

# 2015

Eastern District of Virginia IP  
**Year In Review**

HUNTON &  
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## INTRODUCTION AND OVERVIEW

2015 introduced a new influx of patent litigation in federal district courts, with a 15 percent increase in filings compared to 2014. The Eastern District of Virginia (“the District”), however, saw a decline in patent filings, dropping from 89 in 2014 to 60 in 2015. Perhaps with the continued plethora of post-grant filings at the Patent Trial and Appeal Board (“PTAB”) and the increased conceivability of receiving a stay in litigation at the District, plaintiffs do not feel the same enthusiasm for the “Rocket Docket” as they once did. Or, perhaps other factors are at play. Nonetheless, the District looked at a number of interesting patent,

trademark and copyright issues in 2015, including the continued development of subject matter eligibility under the *Alice* guidelines, motions to stay involving PTAB proceedings, the constitutionality of *inter partes* reviews, the constitutionality of trademark cancellation under Section 2(a) of the Lanham Act (i.e., disparaging trademarks) and territorial limits to the Lanham Act.

Below, we take a look at key decisions and findings resulting from intellectual property cases in the District in 2015. In addition to providing important case summaries, we also attempt to synthesize trends that emerged from these cases.

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## TRADEMARK CASES

The District considered numerous trademark cases in 2015, many of which were decided on default judgment. Our review focuses on three trademark cases involving three issues: cancellation of a registration because it “may disparage” certain persons, the territorial reach of the Lanham Act, and ownership rights between a manufacturer, distributor and importer.

### CONSTITUTIONALITY OF CANCELLATION UNDER SECTION 2(A)

In one of the most closely watched IP cases of 2015, the District held that Section 2(a) of the Lanham Act, allowing for the cancellation of registered trademarks that “may disparage” certain persons, is constitutional. In *Pro-Football, Inc. v. Blackhorse*, Judge Gerald Bruce Lee further held that it was proper for the Patent and Trademark Office (“PTO”) to cancel several REDSKINS trademark registrations used by the Washington Redskins football team on the grounds that, at the times of their registrations, the registered marks “may disparage” a substantial composite of Native Americans.<sup>1</sup>

In 2006, Amanda Blackhorse and five other Native Americans (the “Blackhorse Group”) filed a cancellation proceeding in the PTO’s Trademark Trial and Appeal Board (“TTAB”) seeking to cancel registrations of six REDSKINS trademarks for professional football contests and related entertainment services. The six registrations belonged to Pro-Football, Inc. (“PFI”), the owner and operator of the National Football League’s Washington Redskins. The Blackhorse Group sought cancellation of the REDSKINS registrations under Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), which allows the PTO to deny registration to (or to cancel a previously issued registration of) a trademark that “[c]onsists of or comprises ... matter which may disparage ... persons ... or bring them into contempt, or disrepute.”<sup>2</sup>

The TTAB suspended the Blackhorse Group’s cancellation proceeding from 2006 to 2009 in light of a prior pending case that Susan Harjo and six other Native Americans (the “Harjo Group”) had initiated in 1992 seeking cancellation of the same six REDSKINS trademark registrations on Section 2(a) grounds. *Harjo v. Pro-Football, Inc.*, 565 F.3d 880 (DC Cir. 2009). In *Harjo*, the TTAB ordered PFI’s REDSKINS registrations canceled, but the US District Court for the District of Columbia reversed the TTAB on appeal, and the DC Circuit affirmed the district court on grounds that laches barred the Harjo Group’s cancellation claims.<sup>3</sup>

After resuming the Blackhorse Group’s cancellation proceeding, the TTAB, on June 18, 2014, ordered the REDSKINS registrations canceled under Section 2(a). The TTAB ruled that when those marks were registered, they consisted of matter that “may disparage” a substantial composite of Native Americans and bring them into contempt or disrepute.<sup>4</sup>

PFI sought *de novo* review of the TTAB’s cancellation ruling from the Eastern District of Virginia, pursuant to Section 21(b) of the Lanham Act. 15 U.S.C. § 1071(b). PFI sought reversal of the TTAB’s cancellation order on various constitutional and evidentiary bases, arguing that:

(1) the “may disparage” provisions of Section 2(a) of the Lanham Act violate the First Amendment by restricting protected speech, imposing burdens on trademark owners and conditioning access to the benefits of federal trademark registration on restrictions of trademark owners’ speech;

(2) the “may disparage” provisions of Section 2(a) are unconstitutionally vague in violation of the Fifth Amendment because they do not provide notice as to which marks “may disparage,” they allow for arbitrary and discriminatory enforcement and they are impermissibly vague as applied to PFI;

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<sup>1</sup> \_\_\_ F. Supp. 3d \_\_\_, 115 U.S.P.Q. 2d 1524, 2015 WL 4096277 (E.D. Va. July 28, 2015).

<sup>2</sup> *Id.* at \*1.

<sup>3</sup> *Id.* at \*3-4.

<sup>4</sup> *Id.* at \*4.



(3) the TTAB’s cancellation of PFI’s REDSKINS trademark registrations violated the due process and takings clauses of the Fifth Amendment because it deprived PFI of its property without due process and constituted an unconstitutional taking of that property;

(4) the record did not establish that a substantial composite of Native Americans believed that the REDSKINS marks consisted of matter that “may disparage” them at the times those marks were registered (1967, 1974, 1978 and 1990); and

(5) the Blackhorse Group’s cancellation claims were barred by laches.

The United States of America joined the Blackhorse Group before the district court in responding to PFI’s constitutional challenges to the trademark cancellations. On cross motions for summary judgment, Judge Lee found for the Blackhorse Group (and the United States) and against PFI on each of PFI’s constitutional and evidentiary challenges, and ordered that the six REDSKINS trademark registrations be canceled.<sup>5</sup>

As a preliminary matter, Judge Lee noted that the TTAB’s cancellations affected only whether the REDSKINS marks would remain *federally registered*. The cancellations did not mean that PFI could no longer *use* the REDSKINS marks. The district court then considered each of PFI’s challenges to the TTAB’s cancellation order in turn.<sup>6</sup>

**First Amendment.** Judge Lee rejected PFI’s First Amendment challenge to the cancellations for two reasons. First, the court found that Section 2(a) of the Lanham Act does not implicate the First Amendment because it does not burden, restrict or prohibit a trademark owner’s ability to *use* a trademark or proscribe any speech or expression. Instead, it relates only to whether a trademark can be *federally registered*. Second, Judge Lee found that the federal trademark registration program, including decisions about which marks to register, is government speech and is therefore exempt from First Amendment scrutiny.<sup>7</sup>

**Fifth Amendment – Void for Vagueness.** In rejecting PFI’s Fifth Amendment void for vagueness challenges, the court noted preliminarily that it was applying a relaxed vagueness review standard to Section 2(a) because that provision relates only to whether a mark will be federally registered; it does not prohibit speech or impose civil or criminal penalties. Judge Lee then found that PFI could not establish that Section 2(a) is facially void for vagueness, for two reasons. First, Section 2(a)’s “may disparage” language gives fair warning as to what it prohibits because multiple dictionaries define the word “disparage” in materially identical ways and because the Supreme Court has used the word “disparage” in its establishment clause jurisprudence. Second, the Lanham Act does not allow for “arbitrary and discriminatory enforcement” of Section 2(a) because the PTO sets forth sufficient guidance as to which marks “may disparage” by publishing PTO examining attorneys’ decisions to

<sup>5</sup> *Id.* at \*39-40.

<sup>6</sup> *Id.* at \*6-7.

