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### Intellectual Property/Supreme Court

## High Court IP Cert. Grants: 10 in 2013, Five in 2014, None So Far in 2015

In tallying up U.S. Supreme Court petitions and decisions in intellectual property cases at the end of the court's term and before the next one starts, it seems that a trend is emerging.

There's a surprise this year: The court has yet to grant a petition for writ of certiorari for consideration in the term beginning this October, and there are few prospects in the queue.

After five decisions last term and 10 the term before that, is the high court losing interest in IP law?

**By the Numbers.** The high court heard and decided three patent cases and two trademark cases during the October 2014 through June 2015 term. Details on the merits and projected impact of those decisions are given below.

As has become the norm in the last 10 years, the court reversed the outcomes of the two cases coming from the U.S. Court of Appeals for the Federal Circuit (*Commil v. Cisco* and *Teva v. Sandoz*). In the third patent-related case (*Kimble v. Marvel*), the court affirmed the Ninth Circuit.

One trademark decision was a reversal of the Eighth Circuit (*B&B Hardware v. Hargis*) and the other was an affirmance of the Ninth Circuit (*Hana Financial v. Hana Bank*).

The court asked for the views of the Office of the Solicitor General in three of the cases. The court granted review over the government's recommendation in one (*Kimble*), but its final 6-3 decision in the case was aligned with the government's position.

The court rejected four other petitions after receiving a recommendation from the solicitor general to do so (*Google v. Oracle*, *Google v. Vederi*, *Cisco v. Commil* and *Athena v. Allergan*).

Following is a chart showing the disposition of the 93 petitions related to intellectual property issues either disposed of by the high court in the last term or still pending.

Type	Decided	GVR	In Prog	Denied
Copyright	0	0	1	10
Patent	3	5	9	49
Trademark	2	0	1	9
Other	0	0	0	4
TOTAL	5	5	11	72

The "other" category included two right of publicity cases (both NCAA-related challenges in the *Electronic Arts* cases), a trade secret case (*Foster v. Pitney Bowes*) and the *Athena* unfair competition case.

The five GVR cases represent a "grant, vacate and remand" by the court. Each of those cert. petitions asked the same question that the court addressed in *Teva v. Sandoz*.

Of those still in progress, three have been scheduled for the court's first conference in the 2015-16 term, to be held Sept. 28. Briefing in the other eight cases is likely to be completed in time to be considered in that conference as well.

Of those identified as "denied," four were actually dismissals based on settlements.

Therefore, the court granted about 7 percent of IP-related dispositions, not including the GVRs. While that may be a high compared to the court's 1-2 percent rate overall, it is well under the 19 percent from the previous term.

Only one stakeholder contacted by Bloomberg BNA for this wrap-up bemoaned a specific cert. denial decision.

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JAMES D. CROWNE, AIPLA

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"It was unfortunate that the court denied cert. in the *Gilead Sciences v. Natco Pharma* case, in which the Federal Circuit had addressed what it described as a narrow issue of obviousness type double patenting, but in which it provided language that could be used to justify an expansion of the scope of invalidity challenges based on this ground," Richard Bone of the VLP Law Group LLP, Palo Alto, Calif., said, referring to *Gilead Scis., Inc. v. Natco Pharma Ltd.*, No. 14-647 (U.S., denied March 9, 2015) (89 PTCJ 1287, 3/13/15).

"The greatest effect is likely to be felt in the pharmaceutical industry, where the tail end of a patent's term can be an incredibly lucrative period for the patent holder, but where it is often the case that families of patents are linked via terminal disclaimers," he said.

**Commentary on Decided Cases' Impact.** Stakeholders—all commenting via e-mail—were eager, on the other hand, to predict the impact of four of the five decisions—the impact of *Teva* is already well underway. The holding in each of the decided cases, along with practitioner commentary, is provided below.

***Teva v. Sandoz.*** Holding: The Federal Circuit must review the “subsidiary factual findings” underlying a district court’s claim construction judgments using a clear error review standard. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 113 U.S.P.Q.2d 1269 (2015) (89 PTCJ 737, 1/23/15).

For five months after the Jan. 20 decision, the Federal Circuit found no such subsidiary factual findings in appeals featuring a claim construction question, and it effectively made each decision with no deference to the lower court’s judgment—as it had been doing before the high court’s decision.

In a June 9 opinion, the court remanded with instructions for the district court to develop such factual findings. *Va. Innovation Scis., Inc. v. Samsung Elecs. Co.*, No. 2014-1477, 2015 BL 181007 (Fed. Cir. June 9, 2015) (90 PTCJ 2312, 6/12/15).

