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INTELLECTUAL PROPERTY LITIGATION NEWSLETTER

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Case Highlights

Claim Construction Is Not Categorically Forbidden at the Motion to Dismiss Stage

The Federal Circuit held that claim construction is not "categorically forbidden at the Rule 12(b)(6) stage of a case." *Utto Inc. v. Metrotech Corp.*, 119 F.4th 984 (Fed. Cir. Oct. 18, 2024) (Judge Taranto, joined by Judges Prost and Hughes). "Some case-specific circumstances can make it improper for a district court to resolve a claim construction dispute in the context of adjudicating a Rule 12(b)(6) motion, but sometimes a claim's meaning may be so clear on the only point that is ultimately material to deciding the dismissal motion that no additional process is needed." Here, the case was remanded because "fuller claim-construction proceedings and analysis are needed."

Section 298 Cannot Be Circumvented by Substituting Advice from a Third Party for Advice of Counsel

The district court erred in admitting testimony about seeking advice from a third party because the plaintiff's expert, an attorney, "did not distinguish between legal and non-legal services when testifying about consulting a third party." *Provisur Technologies Inc. v. Weber Inc.*, 119 F.4th 948 (Fed. Cir. Oct. 2, 2024) (Judge Moore, joined by Judges Taranto and Cecchi). The expert's testimony was not merely about "industry standards for intellectual property management." Rather, the expert testified about the defendant's failure to consult a third party to evaluate the alleged infringed patents, indicating that such an evaluation was typically reviewed by a qualified patent attorney, and referenced other potentially legal services that the defendant allegedly failed to seek. This was a violation of 35 U.S.C. § 298, which prohibits using the failure to obtain the advice of counsel as an element of proof that the accused infringer willfully infringed.

Other Notable Cases

Conducting Business Through Subsidiaries Cannot Avoid Personal Jurisdiction in Texas

Universal Connectivity Technologies Inc. v. Lenovo Group Ltd., No. 2:23-cv-00449 (E.D. Tex. Oct. 16, 2024) (Judge Gilstrap).

The defendant's status as a holding company does not "remove it from this Court's personal jurisdiction." The defendant "chose to conduct business in Texas through its subsidiaries" and "uses its multi-level corporate structure to place the accused products into the stream of commerce – resulting in the accused products being sold or offered for sale in Texas." Therefore, the defendant "cannot now claim a due process violation when Texas courts exercise jurisdiction over it for claims arising from or relating to these sales." The complaint alleges that the defendant "at least acts in concert with its wholly owned subsidiaries to deliver the accused products into the Texas market under a stream of commerce theory." The defendant attempted to detach the defendant from its subsidiary using a declaration. But "[t]o the extent the [declaration] conflicts with well-pleaded allegations in the Complaint, the Court must view the well-pleaded allegations in the light most favorable to [the plaintiff]."

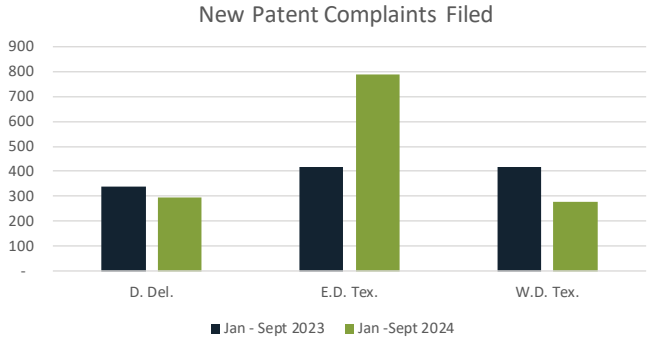
Judges Recuse from a Case After Federal Circuit's Opinion Reversing an Indefiniteness Finding

Vascular Solutions LLC v. Medtronic Inc., No. 0:19-cv-01760 (D. Minn. Oct. 24 and 28, 2024) (Judges Schiltz and Blackwell).

After the Federal Circuit reversed an indefiniteness finding, Chief Judge Patrick Schiltz of the District of Minnesota recused himself, stating: "Having carefully reviewed the Federal Circuit's opinion, the Court finds itself at the same impasse that led it to find the asserted claims indefinite." Noting that "the Court literally does not know how it would proceed to construe 'substantially rigid portion' in a manner consistent with the Federal Circuit's opinion and does not believe that it can set aside its previous conclusions to make an impartial determination," the judge concluded that "[i]t is best that this case be handled by a different judge who can write on a clean slate." However, the next assigned judge – Judge Jerry Blackwell – also immediately recused himself from the case by simply citing to 28 U.S.C. § 455(a), which states that any judge "shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned."

IP Litigation Trend

There were fewer new patent cases filed in the first three quarters of this year compared with last year in both the District of Delaware and the Western District of Texas, but there was a significant increase (almost double) in the Eastern District of Texas.



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