood described as “an important part of the solution for the best available technology for direct injection particulate reduction and can also provide other benefits.”

31. Professor Heywood concluded his email by telling Ford: “It has been three and half months since I first contacted you and we had expected a response from Ford by now based on your last e-mail. Our only request has been an answer as to whether Ford would meet with us. We have held off in contacting other organizations while awaiting Ford’s response. At this point we need to know if Ford will meet with us. If not, we will pursue other pathways for moving forward.” He also added: “We believe there are potential arrangements that are fair and mutually beneficial to Ford, MIT and EBS. Please let us know whether or not Ford will meet with us to explore them.”

32. Two days later on February 15, 2015, Ford’s chief intellectual property officer, Bill Coughlin, responded. Mr. Coughlin told EBS that he was “cause of the delay” and that “[u]nless advised otherwise by Ken, Ford will meet with you.” Mr. Coughlin also added that Ford “should be in a position to advise when we can meet soon.” EBS responded—telling Ford: “Thanks for your reply. We would like to set up a meeting date as soon as possible. Would a time in the March 17 to 27th period be feasible?”

33. After further back and forth, Mr. Coughlin agreed to meet with EBS in person at MIT on April 17, 2015. Dr. Cohn and Dr. Bromberg attended that meeting in person; Professor Heywood was traveling but participated via phone.

34. During that meeting, EBS again underscored the existence and importance of the patent family at issue in this case. In response, Mr. Coughlin proposed that—in exchange for EBS agreeing not to assert the patents against Ford—Ford would work with EBS to market other MIT/EBS technology. Mr. Coughlin also told EBS that Ford did not like to work on technology that it was infringing and that, as a result, Ford typically would license such technology, invalidate the patents at issue, or not pursue the technology. Mr. Coughlin also asked Dr. Bromberg, Dr. Cohn, and Professor Heywood whether they were “greedy inventors” and was told that the inventors were not greedy but that they did want to be treated fairly.

35. In response, EBS suggested that a better way to proceed was for Ford to analyze the patents EBS had disclosed and identify any that Ford believed had weaknesses or were otherwise inapplicable to Ford’s products. EBS explained that, once Ford did so, EBS would be happy to discuss with Ford the results of such analysis. In response, Mr. Coughlin asked for more information about Plaintiffs’ pending patent applications and told EBS that Ford expected to get back to EBS within around two months.

36. The April 17, 2015 meeting concluded with Dr. Cohn stating that it would be good if Ford and MIT/EBS could find a resolution that was a win-win for all parties involved.

37. After not hearing further from Ford, Professor Heywood and Dr. Cohn reached out to Mr. Coughlin again via email on June 5, 2015. In that email, Professor Heywood reiterated that EBS wanted to license to Ford but also told Ford “that the value of the MIT/EBS patent portfolio is much higher than the value represented by Ford’s proposal”—i.e., Ford’s offer to work with EBS to market other MIT/EBS technology in exchange for EBS agreeing not to assert the patents for the MIT/EBS dual injection technology at issue in this matter. Professor Heywood suggested that “a good next step to make further progress is to have an in-person meeting to discuss the structure of a possible transaction and appropriate valuation / fees” and also suggested “setting-up a meeting around the end of June, consistent with the timeframe you suggested for reconnecting during our meeting on April 17t[h].” Professor Heywood also proposed that—during that meeting—the parties could have “a more detailed discussion of the patent portfolio and related inventions, and how they may be helpful to Ford.”

38. Ford did not respond to Professor Heywood’s June 5, 2015 email. On July 6, 2015, Professor Heywood thus reached out to Mr. Coughlin again—stating: “We have not received a response to our June 5 e-mail and would like to keep moving forward in discussions with Ford.” He also expressed that EBS “would appreciate a reply as to whether you would like to have a meeting in Dearborn and, if so, a sense of the time frame in which you think it could occur.” EBS also attempted to reach Mr. Coughlin by phone on July 20, 2015.

39. Having heard nothing back from Mr. Coughlin, Professor Heywood emailed Dr. Washington on July 29, 2015—noting that Mr. Coughlin had not replied to EBS’s June 5 email, July 6 email, or attempted July 20 phone call. Professor Heywood requested a “meeting in Dearborn to discuss the MIT/EBS technology and how we might thoroughly explore possible solutions that would be fair and beneficial to all parties”—explaining, “[t]his meeting could include anyone at Ford that you would like to include, including technical staff and others at Ford as well as the IP professionals.” Professor Heywood concluded his email by asking Ford to “[k]indly acknowledge receipt of this e-mail promptly and let us know by August 31 if Ford wishes to meet with us; and if so, please propose

dates that work for Ford. If we have not heard from you by then, we will assume that Ford is no longer interested in continuing discussions regarding use of our optimized port + direct injection gasoline engine technology.”

40. Mr. Greg Brown, who at the time was Global Engine Intellectual Property Counsel at Ford Global Technologies, LLC, replied the following week—writing in an August 3, 2015 email that “Bill Coughlin has asked [him] to step in for him on this matter” and that he stood “ready to discuss” Ford’s pitch to help EBS license other MIT/EBS technology to third parties in exchange for a “covenant not to sue” on the MIT/EBS dual injection technology at issue in this matter.

41. EBS subsequently had a number of phone calls with Mr. Brown. As part of these discussions, Dr. Cohn emailed Mr. Brown a “list of MIT/EBS patents and patent applications” on October 12, 2015. That list disclosed several patents that EBS already had discussed with Ford, including the ‘839 Patent (inadvertently described in that list as the “8,069,939” patent).

42. Mr. Brown responded the same day—stating: “I think it is likely critical that we (Ford) are in a position to review all of the applications in the portfolio” and that “[i]t might be difficult to progress our discussion until that time.”

43. EBS’s final licensing conversation with Ford occurred in November 2015. Mr. Brown told EBS that Ford was not interested in licensing the offered technology and patents. In response to a question about whether Ford might be interested in the MIT/EBS dual injection technology for future vehicles, Mr. Brown indicated that Ford had no plans that he knew of to use that technology in its vehicles. Mr. Brown also declined EBS’s request to involve Ford engineers in their discussions.

44. Contrary to what Mr. Brown had indicated to EBS, however, Ford did have imminent plans to use EBS’s patented technology, incorporating infringing dual port and direct injection systems in a number of Ford’s EcoBoost engines, as well as some of its V8 engines. Indeed, not only did Ford have plans to incorporate EBS’s patented technology into its engines and fuel management systems, but Ford already was incorporating that technology into its engines and fuel management systems at the same time Ford was telling EBS that Ford had no plans to use the technology.

45. For example, just six months after Ford’s last discussion with EBS, Forbes Magazine published a May 3, 2016, article detailing how several of Ford’s new engines featured “dual fuel systems with both direct and port injectors for each cylinder.” Such engines included Ford’s 3.5L EcoBoost engine, which Ford rolled out in its most popular product: the Ford F-150.

46. The article states that Ford “completely redesigned [this engine] from the sump up”—with the “single most significant change to the engine” being its “new dual fuel system that now includes both port and direct injection.” The article further explained that the 3.5L EcoBoost engine previously had used only direct injection and quoted Al Cockerill (a Ford engine systems supervisor for the 3.5L EcoBoost engine) as explaining how Ford’s switch to a dual port and direct injection system was what enabled the “engine to meet Tier III emissions standards without resorting to a particulate filter of the type that is required on modern diesel engines.”

47. Similar reports soon followed. On July 11, 2016, for example, Motor Trend Magazine published an article describing Ford’s “all-new, ground-up redesign” of the Ford “EcoBoost V-6 we’ve become accustomed to since 2010.” In particular, the article described how Ford had “reveal[ed]” that the 3.5L EcoBoost engine would incorporate Ford’s “first use of direct and port fuel injection” and that the use of this (infringing) technology had allowed Ford to increase the engine’s horsepower and “all-important torque.”

48. Less than a year later, on June 16, 2017, Ford issued a press release explaining that it was incorporating this new (infringing) dual port and direct injection technology not just in its 3.5L EcoBoost engines, but a number of other engine options utilized in the Ford F-150, Ford Expedition, and other Ford models—stating:

For 2018, F-150 introduces an even smaller, *more efficient 3.3-liter V6 that adds dual port and direct-injection technology* to deliver more power and torque than the previous 3.5-liter V6, plus improved projected EPA-estimated gas mileage – a win-win for customers.

Aiding in light-weighting, the standard 3.3-liter V6 in the 2018 F-150 is projected to offer a 5 percent power-to-weight ratio improvement versus the steel-bodied 2014 F-150 equipped with 3.7-liter V6 – with better anticipated fuel efficiency and performance.

*With advanced dual port and direct-injection technology, the all-new second-generation 2.7-liter EcoBoost® engine* delivers a 25 lb.-ft. increase in torque, and at lower engine speeds compared to a traditional V8. Like the second-generation 3.5-liter EcoBoost that debuted last model year, the 2.7-liter will be paired to a segment-exclusive 10-speed automatic transmission for 2018.

*The 5.0-liter V8 also is enhanced for 2018. This naturally aspirated engine brings significant upgrades including advanced dual port and direct-injection technology for 10 more horsepower and 13 ft.-lb. of torque.*

49. It also has been reported that Ford has incorporated its (infringing) second-generation 3.5L EcoBoost engine in Ford's luxury SUV: the Lincoln Navigator. For example, a July 2018 article in Car and Driver Magazine reported that the 2018 Lincoln Navigator packs the same "port and direct fuel injection" equipped "450-hp, twin-turbocharged 3.5-liter EcoBoost V-6" as the Ford F-150 Raptor.

#### **FORD HAS TOUTED THE BENEFITS OF THE INFRINGING TECHNOLOGY**

50. Ford itself has touted the improvements realized by the incorporation of such innovative dual port and direct fuel injection technology. For example, in a June 16, 2017 press release, Ford stated that its new (infringing) EcoBoost engines "add[] dual port and direct-injection technology to deliver more power and torque than [Ford's] previous 3.5-liter V6, plus improved projected EPA-estimated gas mileage—a win-win for customers."

51. Further, according to Hua Thai-Tang, Ford's Executive Vice President of Product Development and Purchasing, incorporation of this (infringing) dual port and direct injection technology is what allows Ford to meet its customers' "unique needs" by "deliver[ing] even more of the capability and efficiency they are looking for." Ford also has touted how its "innovative V6 engines" allow Ford's customers to "take care of their growing families and businesses, all with fewer stops for fuel along the way."

52. Ford similarly has touted its other dual port and direct injection engines, including its 5.0L V8 engine, which Ford said it recently "enhanced" with "significant upgrades including advanced dual port and direct-injection technology."

53. Ford's marketing brochures for its vehicles similarly emphasize that its vehicles and engines use (infringing) dual port and direct-injection technology.

54. For example, Ford's 2017 brochure for its F-150 trucks emphasized that its "all-new, 2nd-generation 3.5L EcoBoost engine" included a "new dual injection system" that "features both direct injection and port fuel injection. Two injectors per cylinder—one mounted in the intake port where air enters and another positioned inside the cylinder—work together to improve power output and efficiency."