And then finally on June 17 the court actually allowed such “extrinsic evidence”—other patents in the same scientific field and a textbook—to affect its review standard. *Cephalon, Inc. v. Abraxis Bioscience, LLC*, No. 2014-1411, 2015 BL 191800 (Fed. Cir. June 17, 2015) (90 PTCJ 2459, 6/26/15).

***Commil v. Cisco.*** Holding: An alleged inducer can put up a defense based on its good-faith belief that it does not infringe a patent, but not based on its good-faith belief that the patent is invalid. *Commil USA, LLC v. Cisco Systems, Inc.*, 135 S. Ct. 1920, 114 U.S.P.Q.2d 1577 (U.S. 2015) (90 PTCJ 2164, 5/29/15)

“The *Teva* decision was important in resolving a long-standing question about underlying fact issues in claim construction, but *Commil* was more important as a vindication of the statutory protection against induced infringement,” said the American Intellectual Property Law Association’s Deputy Executive Director of Legal Affairs James D. Crowne, a member of this journal’s advisory board. “[Inducement under Section] 271(b) action is hard enough now, but it would have been practically impossible if it could be defeated by the defendant’s mere ‘belief’ that the patent is invalid.”

“*Commil* confirmed that opinions of counsel regarding noninfringement will be useful evidence for defendants facing indirect infringement charges, but rejected good-faith belief in invalidity as a defense to indirect infringement,” according to Dalila Arguez Wendlandt of Ropes & Gray, Boston. “The decision may prove significant in its emphasis for lower courts to consider seriously using Rule 11 and the exceptional case provision of the Patent Act to curb frivolous lawsuits based on invalid patents.”

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HARRY RUBIN, ROPES & GRAY

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***Kimble v. Marvel.*** Holding: A contract that specifies royalties for use of patented technology after the patent has expired is per se unlawful—same as it has been for 50 years. *Kimble v. Marvel Entm’t, LLC*, No. 13-720, 2015 BL 197538, 114 U.S.P.Q.2d 1941 (U.S. June 22, 2015) (90 PTCJ 2470, 6/26/15).

“The case underscores the need for IP owners to devise a comprehensive and proactive IP basket to protect and monetize their technology that goes beyond patents and makes creative use of trade secrets, trademarks, know-how, and contractual protections coupled with ongoing service arrangements,” said Harry Rubin, an IP transactions partner at Ropes & Gray, New York.

***B&B Hardware v. Hargis.*** Holding: An administrative ruling by the Trademark Trial and Appeal Board on whether one party’s trademark was likely to cause confusion with respect to another party’s trademark should have been given deference by a federal district court when faced with the same question in an infringement case. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 113 U.S.P.Q.2d 2045 (2015) (89 PTCJ 1457, 3/27/15).

“The *B&B Hardware* case raises the stakes in TTAB disputes,” said Jedediah Wakefield of Fenwick & West, San Francisco. “Because the Court has clarified that TTAB decisions may have preclusive effect on federal courts, we expect this to cause practitioners to take TTAB cases much more seriously, either fighting harder before the Board, or filing suit in federal court in the first place.”

“At a minimum, trademark owners will have to pay greater attention to their TTAB actions, rather than considering them low-stakes proceedings relevant to nothing more than registration,” said Evan Gourvitz of Ropes & Gray, New York, in agreement. “It will take some time for the courts, the TTAB and practitioners to sort out whether and when the uses considered by each truly are ‘materially the same,’” he said, referring to the court’s term for when a preclusive effect applies.

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**“*B&B Hardware v. Hargis* is the sleeper decision of the term.”**

BRIAN H. PANDYA, WILEY REIN

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“*B&B Hardware v. Hargis* is the sleeper decision of the term,” Brian H. Pandya of Wiley Rein, Washington, said, expanding it to the patent realm as well.

“As more Patent Trial and Appeal Board proceedings intersect district court cases, as well as parallel U.S. and international actions (which will become even more

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common when the Unified Patent Court gets up and running), broader application of issue preclusion will have major impact on those litigations,” he said.

***Hana Financial v. Hana Bank***. Holding: The determination of whether the owner can “tack” a new version of its logo or trademark onto an earlier, similar mark turns on whether the two marks are perceived by consumers to be the same—a question of fact to be resolved by the

jury. *Hana Fin., Inc. v. Hana Bank*, 135 S. Ct. 907, 113 U.S.P.Q.2d 1365 (2015) (89 PTCJ 740, 1/23/15).

“The unanimous decision in *Hana* wasn’t as surprising as the Court’s decision to take the case in the first place,” Gourvitz said, echoing a general confusion in the trademark bar as to why the court thought this rare occurrence was certiorari-worthy.

BY TONY DUTRA