<sup>7</sup> *Id.* at \*8-17.



approve or deny registration, by publishing instructions for its examining attorneys in its *Trademark Manual of Examining Procedure* and by publishing its test for disparagement in a precedential decision, *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q. 2d 1705 (T.T.A.B. 1999). Judge Lee also found that Section 2(a) was not impermissibly vague as applied to PFI. First, PFI had reason to know that its registered REDSKINS marks “may disparage” when they were initially registered in 1967 because several dictionaries published before and during that time stated that “redskin” is an offensive term. Second, the PTO has shown no pattern of inconsistency as to whether or not “redskins” is a term that “may disparage” because, since 1992, PTO examining attorneys have refused registration to at least 12 REDSKINS trademark applications on grounds that the applied-for marks “may disparage.”<sup>8</sup>

**Fifth Amendment – Takings and Due Process Clauses.** Judge Lee rejected PFI’s takings and due process clause challenges. A cancellation of a trademark registration cannot trigger a takings or due process clause concern because a trademark registration is not a property interest under the Fifth Amendment. Thus, while PFI may have a property interest in its REDSKINS *trademarks*, it can have no property interest in *federal registrations* of those trademarks.<sup>9</sup>

**“May Disparage.”** Judge Lee found (as the TTAB had found) that PFI’s registered REDSKINS trademarks consisted of matter that “may disparage” a substantial composite of Native Americans. Preliminarily, Judge

Lee found: (1) that the “may disparage” inquiry focuses on the registration dates of the marks at issue (1967, 1974, 1978 and 1990); (2) that, in determining whether the term “redskins” may disparage Native Americans, a court should look to the views of Native Americans, not the general public; and (3) that a “substantial composite” of Native Americans does not necessarily have to be a majority of that group. Judge Lee then found that the meaning of PFI’s registered REDSKINS marks referred to Native Americans, for a variety of reasons, i.e., some of the marks included images of a Native American man or a spear, the team’s football helmets featured an image of a Native American, the team’s marching band wore Native American headdresses for many years, the team’s cheerleaders wore Native American garb and black braided-hair wigs and the team’s press guides displayed Native American imagery. And Judge Lee found that the meaning of PFI’s REDSKINS marks “may disparage” a substantial composite of Native Americans, based on dictionary definitions of the word “redskins” and accompanying editorial designations; scholarly, literary and media references to the word “redskins”; and statements of Native American individuals and group leaders regarding the term “redskins,” all of which demonstrated the disparaging nature of the term. Judge Lee acknowledged that PFI had presented some rebuttal evidence, e.g., certain Native Americans’ naming their own sports teams “Redskins.” But Judge Lee found this evidence unpersuasive because it “[did] not show that there is *not* a substantial composite of Native Americans who find the matter was one that ‘may disparage’ ” (emphasis in original).<sup>10</sup>

<sup>8</sup> *Id.* at \*18-20.

<sup>9</sup> *Id.* at \*20.

<sup>10</sup> *Id.* at \*21-37.



**Laches.** Finally, Judge Lee found that the Blackhorse Group’s “may disparage” claim was not barred by laches. First, Judge Lee found that the Blackhorse Group did not unreasonably delay in petitioning to cancel the REDSKINS registrations. To prevail on its laches defense, PFI was required to prove that, after turning 18, each individual in the Blackhorse Group unreasonably delayed in petitioning the TTAB to cancel PFI’s REDSKINS trademark registrations. But each member of the Blackhorse Group was under 18 in 1999, when the TTAB granted the petition to cancel the REDSKINS registrations in the *Harjo* case. And the Blackhorse Group filed their petition to cancel in 2006, while the *Harjo* case was still pending. As a result, the Blackhorse Group’s delay was not unreasonable. Second, Judge Lee found that laches could not apply to the Blackhorse Group’s petition because of the overriding public interest in removing from the PTO registered marks that are disparaging to a segment of the population.<sup>11</sup>

Based on these rulings, Judge Lee ordered the PTO to cancel PFI’s six REDSKINS trademark registrations at issue.<sup>12</sup>

PFI has appealed the district court’s decision to the Fourth Circuit, and the appeal is pending. However, a recent Federal Circuit case, *In re Tam*,<sup>13</sup> may provide guidance on how this appeal proceeds. For example, the Federal Circuit held in *In re Tam*, an appeal from a TTAB order denying registration to THE SLANTS mark under Section 2(a) of the Lanham Act, that Section 2(a)’s disparagement provisions are unconstitutional on First Amendment grounds. Accordingly, because the REDSKINS trademark registration also was

cancelled on Section 2(a) grounds, the Fourth Circuit may find this cancellation moot in view of *In re Tam*.

#### **TERRITORIAL LIMITS TO LANHAM ACT**

In *Belmora LLC v. Bayer Consumer Care AG*, Judge Lee held that there are limits to the territorial reach of the Lanham Act.<sup>14</sup> In a “case of first impression” involving “novel questions about the reach of the Lanham Act,” Judge Lee reversed the United States Trademark Trial and Appeal Board’s ruling in *Bayer Consumer Care AG v. Belmora LLC*, canceling Belmora’s FLANAX federal registration.<sup>15</sup>

The dispute arose due to the parties’ use of the FLANAX mark to identify an identical product, a naproxen-sodium–based analgesic, but admittedly in different countries. While Bayer used the mark first, Bayer never used the mark in the United States. Instead, Bayer’s use occurred in Mexico, including major cities near the United States-Mexico border. Belmora, in turn, used the mark in the United States, but in a manner that mimicked Bayer’s use in Mexico.<sup>16</sup>

To the TTAB, the location of the prior use gave way to the overwhelming evidence that Belmora intended to trade off Bayer’s reputation and goodwill. “The preponderance of the evidence before us readily establishes blatant misuse of the FLANAX mark in a manner calculated to trade in the United States on the reputation and goodwill of petitioner’s mark created by its use in Mexico.”<sup>17</sup> The TTAB further stated, “We have no doubt that retail customers and consumers exposed to them would draw the logical conclusion

<sup>11</sup> *Id.* at \*37-38.

<sup>12</sup> *Id.* at \*40.

<sup>13</sup> No. 14-1203 (Fed. Cir. Dec. 22, 2015) (en banc).

<sup>14</sup> 84 F. Supp. 3d 490 (E.D. Va. 2015).

<sup>15</sup> 110 U.S.P.Q.2d 1623, 2014 WL 1679146 (T.T.A.B. 2014).

<sup>16</sup> 84 F. Supp.3d at 496-97.

<sup>17</sup> 2014 WL 1679146 at \*10.



that respondent's U.S. product is licensed or produced by the source of the same type of product sold under the FLANAX brand for decades south of the border."<sup>18</sup> Finally, the TTAB stressed that Belmora marketed its FLANAX product in the United States by specifically mentioning the fame and success of Bayer's overseas version. One Belmora document noted that FLANAX was "highly recognized top-selling brand among Latinos" and that an American version would have a "powerful attraction for Latinos by providing them with products they know, trust and prefer."<sup>19</sup>

On a de novo review before Judge Lee pursuant to 15 U.S.C. § 1071(b)(1), however, the central issue was not the intentional conduct of Belmora but instead the territorial limits of the Lanham Act. "The issue in this case can be distilled into one single question: Does the Lanham Act allow the owner of a foreign mark that is not registered in the United States and further has never used the mark in United States commerce to assert priority rights over a mark that is registered in the United States by another party and used in United States commerce?"<sup>20</sup> Judge Lee answered the question in the negative, relying upon the two-factor test articulated in the US Supreme Court decision in *Lexmark International, Inc. v. Static Control Components, Inc.*<sup>21</sup>

First, Bayer lacked standing to sue because its interests did not fall within the "zone of interest" Congress intended to protect via Section 43(a)(1)(A). Citing to the language of the relevant statute as well as the Supreme Court's opinion in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*<sup>22</sup>, Judge Lee stressed that the lynchpin of a false designation of origin claim is possession of a mark. Because Bayer did not possess a mark in the United States, it could not fall within the "zone of interest" and thereby lacked standing.