55. Moreover, Ford's 2018 brochure for the Ford F-150 listed at least three additional engines incorporating and using this same "dual-injection system." According to Ford's marketing materials, these engines included Ford's "All-New 3.3L Ti-VCT V6," Ford's "Enhanced 2.7 EcoBoost," and Ford's "Enhanced 5.0L Ti-VCT V8."

56. Similarly, Ford marketed a "port- and direct-fuel-injected 3.5L EcoBoost engine" in Ford's 2018 brochure for the Ford Expedition.

57. Further, Ford's 2018 brochures for its Mustang sports car touted a "more powerful, higher-revving 5.0L V8" engine in the Mustang GT "[t]hanks to a new dual-injection system featuring low-pressure port fuel injection and high-pressure direct injection." That brochure also promoted that this "New Dual-Injection System" would "improve power output and efficiency over a wide variety of engine loads."

58. Ford has realized substantial revenues and profits from its sale of such infringing products. For example, in June 2018 it was reported that "the F-Series pickup truck franchise [was expected] to produce \$42 billion in revenues this year, to generate earnings before interest, taxes and other items of more than \$10 billion, and to produce net income of about \$6.5 billion." The vast majority of those F-150s included engines and fuel management systems that incorporate EBS's patented technology.

59. It also has been reported that, "[i]n terms of profitability," sales of the F-Series alone would place Ford "well inside the top 50 companies in the U.S."—generating "more profit than giants such as McDonald's Corp. (MCD), 3M Co. (MMM), and United Technologies Corp. (UTX)." For example, it has been reported that industry estimates "of Ford F-Series net profit would place the business at a rank of around #38 on the 2018 Fortune 500 list."

60. Further, in its January 3, 2019 Form 8-K report to the Securities and Exchange Commission, Ford disclosed that its F-Series "finished 2018 with a record 10 straight months above 70,000 pickups sold" and "had record transaction prices in 2018."

**COUNT 1: INFRINGEMENT OF U.S. PATENT NO. 8,069,839**

61. Plaintiffs repeat and incorporate by reference each preceding paragraph as if fully set forth herein and further state:

62. The '839 Patent was duly and legally issued on December 6, 2011. A true and correct copy is attached as **Exhibit A**. Collectively, Plaintiffs hold all rights and title to such patent, including the sole and exclusive right to bring a claim for its infringement.

63. As described below, Ford has directly infringed the '839 Patent in violation of 35 U.S.C. § 271(a) by making, using, selling, and/or offering for sale in the United States, and/or importing into the United States, without authorization, products that practice claims of the '839 Patent.

64. At a minimum, such infringing products include what Ford calls its "second generation" "EcoBoost" engines and fuel management systems, including Ford's 2.7L EcoBoost engine and fuel management system, 3.5L EcoBoost engine and fuel management system, and High Output 3.5L EcoBoost engine and fuel management system. Such infringing products also include Ford's 3.3L Ti-VCT and 5.0L Ti-VCT V8 engines and fuel management systems, and other Ford engines that utilize dual port and direct fuel injection. Such infringing products also include those vehicles that include such dual port and direct injection engines and/or fuel management systems.

65. For example, Claims 1 and 2 are illustrative of the claims of the '839 Patent. Claim 1 recites "[a] spark ignition engine that is fueled both by direct injection and by port injection wherein above a selected torque value the ratio of fuel that is directly injected to fuel that is port injected increases; and wherein the engine is operated at a substantially stoichiometric fuel/air ratio." Claim 2 recites "[t]he spark ignition engine of claim 1 where the ratio of directly injected fuel to port injected fuel increases with increasing torque."

66. Ford's 3.5L EcoBoost engine, including its fuel management system, meets every element of these claims.<sup>1</sup>

67. As the below Ford image reflects, the engine is fueled by both port and direct fuel injection:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

<https://www.ford.com/trucks/f150/features/power/>.

68. Further, as demonstrated by the below figure from a July 2018 report issued by the National Highway Traffic Safety Administration, Ford's 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that, above a selected value of torque (e.g., above approximately 40% absolute engine load), the proportion of fuel that is introduced via direct injection (as compared to port injection) increases:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

69. Further, as also demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, Ford's 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that the ratio of direct injected fuel to port injected fuel continues to increase with increasing torque such that up to 80% of the fuel is injected via direct injection at certain torque values (e.g., approximately 60% absolute engine load).

70. Further, as evidenced in part by the fact that the Ford F-150 is equipped with what are known in the industry as "three way" catalytic converters, the 3.5L EcoBoost engine, including its fuel management system, operates at a stoichiometric fuel/air ratio.

71. Ford's acts of infringement have damaged Plaintiffs, and Plaintiffs are entitled to recover from Ford for those damages in an amount to be proven at trial.

**COUNT 2: INFRINGEMENT OF U.S. PATENT NO. 9,255,519**

72. Plaintiffs repeat and incorporate by reference each preceding paragraph as if fully set forth herein and further state:

73. The '519 Patent was duly and legally issued on February 9, 2016. A true and correct copy is attached as **Exhibit B**. Collectively, Plaintiffs hold all rights and title to such patent, including the sole and exclusive right to bring a claim for its infringement.

74. As described below, Ford has directly infringed the '519 Patent in violation of 35 U.S.C. § 271(a) by making, using, selling, and/or offering for sale in the United States, and/or importing into the United States, without authorization, products that practice claims of the '519 Patent.



75. At a minimum, such infringing products include what Ford calls its “second generation” “EcoBoost” engines and fuel management systems, including Ford’s 2.7L EcoBoost engine and fuel management system, 3.5L EcoBoost engine and fuel management system, High Output 3.5L EcoBoost engine and fuel management system, and other Ford engines that utilize dual port and direct fuel injection. Such infringing products also include those vehicles that include such dual port and direct injection engines and/or fuel management systems.

76. For example, Claim 1 is illustrative of the claims of the ‘519 Patent. It recites “[a] fuel management system for a turbocharged or supercharged spark ignition engine where the fuel management system controls fueling from a first fueling system that directly injects fuel into at least one cylinder as a liquid and increases knock suppression by vaporization cooling and from a second fueling system that injects fuel into a region outside of the cylinder; and where there is a range of torque where both fueling systems are used at the same value of torque; and where the fraction of fuel in the cylinder that is introduced by the first fueling system decreases with decreasing torque and the fuel management system controls the change in the fraction of fuel introduced by the first fueling system using closed loop control that utilizes a sensor that detects knock; and where the fuel management system also employs spark retard so as to reduce the amount of fuel that is introduced into the cylinder by the first fueling system.”

77. Ford’s 3.5L EcoBoost engine, including its fuel management system, meets every element of these claims.<sup>2</sup>

78. As the below Ford image reflects, Ford’s 3.5L EcoBoost engine comprises a turbocharged spark ignition engine fueled by both port and direct fuel injection:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

<https://www.ford.com/trucks/f150/features/power/>.

79. Further, Ford’s 3.5L EcoBoost engine, including its fuel management system, controls fueling via a first fueling system that directly injects fuel into at least one cylinder as a liquid, which has the effect of increasing knock suppression through what is known as vaporization cooling. In addition, in such engines, the fuel management system also controls fueling via a second fueling system that injects fuel into a region outside of the cylinder via port injection.

80. Further, as demonstrated by the below figure from a July 2018 report issued by the National Highway Traffic Safety Administration, Ford’s 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that there is a range of torque where both fueling systems are used at the same value of torque (e.g., each torque value above approximately 40% absolute engine load):

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

81. Further, as also demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, Ford’s 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that the fraction of fuel in the cylinder that is introduced via direct injection decreases with decreasing torque. For example, as the above figure reflects, the fraction of fuel introduced via direct injection decreases as torque decreases below approximately 80% absolute engine load.

82. Further, on information and belief, Ford’s 3.5L EcoBoost engine, including its fuel management system, controls the change in the fraction of fuel introduced by the first fueling system using closed loop control that utilizes a sensor that detects knock and also employs spark retard so as to reduce the amount of fuel that is introduced into the cylinder by the first fueling system. Such functionality also is demonstrated by the below figure from the July 2018 National Highway Traffic Safety Administration report, which reflects that spark advance decreases with increasing load and—when comparing with the previous figure—shows the fraction of the fuel provided by the first system decreasing with decreasing spark advance (increasing spark retard):

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

83. Ford’s acts of infringement have damaged Plaintiffs, and Plaintiffs are entitled to recover from Ford for those damages in an amount to be proven at trial.

### **COUNT 3: INFRINGEMENT OF U.S. PATENT NO. 9,810,166**

84. Plaintiffs repeat and incorporate by reference each preceding paragraph as if fully set forth herein and further state:

85. The ‘166 Patent was duly and legally issued on November 7, 2017. A true and correct copy is attached as **Exhibit C**. Collectively, Plaintiffs hold all rights and title to such patent, including the sole and exclusive right to bring a claim for its infringement.

86. As described below, Ford has directly infringed the '166 Patent in violation of 35 U.S.C. § 271(a) by making, using, selling, and/or offering for sale in the United States, and/or importing into the United States, without authorization, products that practice claims of the '166 Patent.

87. At a minimum, such infringing products include what Ford calls its "second generation" "EcoBoost" engine and fuel management systems, including Ford's 2.7L EcoBoost engine and fuel management system, 3.5L EcoBoost engine and fuel management system, High Output 3.5L EcoBoost engine and fuel management system, and other Ford engines that utilize dual port and direct fuel injection. Such infringing products also include those vehicles that incorporate such dual port and direct injection engines and/or fuel management systems.

88. For example, Claim 19 is illustrative of the claims of the '166 Patent. It recites "[a] fuel management system for a turbocharged spark ignition engine which utilizes port fuel injection and also utilizes direct fuel injection; and where there is a first range of torque throughout which direct injection and port injection are used at the same value of torque; and wherein as torque is increased the fraction of fuel that is directly injected is increased to a value that prevents knock; and where there is a second range of torque where only port fuel injection is used; and where when torque exceeds the highest torque in the second range of torque the engine operates in the first range of torque."

89. Ford's 3.5L EcoBoost engine, including its fuel management system, meets every element of these claims.<sup>3</sup>

90. As the below reflects, such engine comprises a turbocharged spark ignition engine fueled by both port and direct fuel injection:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE  
<https://www.ford.com/trucks/f150/features/power/>.

91. Further, as demonstrated by the below figure from a July 2018 report issued by the National Highway Traffic Safety Administration, Ford's 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that there is a first range of torque (e.g., each torque value above approximately 40% absolute engine load) throughout which both direct injection and port injection are used at the same value of torque:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

92. Further, Ford's 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that, as torque is increased, the fraction of fuel that is directly injected is increased to a value that prevents knock. For example, as demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, the fraction of fuel that is directly injected by the Ford's 3.5L EcoBoost engine fuel management system increases from a low of 0% at or around 40% absolute engine load to 70% or 80% direct injection between approximately 60% to 140% absolute engine load.