Second, Judge Lee observed that, even if Bayer satisfied the "zone of interest" test, it still failed to plead sufficient facts. Specifically, Bayer did not allege facts showing that Belmora's alleged unfair designation was the proximate cause of Bayer's economic or

reputational injury. With respect to economic injury, Judge Lee quickly rejected the famous marks doctrine and the diversion-of-sales theory, noting that the Fourth Circuit had yet to accept either. As for reputational injury, Judge Lee held that "mere confusion by itself does not amount to reputational injury — there must also be evidence of harm resulting from the use of the allegedly infringing product."<sup>23</sup>

Although this case is currently on appeal, it shows the importance of a consistent worldwide trademark filing strategy.

## OWNERSHIP ISSUES

In *Product Source International, LLC v. Nahshin*, Senior Judge T.S. Ellis, III held that, in the absence of an agreement, common-law trademark rights will determine trademark ownership in a dispute between the manufacturer, the importer and the distributor.<sup>24</sup> This case involved a trademark ownership dispute between (1) Leonid Nahshin, an Israeli citizen and the creator and manufacturer of mechanical cigarette filters designed to remove nicotine from cigarettes; (2) Nicholas Maslov and his company Safety Aid Supplies, Inc. ("SAS"), the importer of Nahshin's filter products; and (3) Eugene Higgins and his company Product Source International, LLC ("PSI"), the marketer and distributor of the cigarette filter products in the United States. The filter products were sold under the brand NIC OUT, which Nahshin developed and first used in Israel in 2000.

Purportedly unaware of Nahshin's use of and rights in the NIC OUT mark, in March 2006, PSI filed a trademark application with the US Patent and Trademark Office for the NIC OUT mark. Registration issued on December 4, 2007. Eventually, PSI sent a cease and desist letter to Nahshin regarding his use of the NIC OUT mark. On June 23, 2009, Nahshin responded by petitioning to cancel PSI's NIC OUT registration on the grounds that PSI was not the owner.

<sup>18</sup> *Id.* at \*12.

<sup>19</sup> *Id.* at \*11.

<sup>20</sup> 84 F.Supp.3d at 495.

<sup>21</sup> 134 S. Ct. 1377 (2014).

<sup>22</sup> 105 S. Ct. 658 (1985).

<sup>23</sup> 84 F.Supp.3d at 505.

<sup>24</sup> No. 1:14-cv-816, 2015 WL 3919109 (E.D. Va. June 24, 2015).

The TTAB granted Nahshin's petition, stressing that "the mere fact that a U.S. distributor distributes a foreign manufacturer's branded product does not, without more, give the U.S. distributor an ownership interest in the mark."<sup>25</sup> As such, the TTAB concluded that Nahshin became the owner of trademark rights in the mark NIC OUT in the United States through the importation and distribution of NIC OUT filters in the United States by Maslov and PSI. Accordingly, the TTAB concluded that PSI could not have been the owner of the NIC OUT mark at the time it applied for registration.<sup>26</sup>

On appeal to Judge Ellis pursuant to 15 U.S.C. § 1071(a), the parties filed cross motions for summary judgment. Judge Ellis granted them in part and denied them in part. Specifically, Judge Ellis affirmed the TTAB's cancellation and dismissed PSI's claim for reinstatement of the registration. But, with respect to Nahshin's pending claim of trademark infringement, Judge Ellis held that Nahshin's implied consent to PSI's infringing use of the NIC OUT mark barred him from recovering monetary damages for PSI's past infringement.

In resolving the ownership issue, Judge Ellis stressed the common law:

The undisputed record facts demonstrate that Nahshin established common law ownership of the NIC OUT mark prior to PSI's application for registration by using the mark in the U.S. market through the substantial sales of NIC OUT filters to SAS. There is no dispute that filters bearing the mark NIC OUT first arrived in the United

States when Nahshin's company, P. Service, entered a distribution agreement with SAS in 2002, nor is there any dispute that the NIC OUT branded filters PSI obtained from SAS and sold in the United States were filters from that same supply chain. Moreover, these sales preceded PSI's March 2006 application for registration. Specifically, Nahshin sold NIC OUT filters to SAS in the United States from September of 2002 to early 2007, at which time Nahshin then began selling NIC OUT filters directly to PSI. In other words, Nahshin had been selling his NIC OUT marked filters within the United States for almost four years before PSI applied to register the mark. Furthermore, the conclusion that Nahshin established common law ownership of the NIC OUT mark is not undermined by the fact that Nahshin primarily sold to distributors. The trademark use requirement does not require a manufacturer of trademarked goods to take those goods personally to market. In fact, the weight of authority holds that where a foreign manufacturer engages an exclusive U.S. distributor, the presumption is that, absent evidence to the contrary, trademark rights remain with the foreign manufacturer. And here there is no evidence that Nahshin and SAS or Nahshin and PSI had any agreement transferring or ceding Nahshin's rights to the NIC OUT trademark either to SAS or PSI.<sup>27</sup>

Judge Ellis then rejected PSI's argument pursuant to *Sengoku Works, Ltd. v. RMC Int'l, Ltd.*<sup>28</sup> that any sales should be credited to it, the distributor, versus Nahshin, the manufacturer.<sup>29</sup>

<sup>25</sup> Nahshin v. Product Source Int'l, LLC, 107 U.S.P.Q.2d 1257 (T.T.A.B. 2015).

<sup>26</sup> *Id.*

<sup>27</sup> 2015 WL 3919109 at \*7.

<sup>28</sup> 96 F.3d 1217 (9th Cir. 1990).

<sup>29</sup> 2015 WL 3919109 at \*10.



These conclusions, however, did not end Judge Ellis’s analysis. He next addressed the issue of acquiescence, i.e., was Nahshin barred from asserting a claim of trademark infringement against PSI because Nahshin impliedly consented to PSI’s use and ownership of the NIC OUT mark? Judge Ellis concluded that although Nahshin’s conduct precluded it from an award of monetary damages based upon PSI past infringement, it did not bar equitable relief.<sup>30</sup>

While parties should resolve the ownership dispute up front via written agreements, this case highlights the importance of establishing common-law rights in the absence of such agreement.

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## PATENT CASES

### INVALIDITY

The District, like most courts that handled patent cases in 2015, considered subject matter eligibility in light of the recent cases handed down by the Supreme Court and Federal Circuit. *Alice*<sup>31</sup> was the focus of most of the 2015 cases examining invalidity in the District, and it proved to be the demise of several patents.

We reviewed four cases that addressed nonstatutory subject matter under § 101, and each of them resulted in judgment for the defendant. Specifically, the District granted three motions to dismiss<sup>32</sup> and a motion for judgment on the pleadings<sup>33</sup> under *Alice*.

In *In re TLI Communications LLC Patent Litigation*, the defendants filed a motion to dismiss, challenging

the validity of the patent-in-suit under *Alice*.<sup>34</sup> The patent at issue was titled an “Apparatus and Method for Recording, Communicating and Administering Digital Images.” Applying *Alice*, Judge Ellis held that the patent is “clearly directed to the abstract idea of taking, organizing, classifying, and storing photographs.”<sup>35</sup> The court then considered whether the patent “contains an inventive concept such that, coupled with its claimed abstract idea” the patent is eligible for protection under § 101.<sup>36</sup> The plaintiff argued, among other things, that Claim 17 of the patent “contains an inventive concept because it utilizes an ‘intelligent’ server which performs a variety of inventive functions.”<sup>37</sup> The defendants responded that “the only functions performed by the computer in Claim 17 are the routine and generic processing and storing capabilities of computers generally.”<sup>38</sup> Judge Ellis agreed with defendants, and held that the patent was invalid under § 101. The court further held that certain means-plus-function claims in the patent were “invalid as indefinite because the specification of the ‘295 patent does not disclose corresponding structure in the form of an algorithm for the claimed function of allocating classification information.”<sup>39</sup>

The District also granted a motion to dismiss based on § 101 in *MicroStrategy Inc. v. Apttus Corp.*<sup>40</sup> Judge John A. Gibney determined that the patent-in-suit was directed to “the abstract idea of data storage and report generation” and cited several cases reaching a similar conclusion.<sup>41</sup> The court then considered whether the patent adds an “inventive concept” to the abstract idea. The court observed that the “mere recitation of a generic computer cannot transform a

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<sup>30</sup> *Id.* at \*14.

<sup>31</sup> *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014).

<sup>32</sup> *In re TLI Commc’ns LLC Patent Litig.*, 87 F. Supp. 3d 773 (E.D. Va. 2015); *MicroStrategy Inc. v. Apttus Corp.*, No. 3:15-cv-21-JAG, 2015 WL 4425828 (E.D. Va. July 17, 2015); *Carfax, Inc. v. Red Mountain Technologies, LLC*, \_\_\_ F.Supp.3d \_\_\_, 2015 WL 4740513 (E.D. Va. March 31, 2015).

<sup>33</sup> *Certusview Techs., LLC v. S & N Locating Servs., LLC*, No. 2:13cv346, 2015 WL 269427 (E.D. Va. Jan. 21, 2015).

<sup>34</sup> 87 F.Supp. 3d 773.

<sup>35</sup> *Id.* at 785

<sup>36</sup> *Id.* at 788

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 804.

<sup>40</sup> 2015 WL 4425828.

<sup>41</sup> *Id.* at \*3.





patent-ineligible abstract idea into a patent-eligible invention.”<sup>42</sup> The court held that the patent was invalid and noted that the patent “relies on a computer operating in a ‘normal, expected manner.’”<sup>43</sup> The court also considered two other patents and reached a similar result.<sup>44</sup>

*Carfax, Inc. v. Red Mountain Technologies* also saw the District grant a motion to dismiss based on *Alice*.<sup>45</sup> That case involved a patent entitled “System and Method for Insurance Underwriting and Rating.” Judge Lee held that the patent was “directed toward the abstract idea of ‘underwriting an insurance policy’ because the claims recite (1) a business method of organizing human activity and (2) a well-established, fundamental practice.”<sup>46</sup> The court then considered whether the patent contained an “inventive concept” based on the “machine-or-transformation test.”<sup>47</sup> Judge Lee held that the patent failed this test because “the claims do not explain how the process transforms a particular article into a different state or thing and mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”<sup>48</sup> The court invalidated a second patent based on similar reasoning.<sup>49</sup>

Finally, in *CertusView Technologies, LLC v. S & N Locating Services, LLC*, the District granted a motion for judgment on the pleadings based on *Alice*.<sup>50</sup> There were five patents at issue in the case, all involving “technology for prevention of damage to underground infrastructure,” such as utility lines and pipes.<sup>51</sup> The technology purportedly improved

“locate operations” performed prior to excavating for purposes of identifying and marking underground facilities.<sup>52</sup> Judge Mark S. Davis considered the claims at issue and determined that they were directed to abstract ideas, such as “creating computer-readable files to store information” or “electronically transmitting or storing information” or “electronically displaying information,” all “as applied in the particular technological environment of conducting a locate operation.” Judge Davis further held that the patents were invalid because the claims did contain an “inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application by including additional features to ensure that the claim is more than a drafting effort designed to monopolize the abstract idea.”<sup>53</sup>

In 2015, the District also invalidated a patent based on indefiniteness. In *Spherix Inc. v. Verizon Services Corp.*, the patent owners argued that the specification and prosecution history resolved any issues regarding the term “an interface for connecting a service delivery unit to a given medium.”<sup>54</sup> However, Judge Lee determined that the specification and prosecution history failed to explain the “interface for connecting,” and how it differs from an “interface module.”<sup>55</sup> Thus, Judge Lee granted a motion for summary judgment for invalidity based on indefiniteness.

Finally, in *Samsung Electronics Co., Ltd. v. NVIDIA Corp.*, the court denied a motion for summary judgment to invalidate a patent based on lack of a written description and obviousness.<sup>56</sup> Senior Judge Robert E. Payne determined that the written

<sup>42</sup> *Id.* at \*4 (citing *Alice*, supra).

<sup>43</sup> *Id.* at \*4-5.

<sup>44</sup> *Id.* at \*5-7.

<sup>45</sup> 2015 WL 4740513.

<sup>46</sup> *Id.* at \*6.

<sup>47</sup> *Id.* at \*7.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.* at \*8-9.

<sup>50</sup> 2015 WL 269427.

<sup>51</sup> *Id.* at \*1.

<sup>52</sup> *Id.*

<sup>53</sup> *Id.* at \*18 (citations omitted).

<sup>54</sup> No. 1:14-cv-00721-GBL-TCB, 2015 WL 4740466 (E.D. Va. July 1, 2015).

<sup>55</sup> *Id.* at \*5.

<sup>56</sup> No. 3:14cv757, 2015 WL 9200460 (E.D. Va. Dec. 16, 2015).



description was sufficient under existing case law. He further determined that questions of fact regarding conception, diligence and reduction to practice precluded summary judgment on obviousness in connection with the particular prior art raised by the defendant. In this regard, the court held that “a period of several months of inactivity may be reasonable” under certain circumstances.<sup>57</sup> The court concluded that “a fact-intensive inquiry such as reasonable diligence is best evaluated for legal sufficiency after all the evidence has been presented.”<sup>58</sup>

#### PLAIN AND ORDINARY MEANING

In 2015, the District had several opportunities to construe patent claims. The 2015 cases reaffirm the strong presumption in favor of plain and ordinary meaning without reading more into a claim than the terms provide. Typically, the court relies on the parties to identify the terms that need construction. However, at times, the court may itself identify a term for construction, as occurred in *TecSec, Inc. v. International Business Machines Corp.*,<sup>59</sup> discussed below.<sup>60</sup>

The starting point for any claim construction is the words of the claim itself. It is a “bedrock principle” of patent law that the claims of a patent define the invention to which the patentee is granted the right to exclude. Claim terms are generally given the ordinary and customary meaning according to a person of ordinary skill in the art at the time of the invention. In some instances, the claim terms are so simple that the

ordinary meaning of claim language as understood by a person of skill in the art may be readily apparent even to lay persons, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words.

In *Samsung Electronics Co., Ltd. v. NVIDIA Corp.*, Judge Payne discussed a number of terms and applied a plain and ordinary meaning to several relatively simple terms used to describe highly technical components.<sup>61</sup> For example, the court construed two “depositing” steps differently due to the plain meaning of what the “depositing” was “onto” (i.e., a specific surface of a particular layer versus simply a particular layer). To comply with the claim’s plain language in this example, the court recognized that depositing on a layer was less restrictive than depositing on a specific surface of a particular layer.

In *Freight Tracking Technologies, LLC v. Virginia International Terminals, LLC*, the parties agreed that plain meaning applied, but disagreed on what that plain meaning was.<sup>62</sup> The term at issue was “attaching” within the context of a claim reciting “attaching a number of GPS receivers to a number of freight containers in said freight yard.” The patent owner argued that “attaching” meant “associate or connect” so that the term would include indirectly “attaching” the GPS receiver to a freight container by attaching it to the vehicle carrying the container. The defendant, on the other hand, argued that “attaching” meant to “affix.” Judge Arenda Wright Allen noted that where there

<sup>57</sup> *Id.* at \*13.

<sup>58</sup> *Id.* at \*15.

<sup>59</sup> No. 1:10cv115 (LMB/TCB), 2015 WL 2157355 (E.D. Va. May 7, 2015), appeal docketed, No. 15-1686 (Fed. Cir. May 29, 2015).