93. Further, as also demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, Ford's 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that there is a second range of torque (e.g., each torque value below approximately 40% absolute engine load) where only port fuel injection is used and where, when torque exceeds the highest torque in the second range of torque, the engine operates in the first range of torque wherein both port and direct fuel injection are used.

94. Ford's acts of infringement have damaged Plaintiffs, and Plaintiffs are entitled to recover from Ford for those damages in an amount to be proven at trial.

#### **COUNT 4: INFRINGEMENT OF U.S. PATENT NO. 10,138,826**

95. Plaintiffs repeat and incorporate by reference each preceding paragraph as if fully set forth herein and further state:

96. The '826 Patent was duly and legally issued on November 27, 2018. A true and correct copy is attached as **Exhibit D**. Collectively, Plaintiffs hold all rights and title to such patent, including the sole and exclusive right to bring a claim for its infringement.

97. As described below, Ford has directly infringed the '826 Patent in violation of 35 U.S.C. § 271(a) by making, using, selling, and/or offering for sale in the United States, and/or importing into the United States, without authorization, products that practice claims of the '826 Patent.

98. At a minimum, such infringing products include what Ford calls its “second generation” “EcoBoost” engine and fuel management systems, including Ford’s 2.7L EcoBoost engine and fuel management system, 3.5L EcoBoost engine and fuel management system, and High Output 3.5L EcoBoost engine and fuel management system. Such infringing products also includes Ford’s 3.3L Ti-VCT and 5.0L Ti-VCT V8 engines and fuel management systems, and other Ford engines that utilize dual port and direct fuel injection. Such infringing products also include those vehicles that incorporate such dual port and direct injection engines and/or fuel management systems.

99. For example, Claim 12 is illustrative of the claims of the ‘826 Patent. It recites “[a] fuel management system for a spark ignition engine that has a first fueling system that uses direct injection and also has a second fueling system that uses port fuel injection; and where the fueling is such that there is a first torque range where both the first and second fueling system are used throughout the range; and where there is a second torque range where only the second fueling system is used; where when the torque is higher than the highest value of torque in the second torque range the engine is operated in the first torque range; and where the second torque range extends from zero torque to the highest torque in the second torque range.”

100. Ford’s 3.5L EcoBoost engine, including its fuel management system, meets every element of these claims.<sup>4</sup>

101. As the below reflects, such engine comprises a spark ignition engine fueled by both port and direct fuel injection:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

<https://www.ford.com/trucks/f150/features/power/>.

102. Further, as demonstrated by the below figure from a July 2018 report issued by the National Highway Traffic Safety Administration, Ford’s 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that there is a first torque range (e.g., above approximately 40% absolute engine load) where both fueling systems are used throughout the range:

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

103. Further, as also demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, Ford’s 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that there is a second torque range (e.g., below approximately 40% absolute engine load) where only the second (port) fueling system is used.

104. Further, as also demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, Ford’s 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that, when the torque is higher than the highest value of torque in the second torque range (e.g., approximately 40% absolute engine load) the engine is operated in the first torque range.

105. Further, as also demonstrated by the above figure from the July 2018 National Highway Traffic Safety Administration report, Ford’s 3.5L EcoBoost engine, including its fuel management system, utilizes such port and direct fuel injection such that the second torque range extends from zero torque to the highest torque in the second torque range (e.g., approximately 40% absolute engine load).

106. Ford’s acts of infringement have damaged Plaintiffs, and Plaintiffs are entitled to recover from Ford for those damages in an amount to be proven at trial.

### **WILLFUL INFRINGEMENT**

107. Plaintiffs repeat and incorporate by reference each preceding paragraph as if fully set forth herein and further state:

108. Ford’s infringement of the ‘839 Patent and ‘519 Patent was and continues to be willful.

109. For one non-exhaustive example, and as stated above, Ford received notice of the ‘839 Patent at least by October 30, 2014.

110. Further, on April 17, 2015 Ford’s chief intellectual property officer, Mr. Coughlin, indicated that Ford had studied Plaintiffs’ intellectual property related to their dual injection technology and identified perceived weaknesses in Plaintiffs’ patents—which included the ‘839 Patent. Dr. Cohn responded that a “rational way to proceed” on negotiations over a licensing agreement was for Ford to analyze the patents issued to Plaintiffs and “specifically identify where [Ford] thought the patents had weaknesses.” In addition, at the same meeting, Mr. Coughlin asked for information about Plaintiffs’ pending patent applications.

111. Further, when asked when Ford could get back to EBS on this issue, Mr. Coughlin responded “around two months.” At the end of that two-month period, Ford identified no perceived weakness in any of Plaintiffs’ patents.

112. Ford also received yet another “list of MIT/EBS patents and patent applications” on October 12, 2015, and told EBS that it was “likely critical that we (Ford) are in a position to review all of the applications in the portfolio.” On information and belief, Ford did review Plaintiffs’ patents and pending patent applications, and yet Ford never identified to EBS any perceived weakness in the ‘839 Patent or the application that ultimately resulted in the ‘519 Patent. Instead, Ford told EBS in November 2015 that Ford had no plans to utilize the MIT/EBS dual port and direct fuel injection technology in Ford’s products.

113. As demonstrated by the above, including by the announcement in Forbes Magazine’s May 3, 2016 article that several of Ford’s new engines featured “dual fuel systems with both direct and port injectors for each cylinder” and Ford’s June 16, 2017 announcement that several of its new engines added “dual port and direct-injection technology to deliver more power and torque” than its previous engines, such representation was false when made.

114. Further, since making that statement, Ford has continued to willfully infringe the ‘839 and ‘519 Patents without identifying any perceived weakness in either patent or offering any explanation as to why Ford’s identified products do not infringe such patents.

115. In addition, the filing of this lawsuit provides Ford with further notice of each of the Asserted Patents such that any continued infringement by Ford after the filing date of this lawsuit constitutes willful infringement.

#### **DEMAND FOR JURY TRIAL**

116. Plaintiffs hereby demand a jury trial on all issues so triable.

#### **PRAYER FOR RELIEF**

WHEREFORE, PLAINTIFFS ETHANOL BOOSTING SYSTEMS, LLC and the MASSACHUSETTS INSTITUTE OF TECHNOLOGY request entry of judgment in their favor and against DEFENDANT FORD MOTOR COMPANY as follows:

- A. Declaring that Ford has infringed each of the Asserted Patents;
- B. Declaring that Ford’s infringement has been willful;
- C. Awarding damages equal to those damages Plaintiffs have suffered as a result of Ford’s infringement, including no less than a reasonable royalty pursuant to 35 U.S.C. § 154(d) and 35 U.S.C. § 284, enhanced damages pursuant to 35 U.S.C. § 284, costs, and prejudgment and post-judgment interest;
- D. Awarding of attorneys’ fees pursuant to 35 U.S.C. § 285 or as otherwise permitted by law; and
- E. Awarding such other costs and further relief as the Court may deem just and proper.

Dated: January 30, 2019

Respectfully submitted,

FARNAN LLP

*/s/ Michael J. Farnan*

Brian E. Farnan (Bar No. 4089)  
Michael J. Farnan (Bar No. 5165)  
919 N. Market St., 12<sup>th</sup> Floor  
Wilmington, DE 19801  
(302) 777-0300  
(302) 777-0301

bfarnan@farnanlaw.com  
mfarnan@farnanlaw.com  
*Attorneys for Plaintiffs*

Of Counsel:

Matthew R. Berry  
Andres C. Healy  
SUSMAN GODFREY L.L.P.  
1201 Third Ave, Suite 3800  
Seattle, Washington 98101  
Telephone: (206) 516-3880  
Facsimile: (206) 516-3883  
mberry@susmangodfrey.com  
ahealy@susmangodfrey.com

Footnotes

- <sup>1</sup> This description of infringement is illustrative and not intended to be an exhaustive or limiting explanation of every manner in which Ford's products infringe.
- <sup>2</sup> This description of infringement is illustrative and not intended to be an exhaustive or limiting explanation of every manner in which Ford's products infringe.
- <sup>3</sup> This description of infringement is illustrative and not intended to be an exhaustive or limiting explanation of every manner in which Ford's products infringe.
- <sup>4</sup> This description of infringement is illustrative and not intended to be an exhaustive or limiting explanation of every manner in which Ford's products infringe.

---

**End of Document**

© 2019 Thomson Reuters. No claim to original U.S. Government Works.



---

# KARPF

---

2019 WL 384543

Only the Westlaw citation is currently available.

This case was not selected for publication in West's Federal Reporter.

See Fed. Rule of Appellate Procedure 32.1 generally governing citation of judicial decisions issued on or after Jan. 1, 2007. See also

U.S.Ct. of App. Fed. Cir. Rule 32.1.

United States Court of Appeals, Federal Circuit.

IN RE: Ronald S. KARPf, Appellant  
2018-2090

Decided: January 30, 2019

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. 11/645,067.

## Attorneys and Law Firms

Ronald S. Karpf, Corvallis, OR, pro se.

Thomas W. Krause, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA, for appellee Andrei Iancu. Also represented by Monica Barnes Lateef, Joseph Matal, Meredith Hope Schoenfeld.

Before Lourie, O'Malley, and Reyna, Circuit Judges.

## Opinion

Lourie, Circuit Judge.

\*1 Ronald S. Karpf ("Karpf") appeals from a decision of the Patent Trial and Appeal Board ("the Board") affirming the rejection in the U.S. Patent and Trademark Office ("the PTO") of pending claims 23 and 25 of U.S. Patent Application 11/645,067 ("the '067 application") as obvious over U.S. Patent 5,845,255 ("Mayaud") in view of U.S. Patent 6,270,456 ("Iliff"). Because the Board's decision was supported by substantial evidence, we *affirm*.

## I. BACKGROUND

### A. The '067 application

The '067 application discloses an electronic medical records ("EMR") system accessible to a patient, so that the patient may review his or her records, including the treatment instructions that have been provided to the patient by the medical practitioner. In addition, the disclosed EMR system may determine the patient's compliance with a treatment regimen and send compliance reminders to non-compliant patients as needed.

In order to give patients control over the identity of individuals who may access their records in the EMR system, the '067 application discloses giving them two passwords: (1) a patient password that each patient uses to log in to the system; and (2) a patient PIN that the patient can share with healthcare providers to provide them with access to the patient's records.

At issue in this appeal are claims 23 and 25. Independent claim 23 recites:

23. An article of manufacture comprising at least one non-transitory machine-readable storage medium having stored therein indicia of a plurality of machine executable control program steps, the control program comprising the steps of:

a) storing patient data, including patient identification data, and patient password;

b) storing medical encounter data relating to at least one medical encounter between a medical personnel and a patient, wherein the medical encounter data includes at least one reason for the medical encounter, and at least one diagnosis by medical personnel corresponding to the medical encounter; and

c) storing medical condition data relating to at least one medical condition that may be deemed by medical personnel to relate to a patient as a result of a medical encounter, wherein medical condition data includes general information about a given medical condition.

d) storing treatment information for at least one medical encounter of a given patient

e) determining compliance by the given patient with the treatment information stored in said storing step (d) for a given medical encounter; and

f) issuing a notification based on a determination of non-compliance in said determining step (e).

SAppx4. Claim 25 depends from claim 23 and is further limited to:

25. The article of manufacture as recited in claim 23, wherein:

said storing step (b) includes storing data regarding: a medical encounter in the form of a doctor's office visit, medical personnel in the form of a doctor who examined the patient during the office visit, and a patient complaint as a reason for the office visit;

the treatment information in said storing step (d) includes medication regimen issued by the doctor who examined the given patient during a given office visit; and

\*2 said issuing step (f) includes issuing a notification in the form of a reminder message sent to the given patient to comply with the medication regimen issued by the doctor.

SAppx17–18.

## B. Prior Art

Mayaud, the primary reference relied upon to reject the instant application, discloses an electronic prescription management system, where prescribers can access patient information through desktop computers or mobile devices. Mayaud col. 7 ll. 57–67. The system stores patient data, *id.* col. 1 ll. 46–51, and identification information, *id.* col. 17 ll. 44–53. It also teaches securing the patient's information by use of a password or an access code, which may be provided directly by the patient. *Id.* col. 10 ll. 12–27. The stored information may comprise medical encounter data, *id.* col. 13 l. 31–col. 15 l. 6, including diagnosis, *id.* col. 14 ll. 38–55, and the reason for the medical encounter, *id.* col. 13 l. 45. The data stored may be medical condition data or treatment information, including prescriptions. *Id.* col. 5 ll. 9–12. Mayaud further discloses electronically readable dosing indicator devices that detect when medications have not been taken and issue audible or visual notifications to patients accordingly. *Id.* col. 30 ll. 10–56.

Iliff discloses a computerized medical diagnostic system that allows patients to perform an examination on themselves and then consult the system to refine their diagnosis. Iliff col. 1 l. 63–col. 2 l. 10. Patients gain access to this system by entering a PIN or password. *Id.* col. 21 ll. 24–31. The examiner further relied on Iliff as disclosing a patient password.

## C. Procedural History

Karpf, along with his late co-inventor, Dr. Arthur B. White, filed the instant application on December 26, 2006. During prosecution, the examiner rejected then-pending claims, including previous versions of the instant claims, as anticipated by Mayaud. Karpf argued before the Board that Mayaud does not disclose a system to which a patient has access or a patient password which allows a patient to gain access to the system, but only a patient-held password or access code that a patient can disclose to a medical professional to use. Nonetheless, the Board affirmed the rejection, *Ex parte Ronald S. Karpf & Arthur B. White*, No. 2010-9172, 2013 WL 1225722 (P.T.A.B. Mar. 18, 2013), and Karpf appealed to this court.

We vacated the Board's decision and remanded for further proceedings. *In re Karpf*, 576 F. App'x 968 (Fed. Cir. 2014). With respect to claims 23 and 25, we noted that neither the examiner nor the Board ever offered a ground of rejection specific to these claims. *Id.* at 972–73. We held that, while the claims do not expressly require that a patient be able to access his or her own records, the Board erred by failing to clearly address Karpf's argument that the patient password limitation inherently requires patient access. *Id.*

The Board in turn remanded to the examiner to reopen prosecution. The examiner rejected claims 23 and 25 as obvious over Mayaud in view of Iliff. In the examiner's view, Mayaud discloses all the limitations of claims 23 and 25 except a patient password, which is

disclosed in Iliff. The examiner concluded that, since Mayaud and Iliff concern the same field of endeavor, treatment management programs, an ordinary artisan would have had reason to integrate the patient password of Iliff into Mayaud's system, and therefore rejected claims 23 and 25 as obvious.

**\*3** Karpf appealed the rejection of claims 23 and 25 to the Board. He argued that Mayaud's dosing indicator device does not disclose the claimed feature of a control program that determines patient compliance with a treatment regimen and sends reminders to the patient because the claims require that the *control program* perform this function, not a standalone device. Karpf further contended that the rejection was in error because the examiner failed to explain the motivation to combine Mayaud with Iliff and because Mayaud does not disclose patient access to its EMR system.

The Board affirmed. *Ex parte Ronald S. Karpf & Arthur B. White*, No. 2016-5324, 2018 WL 1773794 (P.T.A.B. Mar. 30, 2018) ("*Board Decision*"). It found that the alerts issued by Mayaud's dosing indicator device met the compliance and reminder limitations. *Id.* at \*6. The Board further concluded that an ordinary artisan would have had reason to combine Mayaud with Iliff because both are from the same field of endeavor and because Mayaud discloses limited patient access to the EMR system in the form of a patient interface at medical facilities. *Id.* at \*6-7; Mayaud col. 46 ll. 41-49.

Karpf timely appealed to this court. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(4)(A).

## II. DISCUSSION

We review the Board's legal determinations *de novo*, *In re Elsner*, 381 F.3d 1125, 1127 (Fed. Cir. 2004), but we review the Board's factual findings underlying those determinations for substantial evidence, *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000). A finding is supported by substantial evidence if a reasonable mind might accept the evidence as adequate to support the finding. *Consol. Edison Co. v. NLRB*, 305 U.S. 197, 229, 59 S.Ct. 206, 83 L.Ed. 126 (1938). The ultimate judgment of obviousness is a legal conclusion, *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 427, 127 S.Ct. 1727, 167 L.Ed.2d 705 (2007), but it is premised on underlying findings of fact, *Bristol-Myers Squibb Co. v. Teva Pharm. USA, Inc.*, 752 F.3d 967, 972 (Fed. Cir. 2014). The Supreme Court has held that "a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art," but "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, 550 U.S. at 416-18, 127 S.Ct. 1727.

On appeal, Karpf argues that Mayaud's system does not teach a patient's access to his own records stored in the system. Second, Karpf contends that Mayaud's system does not teach sending non-compliance notifications directly to patients. Instead, Karpf asserts that Mayaud's system only notifies physicians of patient noncompliance, and the physicians in turn must notify the patients themselves; he further distinguishes Mayaud's dosing indicator devices as not meeting the limitation of a "control program." Karpf also argues that there is no motivation to add Iliff's patient password feature to Mayaud because Mayaud's system only concerns prescriptions, and to give patients access to the system through the patient password would lead to patients prescribing themselves medication or viewing other patients' confidential information. Finally, Karpf argues that there was a long-felt, unmet need for better patient compliance with prescribed treatment regimens which weighs against finding obviousness of the claimed methods.

The PTO responds that the claims at issue, unlike previous claims, do not require patient access to the system. The PTO further argues that Mayaud's system discloses the limitation of sending a patient a notice of non-compliance, including as a message, through the audio or visual alerts sent by the dosing indicator device. Finally, the PTO argues that the Board properly found that a person of skill would have had reason to modify Mayaud's system by adding a patient password as disclosed in Iliff to support a patient's access to his own records. The PTO does not respond to Karpf's argument on the long-felt, unmet need for better patient compliance with treatment regimens.

**\*4** We agree with the PTO that the rejected claims would have been obvious at the time the invention was made.<sup>1</sup> While Karpf points to our previous opinion for the proposition that Mayaud does not teach patient access or use of a patient password, claims 23 and 25 at issue here do not require that a patient have direct access to his or her own medical records. In addition, Mayaud does disclose a patient-held access code or password, *id.* col. 10 ll. 11-27, as the claims do require, and the Board further found that an ordinary artisan would have had reason to modify Mayaud's system to allow patients to use the password, as disclosed in Iliff. *Board Decision*, 2018 WL 1773794, at \*6-7.

We also conclude that substantial evidence supports the Board's finding that Mayaud discloses a system that sends reminder messages to non-compliant patients. Karpf asserts that Mayaud does not disclose a "control program determin[ing] compliance

and issu[ing] reminder messages.” But the Board found that Mayaud’s EMR system can print out a patient’s medication regimen, *Board Decision*, 2018 WL 1773794, at \*6–7, which can be inserted into an electronic pill container that issues “audio or visual” alerts when the patient has not complied with the medication regimen. Mayaud col. 28 ll. 50–62, col. 30 ll. 11–16. We note that the claimed program requires “*at least one non-transitory machine readable storage medium*” (emphasis added), so we find Karpf’s argument that the claims exclude an electronic pill container from performing the reminder function unpersuasive. *Cf. In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (“The PTO broadly interprets claims during examination of a patent application since the applicant may amend his claims to obtain protection commensurate with his actual contribution to the art.”) (citation omitted).

Karpf argues that an ordinary artisan would not have combined Mayaud with Iliff because Mayaud’s system manages prescriptions, and allowing patients to have access to that system could result in patients self-prescribing or viewing other patients’ information. However, we agree with the PTO that, because Mayaud discloses tailoring access to different professionals (including non-prescribers), *id.* col. 10 ll. 11–19, col. 18 ll. 53–57, this concern is misplaced. We hold that substantial evidence supports the Board’s conclusion that an ordinary artisan would have combined Iliff’s patient password functionality with Mayaud.

Finally, we conclude that Karpf’s claim of a long-felt, unmet need for improved patient compliance technology does not render claims 23 and 25 nonobvious. Karpf provides extensive documentation showing that patient non-compliance is a prevalent and costly issue. However, he does not provide evidence, other than attorney argument, that the claimed invention meets that need. *See In re Huai-Hung Kao*, 639 F.3d 1057, 1068 (Fed. Cir. 2011) (“For objective evidence of secondary considerations to be accorded substantial weight, its proponent must establish a nexus between the evidence and the merits of the claimed invention.”) (citation omitted). Thus, we conclude that the nexus between the claimed invention and the purported long-felt, unmet need is too attenuated to provide a persuasive rationale for nonobviousness.

### III. CONCLUSION

We have considered Karpf’s other arguments but do not find them persuasive. We conclude that substantial evidence supports the Board’s conclusion that claims 23 and 25 properly stand rejected as obvious. We therefore *affirm*.

#### \*5 AFFIRMED

#### All Citations

--- Fed.Appx. ----, 2019 WL 384543

#### Footnotes

<sup>1</sup> The ‘067 application was filed in 2006, so pre-AIA § 103 applies. *See Leahy–Smith America Invents Act*, Pub. L. No. 112–29, sec. 3(c), 125 Stat. 284 at 293 (2011) (explaining that the pre-AIA version of the Patent Act generally applies to patents with effective filing dates before March 16, 2013).