<sup>60</sup> This case is presently under appeal at the Federal Circuit.

<sup>61</sup> No. 3:14-cv-757, 2015 WL 4622472 (E.D. Va. July 30, 2015).

<sup>62</sup> No. 2:13cv708 (E.D. Va. Feb. 24, 2015).

are several common meanings for a claim term, the patent specification can serve as a guide to the proper meaning, and the specification in *Freight Tracking Technologies* was replete with evidence pointing toward the proper definition of “attach.” Consistent with its plain and ordinary meaning and the specification, the court construed the term “attach” to mean to “affix or fasten to.” The defendants requested that the court add an additional limitation to the claim to clarify that it did not include “affixing” the GPS receiver “to a powered vehicle that transports freight containers.” However, the court rejected this effort and held that the language of the claim already defined a specific act — “attaching ... to a number of freight containers.”

Again, in *Freight Tracking Technologies*, Judge Allen applied the plain and ordinary meaning of the term “operating” in the context of the phrase “intermittently operating.” Although the court adopted the defendants’ plain meaning of the term, it declined to add additional language requested by the defendants to clarify the purpose of the term. The court held that the purpose was not a necessary limitation to interpret the term even though the purpose (“to conserve power”) was expressly provided in the claim. Judge Allen reasoned that such a purpose was “extraneous” and would not be added.

In another case, Judge Leonie M. Brinkema did not limit claim construction to the terms raised by the parties. In *TecSec, Inc. v. International Business Machines Corp.*, Judge Brinkema advised the parties during oral argument on summary judgment that she viewed the term “selecting a label for the object” as potentially dispositive, even though this term was not

raised or briefed by either party.<sup>63</sup> The issue here was whether “selecting a label” includes “creating a label” or “selecting the components that go into a label.” In construing this term, Judge Brinkema looked to dependent claims to provide insight as to how the term in claim 1 should be construed. The court found that language in dependent claim 2 clarified that, before an object can be selected, it must be first created. Under the doctrine of claim differentiation, the court determined that the addition of the step of “creating” provides evidence that the “selecting” step in claim 1 does not include “creating.”

Overall, 2015 provided the District with a number of opportunities to construe the claims of patents, whether it be disputed claims raised by the parties or claims that the court itself determined were material to the outcome of the case. The 2015 cases illustrate the importance of plain and ordinary meaning as well as the limiting and nonlimiting effects of surrounding phrases and terms. The cases are a reminder that the court’s role is not simply to choose between competing constructions offered by the parties, but also to make its own claim construction, which may include identifying additional terms for construction not identified by the parties.

#### TIMING

When considering the ordinary meaning of a claim term, the time period associated with the filing of the application also may be extremely relevant, especially when the pendency of an application is quite lengthy.

<sup>63</sup> 2015 WL 2157355 (E.D. Va. May 7, 2015), appeal docketed, No. 15-1686 (Fed. Cir. May 29, 2015).



For example, during the pendency of a patent application, the meaning of words may change or evolve. However, the ordinary and customary meaning of a claim term is the meaning that term would have to a person of ordinary skill in the art at the time the patent application was filed. Thus, when a claim term understood to have a narrow meaning when the application is filed later acquires a broader or different definition, the literal scope of the term is limited to what it was understood to mean at the time of filing.

In *UCB, Inc. v. Yeda Research*, the timing of the patent application played an important role in Judge Brinkema's consideration of a patent concerning specialized immune cells fused with benign tumor cells to form what is known as "hybridomas."<sup>64</sup> Here, the patentee added a new claim on July 21, 1988, to a patent application filed in 1984. The examiner rejected that claim for lack of written description and lack of enablement. More than 12 years later, on November 26, 1996, the patentee made specific arguments that new hybridomas could be derived from spontaneous mutation, deliberate mutation, and selection and genetic engineering. The court noted that, although such arguments might be evidence of subjective intent, the subjective intent to claim certain subject matter is of little or no probative weight in determining the scope of a claim. The focus, rather, in claim construction is on the meaning of the term at the time of the invention. Accordingly, the expanded scope of protection that the patentee sought in 1996 was found to be of little weight when deciphering the meaning of that claim term in 1984, when the patent application was filed.

<sup>64</sup> No. 1:14cv1038 (LMB/TCB), 2015 WL 4619996 (E.D. Va. July 30, 2015).

## PROSECUTION HISTORY

Generally, a patent owner's statements made during prosecution can serve to narrow the claim scope. However, a clear and unambiguous disavowal of claim scope is required to impart a limitation from the prosecution history into the language of the claim as a disclaimer.

In *Samsung*, the Patent Office correspondence proffered as a disclaimer merely indicated that the patent applicant was distinguishing the prior art based on its absence of a feature. Although the applicant noted that the prior art's technique was prone to an error, Judge Payne found that such language did not constitute the type of clear and unambiguous language that the law requires for a disclaimer.<sup>65</sup>

Likewise, in *Freight Tracking Technologies*, Judge Allen concluded that the prosecution history did not present a clear and unmistakable disavowal of the claim scope. In making this determination, the patent owner's statements must be considered in their proper context and not in a vacuum. Judge Allen held that when the patentee's statements were viewed in context, the prosecution history simply did not contain a clear and unmistakable disavowal.<sup>66</sup>

These cases illustrate the high burden for proving disclaimer. For the court to find that the prosecution history limits a claim's scope, the prosecution history must clearly articulate the patentee's disavowal of claim scope.

<sup>65</sup> *Samsung Elecs.*, 2015 WL 4622472 at \*5.

<sup>66</sup> *Freight Tracking Tech.*, *supra*, slip. op. at 8.





## LITERAL INFRINGEMENT

Once claim construction issues have been resolved, the question of infringement may be addressed. A claim is literally infringed when the accused device literally embodies each limitation of the claim.

In 2015, the District had several opportunities to consider infringement issues on summary judgment, and consistently these cases were resolved in favor of the defendant.

In *UCB*, Judge Brinkema found no literal infringement because, under the court's construction, the accused product simply could not contain the claim element at issue.<sup>67</sup> In the *Freight Tracking* case, Judge Allen granted defendant's motion for summary judgment regarding literal infringement because the only evidence plaintiff offered merely rehashed its failed claim construction arguments seeking a broader construction of the claim.<sup>68</sup> Additionally, in the *TecSec* case, where terms not raised or briefed by either party were construed, Judge Brinkema granted a summary judgment of noninfringement.<sup>69</sup>

## INFRINGEMENT UNDER DOCTRINE OF EQUIVALENTS

Even without literal infringement of a claim limitation, a patentee may establish infringement under the doctrine of equivalents (DOE) if an element of the accused device performs substantially the same function in substantially the same way to obtain the same result as the claim limitation. The purpose of DOE is to allow the patentee to claim those

insubstantial alternations that were not captured in drafting the original patent claim but which could be created through trivial changes. To support a finding of infringement under DOE, a patentee must provide particularized testimony and linking argument to show the equivalents are insubstantially different. Conclusory statements from an expert are insufficient to create a genuine issue of material fact to preclude summary judgment of noninfringement.

In *Freight Tracking Technologies, LLC v. Virginia International Terminals, LLC*, Judge Allen granted summary judgment to the defendants on plaintiff's claim under the doctrine of equivalents.<sup>70</sup> The patent owner's expert only offered generalized conclusions regarding the doctrine of equivalents in his expert report. The court held that this was insufficient to support plaintiff's DOE claim. The patent owner argued that the expert's report regarding literal infringement supported his conclusions regarding the DOE. However, as noted by the court, a patentee cannot compensate for sparse testimony regarding doctrine of equivalents by relying exclusively on testimony regarding literal infringement.