# IANCU

2019 WL 292090 (U.S.) (Appellate Petition, Motion and Filing)  
Supreme Court of the United States.

Andrei IANCU, Under Secretary of Commerce for Intellectual Property and Director, United States Patent and Trademark Office,  
Petitioner,  
v.  
NANTKWEST, INC., Respondent.  
No. 18-801.  
January 22, 2019.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

## **Brief in Opposition for Respondent NantKwest, Inc.**

Morgan Chu, Gary N. Frischling, Alan J. Heinrich, Lauren N. Drake, John P. Long, Irell & Manella LLP, 1800 Avenue of the Stars, Los Angeles, CA 90067, (310) 277-1010, MChu@irell.com, for NantKwest, Inc.

### **\*i QUESTIONS PRESENTED**

Patent applicants who are dissatisfied with a decision of the Patent Trial and Appeal Board may initiate a civil action in the United States District Court for the Eastern District of Virginia to obtain a patent. 35 U.S.C. § 145. These applicants must pay “[a]ll the expenses of the proceedings.” *Id.*

1. Does the American Rule’s presumption that “[e]ach litigant pays his own attorney’s fees, win or lose, unless a statute or contract provides otherwise,” *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015), apply to § 145?
2. Does the language “[a]ll the expenses of the proceedings,” 35 U.S.C. § 145, contain “specific and explicit provisions for the allowance of attorneys’ fees” demonstrating a clear Congressional intent to deviate from the American Rule’s presumption that each side pay its own attorneys’ fees, win or lose? *Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 260 (1975).

### **\*II CORPORATE DISCLOSURE STATEMENT**

NantKwest, Inc. does not have a parent corporation, and no publicly held corporation owns 10% or more of NantKwest, Inc.’s stock.

### **\*iii TABLE OF CONTENTS**

QUESTIONS PRESENTED .....	i
CORPORATE DISCLOSURE STATEMENT .....	ii
TABLE OF AUTHORITIES .....	v
INTRODUCTION .....	1
STATEMENT OF THE CASE .....	3
I. 35 U.S.C. § 145 .....	3
II. The PTO’s About-Face And The District Court Proceeding .....	4
III. The Federal Circuit Panel’s Opinion .....	5



A. Majority .....5

B. Dissent .....6

IV. Sua Sponte Rehearing En Banc .....7

A. Majority .....7

B. Dissent .....8

REASONS FOR DENYING THE PETITION .....9

I. The Federal Circuit Correctly Determined That The American Rule Prohibits The PTO’s Request For Attorneys’ Fees .....9

A. The American Rule Applies *Whenever* A Litigant Seeks To Have Another Pay His Attorneys’ Fees .....9

B. The American Rule Prohibits The PTO’s Request For Attorneys’ Fees Because § 145 Does Not “Specifically And Explicitly” Authorize Attorneys’ Fees .....16

**\*iv** II. The Fourth Circuit Incorrectly Determined That The American Rule Applies Only When A Statute Awards Fees To A Prevailing Or Substantially Prevailing Party .....17

CONCLUSION .....20

**\*v TABLE OF AUTHORITIES**

**CASES**

*Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240 (1975) .....1, 13

*Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158 (2015) .....*passim*

*Conn. Nat’l Bank v. Germain*, 503 U.S. 249 (1992) .....16

*Cook v. Watson*, 208 F.2d 529 (D.C. Cir. 1953) .....3, 4

*F.D. Rich Co. v. United States ex rel. Use of Indus. Lumber Co.*, 417 U.S. 116 (1974) .....9, 13, 17

*Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967) .....13, 17

*Hardt v. Reliance Standard Life Ins.*, 560 U.S. 242 (2010) .....*passim*

*Kappos v. Hyatt*, 566 U.S. 431 (2012) .....3

*Key Tronic Corp. v. United States*, 511 U.S. 809 (1994) .....9, 13, 17

*NantKwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018) (en banc) .....*passim*

*NantKwest, Inc. v. Lee*, 162 F. Supp. 3d 540 (E.D. Va. 2016) .....4, 5

*NantKwest, Inc. v. Matal*, 860 F.3d 1352 (Fed. Cir. 2017) .....5, 6, 7, 18

*NantKwest, Inc. v. Matal*, 869 F.3d 1327 (Fed. Cir. 2017) .....7

**\*vi** *Robertson v. Cooper*, 46 F.2d 766 (4th Cir. 1931) .....4

*Ruckelshaus v. Sierra Club*, 463 U.S. 680 (1983) .....14

*Sandvik Aktiebolag v. Samuels*, No. Civ. A. 89-3127-LFO, 1991 WL 25774 (D.D.C. Feb. 7, 1991) .....4

*Sebelius v. Cloer*, 569 U.S. 369 (2013) .....15, 16

*Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015), *cert. denied sub nom. Shammas v. Hirshfeld*, 136 S. Ct. 1376 (2016) (mem.) .....*passim*

*Shammas v. Focarino*, 990 F. Supp. 2d 587 (E.D. Va. 2014) .....2, 18

*Summit Valley Indus. Inc. v. Local 112 United Bhd. of Carpenters*, 456 U.S. 717 (1982) .....*passim*

**STATUTES**

11 U.S.C. § 327(a) .....10, 11

11 U.S.C. § 330(a)(1) .....10, 11, 12

15 U.S.C. § 1071(b)(3) .....2, 18, 19

29 U.S.C. § 187 .....12, 13

29 U.S.C. § 1132(g)(1) .....13, 14

35 U.S.C. § 141 .....3

35 U.S.C. § 145 .....	<i>passim</i>
*vii 40 U.S.C. § 270a (1970) .....	13
40 U.S.C. § 270b (1970) .....	13
42 U.S.C. § 300aa-15(e) .....	15
42 U.S.C. § 300aa-15(e)(1) .....	15, 16
42 U.S.C. § 9607 .....	13
Act of Mar. 3, 1839, ch. 88, § 10, 5 Stat. 354 .....	1
Leahy-Smith America Invents Act, Pub. L. No. 112-29, §10, 125 Stat. 284, 316 (2011) .....	4

## \*1 INTRODUCTION

The American Rule provides that “[e]ach litigant pays his own attorney’s fees, win or lose, unless a statute or contract provides otherwise.” *Hardt v. Reliance Standard Life Ins.*, 560 U.S. 242, 253 (2010). That rule applies *whenever* a litigant seeks to recover attorneys’ fees. *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2165–66 (2015). And only “specific and explicit provisions for the allowance of attorneys’ fees under selected statutes” establishing a clear Congressional intent to deviate from the American Rule can displace this time-honored presumption. *Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 260 (1975).

As the Federal Circuit en banc correctly recognized, the phrase “[a]ll the expenses of the proceedings” in 35 U.S.C. § 145 falls short of this “stringent” requirement. *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1180 (Fed. Cir. 2018) (en banc). Section 145 contains no specific and explicit language for the allowance of attorneys’ fees. Only “expenses” are compensable under § 145. “Fees” are never mentioned, let alone “attorneys’ fees” or any other equivalent that would suggest that such fees are recoupable. Nor does the language or legislative history of § 145 otherwise demonstrate clear Congressional intent to deviate from the American Rule.

Indeed, Congress introduced § 145’s predecessor in 1839, Act of Mar. 3, 1839 (1839 Act), ch. 88, § 10, 5 Stat. 354, and in the nearly two-centuries since, the United States Patent and Trademark Office (the “PTO”) has never before been awarded, or - prior to this case - even sought, attorneys’ fees under that provision. And despite the PTO’s failure to seek attorneys’ fees pursuant to § 145 and its predecessors, and despite multiple amendments to the Patent Act during this time, \*2 Congress has never amended § 145 to specifically or explicitly provide for attorneys’ fees.

In 2013, the PTO reversed course. For the first time, it sought and was awarded attorneys’ fees as a component of its “expenses” pursuant to § 145’s trademark analog, 15 U.S.C. § 1071(b)(3).<sup>1</sup> *Shammas v. Focarino*, 990 F. Supp. 2d 587, 594 (E.D. Va. 2014). A divided Fourth Circuit affirmed. *Shammas v. Focarino*, 784 F.3d 219, 221 (4th Cir. 2015), *cert. denied sub nom. Shammas v. Hirshfeld*, 136 S. Ct. 1376, 1376 (2016) (mem.).

The *Shammas* majority did not find that § 1071(b)(3)’s reference to “expenses” was an explicit reference to attorneys’ fees sufficient to overcome the American Rule’s presumption. Instead, its holding was premised on the view that the American Rule applies only where a statute references a “prevailing party” or otherwise premises attorneys’ fee awards on achieving some degree of success. *Id.* at 223. This Court subsequently rejected that very premise in *Baker Botts*. 135 S. Ct. at 2164. Specifically, in *Baker Botts*, this Court held that the American Rule’s presumption against fee shifting *does not* hinge upon whether the statute premises a fee award on a party’s success. *Id.* at 2164. Rather, the American Rule applies *whenever* a party seeks to recover attorneys’ fees. *Id.* This Court further reaffirmed that the American Rule’s presumption against fee shifting can only be displaced by specific and explicit statutory language permitting the same. *Id.*

\*3 By contending otherwise, the PTO invites this Court to revisit and rewrite its jurisprudence regarding the scope and application of the American Rule, including the Court’s recent decision in *Baker Botts*.

## STATEMENT OF THE CASE

### I. 35 U.S.C. §145

Upon receiving a decision from the PTAB affirming an examiner’s rejection, an unsatisfied patent applicant has two options. “The applicant may either: (1) appeal the decision directly to the United States Court of Appeals for the Federal Circuit, pursuant to [35 U.S.C.] § 141; or (2) file a civil action against the Director of the PTO in the United States District Court for the [Eastern District of Virginia] pursuant to § 145.” *Kappos v. Hyatt*, 566 U.S. 431, 434 (2012).

Each method has advantages and disadvantages. Proceeding under § 141 generally results in a faster adjudication, but the Federal Circuit does not review the PTO's decision *de novo*, and applicants must rely on the record developed before the PTO. *See id.* at 434-35. By contrast, review under § 145 is *de novo* and provides the applicant an opportunity to introduce new evidence, but is more time consuming, *see id.*, and requires the applicant to pay "[a]ll the expenses of the proceedings." 35 U.S.C. § 145. Accordingly, an applicant who proceeds under § 145 must shoulder his own expenses and fees, in addition the PTO's "expenses of the proceedings."

In the 170 years that § 145 and its predecessors have been in force, the courts have identified specific, covered "expenses," including printing expenses,<sup>2</sup> \*4 counsel's deposition travel expenses,<sup>3</sup> court reporter fees,<sup>4</sup> and money paid to necessary expert witnesses.<sup>5</sup> And, courts have done so despite the recognition that such expenses may be "harsh" on patent applicants. *Cook*, 208 F.2d at 530.

However, before this case, no court had ever awarded the PTO attorneys' fees pursuant to § 145. In fact, in those 170 years, the PTO had never even sought such fees.<sup>6</sup> And in those years, Congress has never seen fit to amend § 145 or its predecessors to specifically or explicitly provide for the recovery of attorneys' fees, including in 2011, when it required the PTO to operate as a user-funded agency.<sup>7</sup>

## II. The PTO's About-Face And The District Court Proceeding

On December 20, 2013, NantKwest filed suit under § 145 in the Eastern District of Virginia. *NantKwest, Inc. v. Lee*, 162 F. Supp. 3d 540, 541 (E.D. Va. 2016). Following entry of judgment, the PTO filed a motion \*5 under § 145 seeking \$111,696.39, including \$78,592.50 in attorneys' fees. *Id.* at 541, 546. These fees were calculated based on a "pro-rata share of the salaries" of the PTO attorneys and paralegal assigned to this matter. *NantKwest, Inc. v. Matal*, 860 F.3d 1352, 1354 n.1 (Fed. Cir. 2017) (citation and quotation marks omitted).

On February 5, 2016, the district court denied the PTO's "Motion for Expenses regarding the [PTO's] attorney fees" and granted the PTO's "Motion for Expenses relating to [the PTO's] expert witness." *Lee*, 162 F. Supp. 3d at 541. The district court concluded that the PTO was "not entitled to attorneys' fees because the American Rule specifically forbids it." *Id.* at 542. The PTO appealed.

## III. The Federal Circuit Panel's Opinion

### A. Majority

A divided panel of the Federal Circuit reversed, holding that § 145 authorized an award of the "pro-rata share of the attorneys' fees the [PTO] incurred to defend applicant's appeal." *Matal*, 860 F.3d at 1360.

The panel "assum[ed] the [American] Rule applies" but held that "the expenses at issue here include the USPTO's attorneys' fees." *Id.* at 1355. The panel explained that "[c]ourts uniformly recognize an exception" to that rule: "when the statute itself specif[ically] and explicit[ly] authorizes an award of fees." *Id.* at 1356 (citations and quotation marks omitted). In purported agreement with *Shammas*, the panel concluded "that 'expenses' here includes attorneys' fees." *Id.*<sup>8</sup>

### \*6 B. Dissent

Judge Stoll dissented. She found that "Supreme Court precedent makes clear that the American Rule marks the starting point for any analysis that shifts fees from one litigant to another." *Id.* at 1360 (Stoll, J., dissenting).

Because § 145 provides no "express authority" to award attorneys' fees, Judge Stoll reviewed "the ordinary meaning of 'expenses' [and] § 145's legislative history," but found no authorization for an award of attorneys' fees. *Id.* at 1361-62. "The phrase 'attorneys' fees' is not mentioned, and Congress's use of 'expenses' is not the type of 'specific and explicit' language that permits the award of attorneys' fees." *Id.* at 1361.

Absent "specific and explicit statutory authority" to award attorneys' fees, Judge Stoll considered whether congressional intent to authorize such an award could be "glean[ed] ... from the ordinary meaning of 'expenses' or the legislative history of § 145." *Id.* at 1362. Judge Stoll found that "at the time Congress introduced the word 'expenses' into the Patent Act, its ordinary meaning did not include attorneys' fees." *Id.* at 1363. "That the PTO did not rely on this provision to seek attorneys' fees for over 170 years" supported Judge Stoll's conclusion that "it is far from clear whether '[a]ll the expenses of the proceedings' includes attorneys' fees." *Id.* So did Congress' reference to both "expenses" and "attorneys' fees" in other statutory provisions. *Id.* at 1363-64.

Section 145's ambiguity was particularly fatal given that, "if § 145 were a fee-shifting statute, it would represent a particularly unusual divergence from the \*7 American Rule because it obligates even successful plaintiffs to pay the PTO's attorneys' fees." *Id.* at 1364-65. "In these atypical circumstances," Judge Stoll found that "Congress's intent to award the PTO attorneys' fees in every case should have been more clear." *Id.* at 1365.

#### IV. Sua Sponte Rehearing En Banc

The Federal Circuit sua sponte decided to consider this case en banc. *NantKwest, Inc. v. Matal*, 869 F.3d 1327, 1327 (Fed. Cir. 2017). The panel opinion was accordingly vacated. *Id.*

##### A. Majority

Writing for a seven-member majority,<sup>9</sup> Judge Stoll held that § 145's text could not support an award of attorneys' fees. The majority began by noting that the American Rule - under which each litigant pays his own attorney's fees, win or lose - "serves as the 'basic point of reference' whenever a court 'consider[s] the award of attorney's fees.'" *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1181 (Fed. Cir. 2018) (en banc) (quoting *Hardt*, 560 U.S. at 252-53). "Because the PTO contends that § 145 should be construed to shift its attorneys' fees to the patent applicants," the majority held that "the American Rule necessarily applies." *Id.* at 1184.

In reaching this decision, the majority explicitly rejected the Fourth Circuit's holding in *Shammas*: "We respectfully submit that *Shammas's* holding cannot be squared with the Supreme Court's line of non-prevailing party precedent applying the American Rule." *Id.* at 1185. "The Supreme Court has consistently \*8 applied the rule broadly to any statute that allows fee shifting to either party, win or lose." *Id.*

The en banc majority then asked whether § 145 contained specific and explicit language sufficient to displace the presumption against fee shifting. *Id.* at 1186. It did not. *Id.* at 1187. After examining definitions of "expenses" contemporaneous with § 145's predecessor's enactment and Congress' use of the term "expenses" over two centuries, the majority concluded "that Congress understood the 'ordinary, contemporary, common meaning' of 'expenses' as being something other than 'attorneys' fees' unless expressly specified." *Id.* at 1187-89 (quoting *Summit Valley Indus. Inc. v. Local 112 United Bhd. of Carpenters*, 456 U.S. 717,722 (1982)). That "a layperson" might believe the definitions "broad enough to cover attorneys' fees as well as other items," was not sufficient. *Id.* at 1192. "[A] statute awarding '[a]ll the expenses,' with nothing more," does not depart from the American Rule's presumption against fee-shifting. *Id.*

##### B. Dissent

Chief Judge Prost, joined by three other members of the court, dissented, reasoning that the statutory language "[a]ll the expenses of the proceedings" was sufficient to overcome the American Rule's presumption. *Id.* at 1203 (Prost, C.J., dissenting). The dissent reasoned that "expenses" - as defined contemporaneously with the enactment of § 145's predecessor statute and used by this Court and Congress - was "broad enough to cover the PTO's personnel expenses." *Id.* at 1199. And "Congress's use of the word 'all' indicated its desire to broadly and comprehensively include *all* of the expenses as it commonly understood them." *Id.* at 1201.

### \*9 REASONS FOR DENYING THE PETITION

#### I. The Federal Circuit Correctly Determined That The American Rule Prohibits The PTO's Request For Attorneys' Fees

##### A. The American Rule Applies Whenever A Litigant Seeks To Have Another Pay His Attorneys' Fees

The Federal Circuit properly analyzed the PTO's request under the American Rule, the "basic point of reference when considering the award of attorney's fees." *Hardt*, 560 U.S. at 252-53 (quotation marks omitted). Under that rule, "[e]ach litigant pays his own attorney's fees, win or lose, unless a statute or contract provides otherwise" using "specific and explicit" language. *Baker Botts*, 135 S. Ct. at 2164.

As this Court's recent decision in *Baker Botts* makes clear, the American Rule applies *whenever* a litigant seeks to have another pay his attorneys' fees. *Id.* Indeed, the American Rule's demand for clarity is actually at its *strongest* when a statute is argued to shift fees regardless of who prevails. *Id.* at 2166.

The PTO attempts to limit the application of the American Rule to statutes that shift fees to a prevailing party, Pet. at 20, but "the rule is not so limited." *NantKwest*, 898 F.3d at 1185. As the Federal Circuit recognized, this Court "has consistently applied the rule

broadly to any statute that allows fee shifting to either party, win or lose," including statutes that do not mention a "prevailing party." *NantKwest*, 898 F.3d at 1185-86 (discussing *Baker Botts*, 135 S. Ct. at 2165; *Key Tronic Corp. v. United States*, 511 U.S. 809, 813, 819 (1994), *Summit Valley*, 456 U.S. at 722; *F.D. Rich Co. v. United States ex rel. Use of Indus. Lumber Co.*, 417 U.S. 116, 130-31 (1974)).

**\*10** It is simply not true that, as the PTO states, "[b]efore the Federal Circuit's decision in this case, no court of appeals had ever applied the American Rule to a statute that does not merely shift fees to the losing party, but instead requires one party to pay all the expenses of a proceeding regardless of the outcome." Pet. at 20. For example, in *Baker Botts*, this Court applied the American Rule to a statute that claimants contended awarded fees to both successful and unsuccessful litigants. 135 S. Ct. at 2166.

There, this Court analyzed various provisions of the Bankruptcy Code. Pursuant to 11 U.S.C. § 327(a), a bankruptcy trustee "may employ "one or more attorneys ... to represent or assist the trustee in carrying out the trustee's duties under this title." And 11 U.S.C. § 330(a)(1) provides compensation for those attorneys:

After notice to the parties in interest and the United States Trustee and a hearing, and subject to sections 326, 328, and 329, the court may award to a trustee, a consumer privacy ombudsman appointed under section 332, an examiner, an ombudsman appointed under section 333, or a professional person employed under section 327 or 1103 -

(A) *reasonable compensation for actual, necessary services rendered by the trustee, examiner, ombudsman, professional person, or attorney* and by any paraprofessional person employed by any such person; and

(B) reimbursement for actual, necessary expenses.

11 U.S.C. § 330(a)(1) (emphasis added). Section § 330(a)(1) thus allows bankruptcy courts to award **\*11** "reasonable compensation for actual, necessary services rendered by" attorneys that serve a debtor. *Id.*; see 11 U.S.C. § 327(a). Like § 145, this provision does not condition such awards upon success. *Baker Botts*, 135 S. Ct. at 2166 (declining to authorize attorneys' fees in part because doing so "would allow courts to pay professionals for arguing for fees they were found never to have been entitled to in the first place").

There was no dispute that this provision entitled attorneys *servicing* the debtor to their reasonable attorneys' fees incurred. *Id.* at 2165 ("No one disputes that § 330(a)(1) authorizes an award of attorney's fees" for "actual, necessary services rendered" to an estate administrator). Rather, at issue was whether § 330(a)(1) authorized courts to award attorneys' fees for work performed defending a fee application, i.e., for work performed *adverse* to the trustee. *Id.* at 2163.

This Court held that it did not. And it did so by analyzing the statute under the American Rule. *Id.* at 2164 (beginning its analysis by noting that "[o]ur basic point of reference when considering the award of attorney's fees is the bedrock principle known as the American Rule: Each litigant pays his own attorney's fees, win or lose, unless a statute or contract provides otherwise" (quoting *Hardt*, 560 U.S. at 252-53)). This Court reiterated that the American Rule's presumption against fee shifting could only be overcome by "specific and explicit provisions for the allowance of attorneys' fees." *Id.* The Court then held that § 330(a)(1)'s provision for "reasonable compensation for actual, necessary services rendered by the ... attorney" to the trustee did not displace the American Rule's presumption because the statute "neither specifically nor explicitly authorizes the courts to shift the costs of adversarial litigation from one side to the other." **\*12** *Id.* at 2165. While the statute was sufficiently clear to permit a fee award for services rendered by attorneys to the estate, it did not permit an award of fees incurred in defending a fee application against the estate. *Id.* That is, this Court held that the attorneys could not recover fees for fee-defense litigation under § 330(a)(1) - a statute that, like § 145, does not pre-condition a fee award upon success - because the text was not sufficiently specific and explicit to overcome the American Rule.