In the *UCB* case, Judge Brinkema considered the issue of how the cancellation of dependent claims in response to an examiner's rejection affected the scope of the independent claim. In this case, the examiner's rejection was, in effect, a statement that the inventor could not properly claim specific antibodies, and the inventor's cancellation in response was taken as

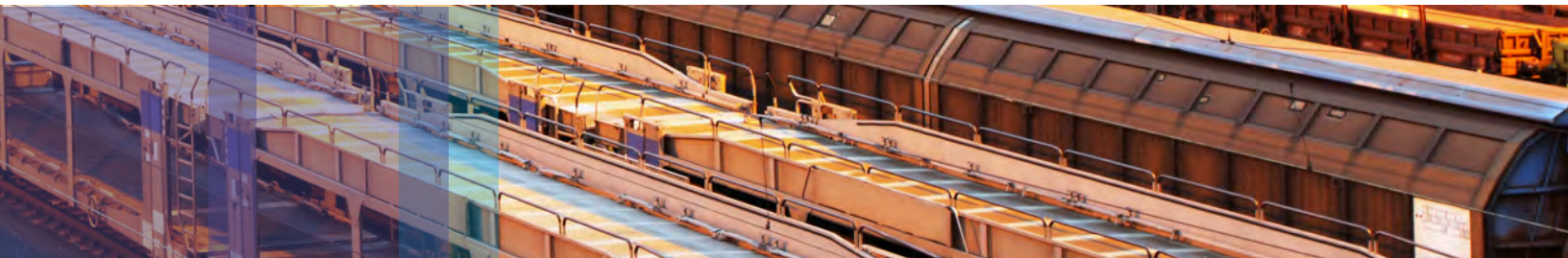
<sup>67</sup> *UCB*, No. 1:14cv1038, 2015 WL 4619996 (E.D. Va. July 30, 2015).

<sup>68</sup> *Freight Tracking*, No. 2:13cv708 (E.D. Va. May 27, 2015).

<sup>69</sup> *TecSec*, 2015 WL 2157355 (E.D. Va. May 7, 2015), appeal docketed, No. 15-1686 (Fed. Cir. May 29, 2015).

<sup>70</sup> *Freight Tracking*, No. 2:13cv708 (E.D. Va. Aug. 7, 2015).





a concession that the invention as patented does not reach as far as the original claims. Thus, Judge Brinkema found no infringement under the doctrine of equivalents by reasoning that the patentee conceded the correctness of the rejections made by the USPTO and “cannot now complain that it is estopped from re-capturing that subject matter as an equivalent.”<sup>71</sup> As these cases illustrate, claim construction decisions often lead to summary judgment of noninfringement, whether literal infringement or under the doctrine of equivalents.

#### EXCEPTIONAL CASES

In 2015, the District dealt with the topical theme of nonpracticing entities when deciding two cases seeking an “exceptional case” finding and an award of attorney’s fees. The motion for fees was denied in both cases, and the court declined to find that “aggressive litigation strategy” to enforce a patent amounts to an “exceptional case.”

In *Intellectual Ventures I LLC v. Capital One Financial Corporation*, Judge Anthony J. Trenga found that the underlying litigation should not be deemed an “exceptional case” because the patent owner had a right to enforce its presumptively valid patent.<sup>72</sup>

While the defendant argued that Intellectual Venture’s “conduct must be assessed within the context of what it characterizes as industry-wide ‘sham litigation’ by the world’s largest patent assertion entity,” the court determined that it draws “no adverse inferences” based solely on the patent owner’s status as a “patent assertion entity.”<sup>73</sup> The patent owner is “authorized and indeed, encouraged, by the nature of the presumptively valid patent monopoly” conferred upon it to enforce its patent. Additionally, to be “exceptional,” a case must “stand[] out in material respects from other patent litigation,” which this case did not.<sup>74</sup>

In that same theme, Judge Raymond A. Jackson did not find a case involving patents regarding computerized meal planning to be “exceptional,” even though the patent was found invalid under § 101.<sup>75</sup> The defendants in *DietGoal Innovations, LLC v. Wegmans Food Markets, Inc.* argued that the plaintiff “asserted a patent clearly claiming an abstract idea,” and litigated this case in subjectively bad faith because the “facially broad and clearly invalid patent” was used to sue more than 70 food industry and other companies.<sup>76</sup> However, Judge Jackson held that the case was not “exceptional,” noting that “a patent holder has a right to vigorously enforce its presumptively valid patent,”<sup>77</sup> and that “the mere fact that a patent owner brings numerous patent infringement lawsuits does not mean that the plaintiff is acting in bad faith.”<sup>78</sup>

<sup>71</sup> UCB, *supra*, 2015 WL 4619996 at \*18.

<sup>72</sup> No. 1:13cv0740 (AJT/TCB), 2015 WL 7283108 (E.D. Va. Nov. 17, 2015).

<sup>73</sup> *Id.* at \*5.

<sup>74</sup> *Id.* at \*5.

<sup>75</sup> *DietGoal Innovations, LLC v. Wegmans Food Markets, Inc.*, No. 2:13cv154, 2015 WL 5026226 (E.D. Va. Aug. 24, 2015).

<sup>76</sup> *Id.* at \*5-6.

<sup>77</sup> *Id.* at \*5 (citing *Homeland Housewares LLC v. Sorensen Research & Dev. Trust*, 581 F. App’x 877, 881 (Fed. Cir. 2014)).

<sup>78</sup> *Id.* at \*6 (citing *DietGoal Innovations LLC v. Chipotle Mexican Grill, Inc.*, No. 2:12-cv-00764-WCB, 2015 WL 1284826 (E.D. Tex. Mar. 20, 2015)).

## EXPERT ISSUES

The District also had the opportunity to consider patent-related expert issues in 2015.

In *Intelligent Verification Systems, LLC v. Microsoft Corp.*<sup>79</sup> Magistrate Judge Lawrence R. Leonard considered *Daubert* motions pertaining to the calculation of reasonable royalties: first, whether a settlement agreement relied on by defendants' expert is more comparable than licenses relied on by plaintiff's expert; and second, whether plaintiff's expert properly apportioned the royalty base.<sup>80</sup>

The court observed that in establishing a reasonable royalty, the "licenses relied on by the patentee in proving damages [must be] sufficiently comparable to the hypothetical license at issue in suit."<sup>81</sup> The district court must exercise its gatekeeping function to bar noncomparable licenses when the license does not meet the baseline comparability test, which considers whether "the methodology is sound" and whether "the evidence relied upon [is] sufficiently related to the case at hand."<sup>82</sup>

Generally, settlement agreements proffered as comparable licenses are disfavored. However, in *ResQNet.com, Inc. v. Lansa, Inc.*, the Federal Circuit held that in "limited circumstances" when a lone settlement agreement stands apart from all other licenses of record as being uniquely relevant and reliable, the settlement agreement may be used as a comparable license.<sup>83</sup> The District relied on *ResQNet* and held that the settlement agreement relied on by defendants' expert was more comparable than licenses relied on by plaintiff's expert.<sup>84</sup> Specifically, the court opined that plaintiff's attempt to dodge flaws in how the patented technology was implemented by focusing on the patent disclosures was not enough to establish comparability, stating that although a patent disclosure has some role in the comparability analysis, it is not a role that can subsume the license agreement entirely.<sup>85</sup>

Judge Leonard also granted defendants' *Daubert* motion to exclude testimony of plaintiff's expert regarding the expert's apportionment of the royalty calculation.<sup>86</sup> Plaintiff's expert determined what hardware components of the accused product were necessary to practice the asserted patent and determined the associated cost of these components.<sup>87</sup> However, Judge Leonard found that plaintiff's expert did not properly apportion the royalty base because the expert was required to apportion beyond identifying the smallest scalable patent-practicing unit ("SSPPU").<sup>88</sup> Thus, while plaintiff's expert did identify the necessary hardware components needed to practice the patented feature and identified those necessary components as the SSPPU, Judge Leonard held that the expert did not apportion, as required, any value to the necessary hardware components, which have several noninfringing features with no relation to the patented feature. Judge Leonard therefore found the expert's opinion flawed and directly contrary to Federal Circuit precedent.<sup>89</sup>

In another motion involving the same parties, the plaintiff moved to strike all portions of defendants' expert report that relied on alleged prior art references for invalidity that were not fully disclosed in a claim chart during fact discovery.<sup>90</sup> Plaintiff did not dispute that each of the disputed prior art references was disclosed during fact discovery in response to an interrogatory, but the references were not included in defendant's claim charts. Judge Leonard denied plaintiff's motion to strike, holding that defendants were not required by order or local rules to provide claim charts, and plaintiff failed to identify any controlling legal authority that would have compelled defendants to disclose the prior art references in a claim chart.<sup>91</sup>

In *Freight Tracking Technologies, LLC v. Virginia International Terminals, LLC*, Judge Allen affirmed the magistrate judge's decision to grant defendants'

<sup>79</sup> No. 2:12-cv-525, 2015 WL 1518099 (E.D. Va. Mar. 31, 2015).