This Court did not stop there. It noted the practical effect of adopting the claimants' interpretation of the statute: Under the claimants' theory, they would be entitled to fees even for *unsuccessful* fee-defense litigation, given that the statute made no reference to a prevailing party. *Id.* at 2166. The Court noted that a statute awarding attorneys' fees to a *losing party* would represent "a particularly unusual deviation from the American Rule" because "[m]ost fee-shifting provisions permit a court to award attorney's fees only to a prevailing party, a substantially prevailing party, or a successful litigant." *Id.* (quotation marks omitted). Because "[t]here is no indication that Congress departed from the American Rule in § 330(a)(1) with respect to fee-defense litigation, let alone that it did so in such an unusual manner," the presumption against awarding attorneys' fees applied. *Id.*

Indeed, this Court has repeatedly applied the American Rule to statutes that do not explicitly refer to a "prevailing party." For example, in *Summit Valley*, this Court considered the availability of attorneys' fee awards under 29 U.S.C. § 187 of the Labor Management Relations Act. 456 U.S. at 718-19. That statute provides that certain injured parties "shall recover the damages by him sustained and



the cost of the suit" \*13 without reference to a prevailing party. *Id.* at 718. This Court recognized that "[u]nder the American Rule it is well established that attorney's fees 'are not ordinarily recoverable in the absence of a statute or enforceable contract providing therefor.'" *Id.* at 721 (quoting *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714,717 (1967)). Section 187 was no such statute: "[Section 187] does not expressly provide for the recovery of attorney's fees, so we are not presented with a situation where Congress has made 'specific and explicit provisions for the allowance of such fees.'" *Id.* at 722 (quoting *Alyeska Pipeline Serv. Co.*, 421 U.S. at 260 n. 33).

So too, in *F.D. Rich Co.* There, the Court considered whether claimants under the Miller Act, 40 U.S.C. § 270a et seq., could recover attorneys' fees. 417 U.S. at 126. At the time of the decision, § 270b permitted a Miller Act supplier "to prosecute said action to final execution and judgment for the sum or sums justly due him." 40 U.S.C. § 270b (1970). The statute made no reference to prevailing parties. *Id.* Nonetheless, this Court applied the American Rule and found that the statute did not "explicitly provide for an award of attorneys' fees." *F.D. Rich Co.*, 417 U.S. at 126-27.

Similarly, in *Key Tronic*, this Court considered "whether attorney's fees are 'necessary costs of response' within the meaning of [42 U.S.C. § 9607]." 511 U.S. at 811. And, again, this Court applied the American Rule - despite the fact that § 9607 made no reference to "prevailing parties" - and found that it did not provide for the requested attorneys' fees. *Id.* at 815, 819.

In *Hardt*, this Court evaluated a fee-shifting statute, 29 U.S.C. § 1132(g)(1), that unambiguously authorized the court, in its discretion, to award attorneys' fees to "either party." 560 U.S. at 251; see 29 U.S.C. § 1132(g)(1) \*14 ("In any action under this subchapter ... by a participant, beneficiary, or fiduciary, the court *in its discretion* may allow a reasonable *attorney's fee* and costs of action to *either party*." (emphasis added)). At issue was "[w]hether § 1132(g)(1) limits the availability of attorney's fees to a 'prevailing party.'" *Hardt*, 560 U.S. at 251. The Supreme Court held that, under the plain language of the statute, "a fee claimant need not be a 'prevailing party' to be eligible for an attorney's fees award under § 1132(g)(1)." *Id.* at 252.

That, however, was not the end of the analysis. Because § 1132(g)(1) was by its text discretionary, this Court "next consider[ed] the circumstances under which a court may award attorney's fees pursuant to § 1132(g)(1)." *Id.* This Court's " 'basic point of reference' " in making this determination was the "bedrock principle known as the 'American Rule.'" *Id.* at 252-53 (quoting *Ruckelshaus v. Sierra Club*, 463 U.S. 680, 683-84 (1983)). As this Court noted, statutory changes to the American Rule "take various forms":

Most fee-shifting provisions permit a court to award attorney's fees only to a "prevailing party." Others permit a "substantially prevailing" party or a "successful" litigant to obtain fees. *Still others authorize district courts to award attorney's fees where "appropriate," or simply vest district courts with "discretion" to award fees.*

*Id.* at 253 (emphasis added) (footnotes omitted). Accordingly, this Court analyzed § 1132(g)(1) "in light of our precedents addressing statutory deviations from the American Rule *that do not limit attorney's fees awards to the 'prevailing party.'*" *Id.* at 254 (emphasis added).

\*15 In an attempt to create ambiguity where none exists, the PTO continues to argue that "when this Court addressed a statutory scheme that requires the payment of attorney's fees regardless of a litigant's success, the Court did not mention the American Rule." Pet. at 20 (referring to *Sebelius v. Cloer*, 569 U.S. 369 (2013)). But in *Cloer*, this Court *did* consider the American Rule.

*Cloer* concerned a provision of the National Childhood Vaccine Injury Act, which "provides that a court may award attorney's fees and costs 'incurred [by a claimant] in any proceeding' on an *unsuccessful* vaccine-injury 'petition filed under section 300aa-11,' if that petition Svas brought in good faith and there was a reasonable basis for the claim for which the 'petition was brought.'" *Cloer*, 569 U.S. at 371 (emphasis added) (quoting 42 U.S.C. § 300aa-15(e)(1)). At issue was not whether § 300aa-15 contained a specific or explicit reference to attorneys' fees - it did. See 42 U.S.C. § 300aa-15(e) (titling subsection (e) "Attorneys' Fees" and twice mentioning an award of "reasonable attorneys' fees"). Rather, this Court considered "whether an untimely petition can garner an award of attorney's fees." *Cloer*, 569 U.S. at 371-72.

While this Court "did not mention the American Rule" explicitly in answering that question, Pet. at 20, this Court *did* consider the American Rule. But it found that the Vaccine Injury Act's language - providing for "reasonable attorneys' fees and other costs incurred in any proceeding on [a] petition," *id.* at 374 - could support such an award. *Id.* at 380. In light of this language, the Court rejected *the Government's* argument that "the 'presumption favoring the retention of long-established and familiar [common-law] principles' " prohibited an award. *Id.* (alteration in original) \*16 (quoting Br. for Pet'r 32). As the Court stated, "[t]hese 'rules of thumb' give way

when ‘the words of a statute are unambiguous,’ as they are here.” *Id.* at 381 (quoting *Conn. Nat’l Bank v. Germain*, 503 U.S. 249, 253-54 (1992)).

The “presumption favoring the retention of long-established and familiar common-law principles” that this Court found “g[ave] way” to the unambiguous and explicit language of the Vaccine Injury Act was the American Rule. *NantKwest*, 898 F.3d at 1186 (“Citing the page of the government’s brief discussing the American Rule, the Court held that the ‘presumption favoring the retention of long-established and familiar [common-law] principles,’ i.e., the American Rule, must ‘give way’ to the unambiguous statutory language.” (quoting *Cloer*, 569 U.S. at 380-81)).<sup>10</sup>

### **B. The American Rule Prohibits The PTO’s Request For Attorneys’ Fees Because § 145 Does Not “Specifically And Explicitly” Authorize Attorneys’ Fees**

The Federal Circuit correctly concluded that “expenses,” whether or not modified by “all,” did not provide the “ ‘specific and explicit’ congressional authorization” necessary to displace the American Rule’s presumption against awarding attorneys’ fees. *NantKwest*, 898 F.3d at 1187.

**\*17** At best, “expenses” is ambiguous.<sup>11</sup> *Id.* That “expenses” could plausibly be understood to encompass attorneys’ fees is not enough. See Pet. at 10 (“The majority acknowledged that the word ‘expenses’ can ‘refer to \*\*\* attorney’s fees,....’”). Just because a statute is susceptible to an interpretation does not mean that that statute specifically and explicitly mandates that interpretation. See, e.g., *Summit Valley*, 456 U.S. at 722, 726 (denying attorneys’ fees under statute permitting recovery of “the damages by him sustained and the cost of the suit”); *F. D. Rich Co.*, 417 U.S. at 128, 130-31 (denying attorneys’ fees under a statute authorizing recovery of “sums justly due”); *Fleischmann*, 386 U.S. at 720-21 (denying attorneys’ fees under a statute giving courts authority to award “costs of the action”); *Key Tronic*, 511 U.S. at 815 (denying attorneys’ fees under a statute making responsible parties liable for “any ... necessary costs of response,” including “enforcement activities”). The American Rule demands precision, not breadth. *Key Tronic*, 511 U.S. at 815. (“Mere ‘generalized commands,’ however, will not suffice to authorize such fees.”).

### **II. The Fourth Circuit Incorrectly Determined That The American Rule Applies Only When A Statute Awards Fees To A Prevailing Or Substantially Prevailing Party**

It is true that “the decision below conflicts with the Fourth Circuit’s decision in *Shammas*.” Pet. at 23. But this Court has already resolved this conflict. **\*18** In 2013, the PTO sought and was awarded attorneys’ fees as a component of its “expenses” pursuant to § 145’s trademark analog § 1071(b)(3). *Shammas*, 990 F. Supp. 2d at 594. A divided panel of the Fourth Circuit affirmed. *Shammas*, 784 F.3d at 221. The *Shammas* majority concluded that the American Rule did not apply to § 1071(b)(3). *Id.* at 223. In the majority’s view, “[t]he requirement that Congress speak with heightened clarity to overcome the presumption of the American Rule ... applies only where the award of attorneys fees turns on whether a party seeking fees has prevailed to at least some degree.” *Id.* Because § 1071(b)(3) “mandates the payment of attorneys fees without regard to a party’s success,” the majority reasoned, it “is not a fee-shifting statute that operates against the backdrop of the American Rule.” *Id.*<sup>12</sup>

After erroneously concluding that the American Rule did not apply to § 1071(b)(3), the majority did not require a “specific” or “explicit” authorization for attorneys’ fees, but instead interpreted § 1071(b)(3) by “giving the phrase ‘all the expenses of the proceeding’ its ordinary meaning *without regard to the American Rule*.” *Id.* at 224 (emphasis added); see also *Matal*, 860 F.3d at 1366 (Stoll, J., dissenting) (“Only after dispatching with the strong presumption against fee shifting embodied in the American Rule - a rule that the majority here assumes is applicable - was the *Shammas* court able to interpret the ordinary meaning **\*19** of ‘expenses’ to cover attorneys’ fees.”). Because the ordinary meaning of “expenses” was sufficiently broad to encompass attorneys’ fees, the Fourth Circuit held that § 1071(b)(3) authorized the same. *Shammas*, 784 F.3d at 222, 224.