<sup>80</sup> *Id.* at \*5.

<sup>81</sup> *Id.* at \*2 (quoting *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1325 (Fed. Cir. 2009)).

<sup>82</sup> *Id.* (quoting *ActiveVideo Networks, Inc. v. Verizon Commc'ns, Inc.*, 694 F.3d 1312, 1333 (Fed. Cir. 2012)).

<sup>83</sup> 594 F.3d 860, 870-72 (Fed. Cir. 2010).

<sup>84</sup> *Intelligent Verification Sys.*, 2015 WL 1518099 at \*2 (quoting *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 870-72 (Fed. Cir. 2010)).

<sup>85</sup> *Id.* at \*4.

<sup>86</sup> *Id.* at \*8.

<sup>87</sup> *Id.* at \*5.

<sup>88</sup> *Id.* at \*6.

<sup>89</sup> *Id.* at \*7.

<sup>90</sup> *Intelligent Verification Systems, LLC v. Microsoft Corp.*, No. 2:12-cv-525, 2015 WL 846012, \*1 (E.D. Va. Feb. 25, 2015).

<sup>91</sup> *Id.* at \*2.



request to strike a declaration from the summary judgment record for including content not disclosed in the expert declarant's opening report.<sup>92</sup> In moving for summary judgment, defendants asserted that plaintiff's opening expert report failed to provide particularized testimony to support plaintiff's doctrine of equivalents claim. In response, plaintiff disclosed for the first time an expert declaration, which contained 10 pages and more than 30 numbered paragraphs on the doctrine of equivalents.<sup>93</sup> The magistrate judge determined that this declaration was an untimely disclosure of new opinion evidence on the doctrine of equivalents and should be stricken from the summary judgment record.

On review, Judge Allen affirmed the magistrate judge's decision, finding that plaintiff was not able to rely on generalized statements from an opening expert report as to the overall similarity between the claims and the accused infringer's product as support for a later declaration containing more particularized testimony with respect to the doctrine of equivalents.<sup>94</sup> Judge Allen further held that the plaintiff's subsequent expert declaration with respect to doctrine of equivalents could not constitute a supplementation of the opening expert report and/or a rebuttal report.<sup>95</sup>

### **MOTIONS TO TRANSFER**

The District has been the fastest trial docket in the country for seven consecutive years. Sophisticated patent plaintiffs with venue options routinely bring patent cases here to take advantage of the District's

speed and efficiency. But defendants may have preferred venues elsewhere. We reviewed five 2015 patent transfer cases, three of which granted transfer and two of which denied it.<sup>96</sup> The following lessons may be gleaned from these cases.

First, these cases illustrate that it is the moving party's burden to establish the basis for transfer, and the reasons for transfer must be strong. As courts in the District have repeatedly stated: "[t]he party seeking transfer bears the burden of proving that the circumstances of the case are *strongly* in favor of transfer."<sup>97</sup> Also, the "transfer is not appropriate where it will only serve to shift the balance of inconvenience from one party to the other."<sup>98</sup> That said, Judge Henry E. Hudson has noted that "[g]enerally, the preferred forum in a patent infringement action 'is that which is the center of the accused activity, and the trier of fact ought to be as close as possible to the milieu of the infringing device and the hub of activity centered around its production.'"<sup>99</sup>

Second, these cases illustrate the test for determining whether to grant a motion to transfer. Specifically, "when evaluating a motion to transfer venue under 28 U.S.C. § 1404 (a), courts follow a two-step inquiry. First, the court must determine whether the civil action could have been brought in the proposed transferee forum. Second, the court should consider: (1) the plaintiff's choice of forum; (2) the convenience of the parties; (3) access to evidence; (4) the convenience of

<sup>92</sup> No. 2:13cv708 (E.D. Va. Aug. 4, 2015).

<sup>93</sup> *Id.*

<sup>94</sup> *Id.* at 7-8.


<sup>95</sup> *Id.* at 8-10.

<sup>96</sup> Granting transfer: Global Touch Solutions, LLC v. Toshiba Corp., No. 2:14cv346, 2015 WL 3798085, \*3 (E.D. Va. June 15, 2015); Orbital Australia Pty Ltd., v. Daimler AG, No. 3:14cv808, 2015 WL 4042178, \*2 (E.D. Va. July 1, 2015); Automated Tracking Solutions, LLC v. Validfill, LLC, No. 3:15cv142-HEH, 2015 WL 9025703 (E.D. Va. Dec. 15, 2015). Denying transfer: Samsung Elecs. Co., Ltd. v. NVIDIA Corp., No. 3:14cv757, 2015 WL 1526438 (E.D. Va. April 3, 2015) and Cobalt Boats, LLC v. Sea Ray Boats, Inc., etc., No. 2:15cv21, 2015 WL 1800274, \*2 (E.D. Va. April 16, 2015).

<sup>97</sup> Global Touch, 2015 WL 3798085, at \*4 (emphasis in original, citations omitted).

<sup>98</sup> *Id.*

<sup>99</sup> Automated Tracking Solutions, 2015 WL 9025703, \*3 (citations omitted).



the witnesses, including third-party witnesses; and (5) the interest of justice.”<sup>100</sup>

Under the first prong of this test, the threshold question is whether the proposed transferee court is one in which the action originally may have been brought. In order to establish this, “a movant must establish *that both venue and jurisdiction* with respect to each defendant is proper in the transferee district.”<sup>101</sup>

Under the second prong of this test, *all* relevant factors are to be balanced. But the District has repeatedly emphasized: “(1) ease of access to sources of proof; (2) the convenience of the parties and witnesses; (3) the cost of obtaining the attendance of witnesses; (4) the availability of compulsory process; (5) the interest in having local controversies decided at home; (6) in diversity cases, the court’s familiarity with the applicable law; and (7) the interest of justice.”<sup>102</sup>

When considering various factors, witness convenience and access to sources of proof is of “considerable importance” in determining whether transfer is appropriate.<sup>103</sup> Live testimony is preferred so access to compulsory process is a key factor. Nonparty witnesses are afforded greater weight. Affidavits should be proffered supporting or opposing the motion regarding the “materiality of evidence and degree of inconvenience.”<sup>104</sup> Declarations from nonparty witnesses indicating their willingness to travel to the District can be persuasive.<sup>105</sup>

In looking at other factors, traditionally, the plaintiff’s choice of forum was given substantial weight. But the District has held that if Virginia is not the plaintiff’s home forum and “the cause of action bears little or no relation to that forum, the plaintiff’s chosen venue is not entitled to such substantial weight.”<sup>106</sup> Essentially, “[a]lthough still entitled to some weight, when a plaintiff does not file suit in its home forum and the connection to the chosen forum is not unique, this factor is not dispositive.”<sup>107</sup> In fact, “[m]ultiple judges” have held that the plaintiff’s choice of forum may be entitled to “minimal weight,” particularly if the plaintiff is a nonpracticing entity.<sup>108</sup>

Similarly, the interest of justice factor, while considered to ensure fairness, also may be a lesser considered factor. As recently reiterated in the District,

[t]he interests of justice factor encompasses public interest factors aimed at “systemic integrity and fairness,” ... the most prominent elements of which are judicial economy and the avoidance of inconsistent judgments. ... Fairness is assessed by considering docket congestion, interest in having local controversies decided at home, knowledge of applicable law, unfairness in burdening forum citizens with jury duty, and interest in avoiding unnecessary conflicts of law. ...<sup>109</sup>

Many of these factors (e.g., locality, choice of law, juror burden) may not strongly apply in a patent case involving large national/international corporations, but they all need to be weighed and balanced.<sup>110</sup>

<sup>100</sup> *Orbital Australia*, 2015 WL 4042178, \*2 (internal citations omitted).