The conclusion in *Shammas* depends on the American Rule *not* applying. *Id.* at 223-24. This was legal error. The American Rule’s settled presumption that parties shall bear their own legal fees applies to *all* potential fee-shifting statutes. This Court has never intimated otherwise. Indeed, two months after the *Shammas* decision, this Court rejected the Fourth Circuit’s reasoning and confirmed that the American Rule applies *whenever* a litigant seeks to recover attorneys’ fees. *Baker Botts*, 135 S. Ct. at 2165-66; see *supra*, Reasons For Denying The Petition § I.A.

*Baker Botts* is directly contrary to the *Shammas* majority’s earlier decision that the American Rule applies only to statutes that shift fees to a prevailing party. Rather, as this Court’s *Baker Botts* decision demonstrates, the American Rule is actually at its *strongest*, and the need for clarity in any deviation from that Rule is at its *highest*, precisely when a statute is argued to provide the “particularly

unusual deviation” of shifting fees regardless of who prevails. *Baker Botts*, 135 S. Ct. at 2166. The PTO argues that § 145 shifts fees in this same “particularly unusual” manner. Accordingly, the American Rule not only applies, but is at its strongest here.

### \*20 CONCLUSION

The Court should not grant certiorari.

Respectfully submitted,

Morgan Chu  
*Counsel of Record*

Gary N. Frischling  
Alan J. Heinrich  
Lauren N. Drake  
John P. Long  
Irell & Manella LLP  
1800 Avenue of the Stars  
Los Angeles, CA 90067  
(310) 277-1010  
MChu@irell.com  
*Counsel for NantKwest, Inc.*

January 22, 2019

#### Footnotes

- <sup>1</sup> Section 1071(b)(3) permits the PTO to collect “all the expenses of the proceeding” in a civil action filed to obtain registration of a mark following the Director or Trademark Trial and Appeal Board’s refusal to do the same, unless “the court finds the expenses to be unreasonable.” 15 U.S.C. § 1071(b)(3).
- <sup>2</sup> *Cook v. Watson*, 208 F.2d 529, 530-31 (D.C. Cir. 1953).
- <sup>3</sup> *Robertson v. Cooper*, 46 F.2d 766, 769 (4th Cir. 1931).
- <sup>4</sup> *Sandvik Aktiebolag v. Samuels*, No. Civ. A. 89-3127-LFO, 1991 WL 25774, at \*1-2 (D.D.C. Feb. 7, 1991).
- <sup>5</sup> *Id.*
- <sup>6</sup> Section 145 is not discretionary. 35 U.S.C. § 145 (“[A]ll the expenses of the proceedings *shall* be paid by the applicant.” (emphasis added)). “To the extent the phrase ‘expenses’ unambiguously includes attorneys’ fees, it is unclear why it took the PTO more than 170 years to appreciate the statute’s alleged clarity and seek the attorneys’ fees that are statutorily mandated under its interpretation.” *NantKwest*, 898 F.3d at 1189 n.5.
- <sup>7</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 10, 125 Stat. 284, 316 (2011) (requiring the PTO to operate as a revenue-neutral agency by setting fees to recover the “aggregate estimated costs” of operation).

<sup>8</sup> As discussed in section II, Reasons For Denying The Petition *infra*, the panel majority in *Shammas* did *not* apply the American Rule; accordingly, the Federal Circuit panel's decision was not consistent with *Shammas*. It merely reached the same result.

<sup>9</sup> Eleven members of the court participated in the en banc rehearing. Circuit Judge Chen did not participate.

<sup>10</sup> In *Cloer*, the Government itself took the position that the American Rule applied to 42 U.S.C. § 300aa-15(e)(1), which - like § 145 - had no prevailing party requirement. *See* 569 U.S. at 380. Despite both *NantKwest* and the Federal Circuit pointing this out, *NantKwest*, 898 F.3d at 1186, the PTO continues to ignore the Government's briefing in *Cloer* and this Court's citation and consideration of the same. *See* Pet. at 20.

<sup>11</sup> Furthermore, § 145's legislative history does not evidence clear Congressional intent to make fees available. *NantKwest*, 898 F.3d at 1187, 1194-95.

<sup>12</sup> The dissent disagreed: "Our judiciary strongly disfavors awards of attorney's fees that are authorized solely by the courts - a well-settled tradition dating almost to our Nation's founding.... Thus, as we recently emphasized, absent explicit statutory authority, the courts presume that the litigants will bear their own legal costs, win or lose. That principle - commonly known as the American Rule - should be recognized and applied here." *Id.* at 227 (King, J., dissenting) (internal citations and quotation marks omitted).

---

**End of Document**

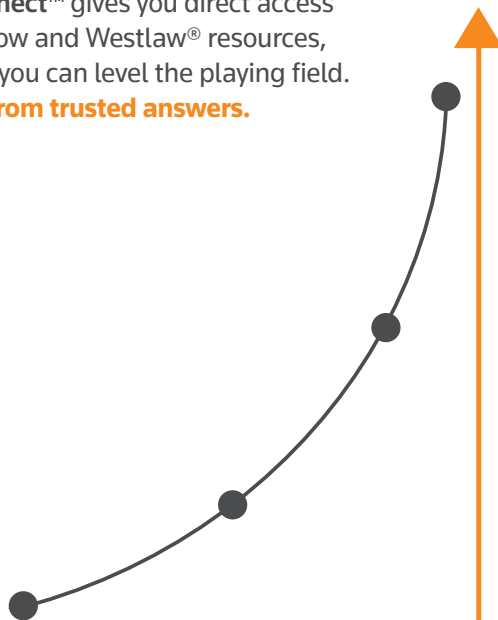
© 2019 Thomson Reuters. No claim to original U.S. Government Works.

# More doing, less digging.

Only Thomson Reuters Practical Law Connect™ gives you direct access to expertly curated Practical Law® know-how and Westlaw® resources, all organized around your task at hand, so you can level the playing field.

**The fearless confidence that only comes from trusted answers.**

Request a **FREE TRIAL** at  
[legalsolutions.com/practical-law](https://legalsolutions.com/practical-law)



The intelligence, technology and human expertise  
you need to find trusted answers.



the answer company™  
**THOMSON REUTERS®**

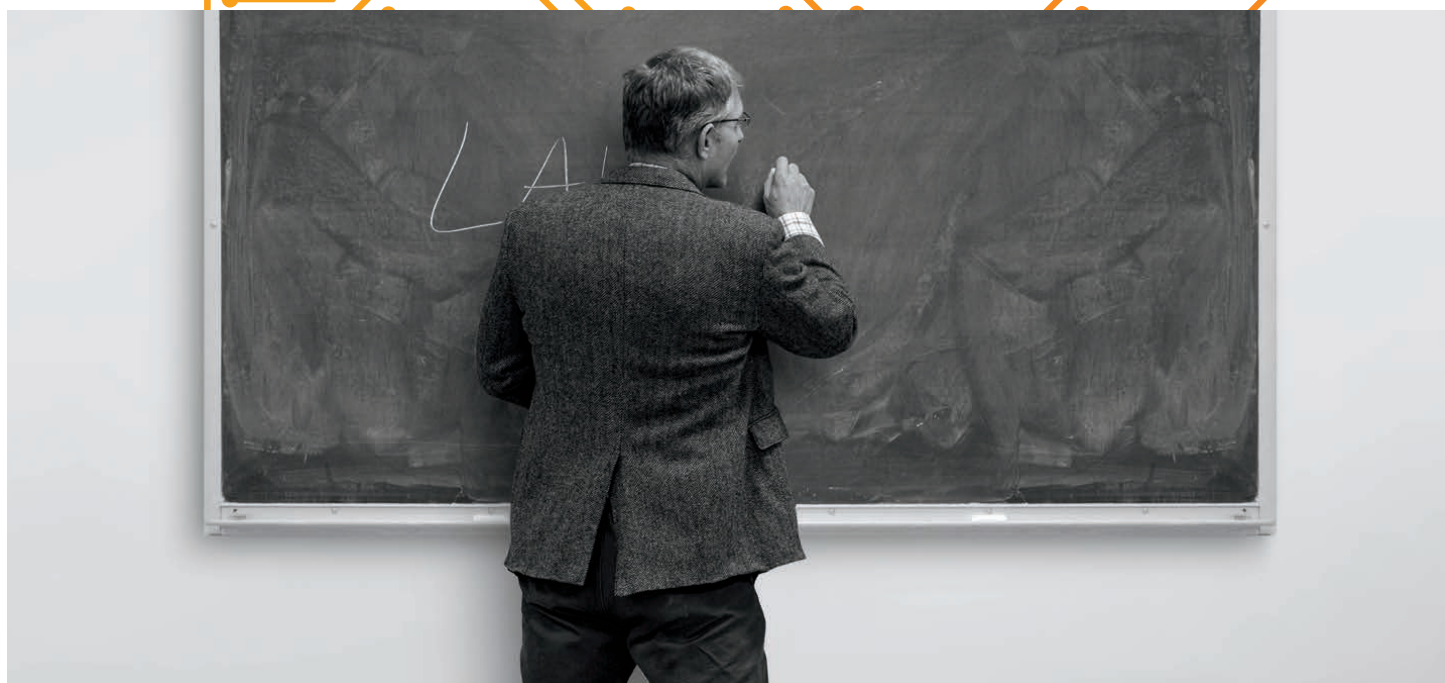
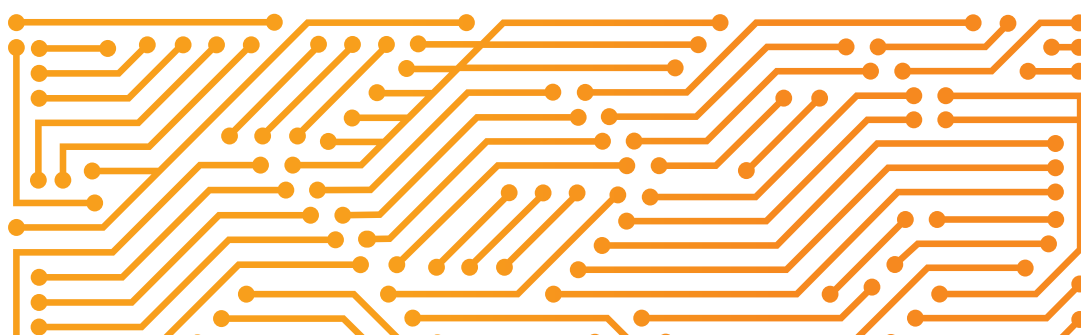


---

# We sent artificial intelligence to law school. For over 100 years.

Introducing WESTLAW EDGE™. The most intelligent legal research platform ever.

**WESTLAW EDGE**



[WestlawEdge.com](https://www.westlawedge.com)

The intelligence, technology and human expertise you need to find trusted answers.



the answer company™

**THOMSON REUTERS®**