<sup>101</sup> *Global Touch*, 2015 WL 3798085, \*3 (emphasis in original, citations omitted).

<sup>102</sup> *Cobalt Boats*, 2015 WL 1800274, \*2 (citation omitted).

<sup>103</sup> *Global Touch Solutions, LLC*, 2015 WL 3798085, \*14.

<sup>104</sup> *Id.*

<sup>105</sup> *Cobalt Boats*, 2015 WL 1800274, \*3.

<sup>106</sup> *Cobalt Boats*, *supra* (citations omitted).

<sup>107</sup> *Id.*

<sup>108</sup> *Global Touch*, *supra* at \*11; *Automated Tracking*, *supra* at \*2.

<sup>109</sup> *Global Touch*, *supra* at \*18.

<sup>110</sup> *Id.*



Interestingly, the speed of the E.D. Va. “Rocket Docket” is a factor that may be considered in transfer determinations. Historical “time-to-trial” information confirms the relative speed of the “Rocket Docket” and this is not lost on sophisticated plaintiffs seeking swift justice. Certainly, “[w]hen a plaintiff chooses a forum for purposes of fostering speedy and inexpensive litigation, this factor’s weight should not be diminished in the overall balance.”<sup>111</sup> However, another local court has stated that, while docket speed must be considered in the balance, such factors are “not given great force,” if there are not sufficient ties to the district.<sup>112</sup>

The 2015 cases indicate that both Fourth Circuit precedent and Federal Circuit case law may be considered by the court in analyzing a motion to transfer. Although Fourth Circuit precedent governs, courts in the District have also cited with approval the following Federal Circuit passage: “This court has held and holds again in this instance that in a case featuring most witnesses and evidence closer to the transferee venue with few or no convenience factors favoring the venue chosen by the plaintiff, the trial court should grant a motion to transfer.”<sup>113</sup>

Finally, *Samsung* discusses a motion to transfer that is contingent on severing and staying the remaining claims. In this situation, the defendant must satisfy an additional two-pronged test: “(1) the claims to be severed are only peripheral in nature, and

(2) adjudication of the remaining main claims will potentially dispose of the severed claims.”<sup>114</sup> Claims tend to be peripheral when the defendant is only a customer, reseller or distributor of the infringing product.<sup>115</sup> But this is a judgment call that turns on a number of factors, sometimes making it difficult for defendants to meet their burden to show transfer is appropriate.<sup>116</sup>

The 2015 transfer cases are a good primer on the test for transfer and evaluation of the relevant factors. The District will likely continue to see its share of these motions, as many plaintiffs choose to file in the “Rocket Docket” and defendants seek to transfer these cases to what they deem more friendly or convenient jurisdictions.

#### **MOTIONS TO STAY**

In 2015, the District addressed motions to stay pending *inter partes* review in two cases. While § 18 of the AIA addresses the Transitional Program for Covered Business Method Patents, courts look to § 18 for the relevant standard for determining if a stay is warranted. Courts assess: (1) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial; (2) whether discovery is complete and whether a trial date has been set; (3) whether a stay would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and (4) whether a stay would reduce the burden of litigation on the parties and on the court.

<sup>111</sup> Cobalt Boats, *supra* at \*5.

<sup>112</sup> Global Touch, *supra* at \*19.

<sup>113</sup> Global Touch, *supra*, citing *In re Nintendo Co., Ltd.*, 589 F.3d 1194 (Fed. Cir. 2009).

<sup>114</sup> Samsung Elecs., 2015 WL 1526438.

<sup>115</sup> *Id.*

<sup>116</sup> *Id.*

In *Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, Judge Henry Coke Morgan, Jr. initially deferred ruling on defendant's motion to stay because the PTAB had yet to determine whether to institute the associated IPR.<sup>117</sup> After the PTAB instituted the associated IPR, defendants filed a renewed motion to stay, which the court granted.<sup>118</sup> The court reasoned that the PTAB's institution of the associated IPR with respect to all litigated claims weighed strongly in favor of a stay. Moreover, because the associated IPR has the potential to reduce or completely resolve the issues for trial, the associated IPR would serve to conserve judicial resources and reduce litigation costs. Further, a stay would not diminish monetary damages available to the plaintiff and the statutory schedule that governs IPRs protects against delayed resolution of plaintiff's claims.

Contrary to *Cobalt Boats*, in *Audio MPEG, Inc. v. Hewlett-Packard Comp.* Judge Morgan granted defendant's motion to stay even before the PTAB had instituted IPR. Judge Morgan reasoned that a stay was proper because the PTAB's decision was expected in less than three months, the parties had yet to finalize a schedule in the district court litigation, the motion to stay did not appear to be a delaying tactic and the patents at issue had already expired such that monetary damages would be sufficient to compensate plaintiff for any infringement.<sup>119</sup> However, for future cases, it is unclear if any one of these factors would weigh more heavily in favor of a stay.

<sup>117</sup> 2015 WL 2454296 (E.D. Va. May 21, 2015).

<sup>118</sup> 2015 WL 7272199 (E.D. Va. Nov. 16, 2015).

<sup>119</sup> *Audio MPEG, Inc. v. Hewlett-Packard Comp.*, No. 2:15cv793, 2015 WL 5567085 (E.D. Va. Sept. 21, 2015).

Thus, in 2015, the District displayed a willingness to grant a motion to stay in light of a post-issuance proceeding when the motion is not simply a delay tactic and is in the interest of conserving judicial resources and litigation costs.

#### CONSTITUTIONALITY OF IPR

The District also considered the constitutionality of an IPR in 2015. In *Cooper v. Lee*, Judge Lee held that plaintiffs must exhaust all administrative remedies before seeking judicial relief with respect to an IPR, and the exhaustion requirement precludes judicial review of the constitutionality of IPR when the PTO proceedings are still ongoing.<sup>120</sup> Judge Lee also explained that the proper appellate court to rule on the merits of a constitutional challenge to IPR is the Federal Circuit because the losing party in an IPR may appeal only to the Federal Circuit. 35 U.S.C. § 141(c). Since that ruling, the Federal Circuit has considered a constitutional challenge to IPR, in *MCM Portfolio LLC v. Hewlett-Packard Co.*,<sup>121</sup> and held that IPR is constitutional under Article III and the Seventh Amendment.

#### ADMINISTRATIVE PROCEDURE ACT

The USPTO came under fire in the District in 2015 via a challenge to the agency's alleged "inaction" under the Administrative Procedure Act ("APA"). Section 706(1) of APA authorizes a reviewing court to compel agency action unlawfully withheld or unreasonably delayed. When an agency action is legally required, a court may compel the agency to act even though the manner of acting is left to the agency's discretion.

<sup>120</sup> 86 F. Supp. 3d 480 (E.D. Va. 2015).

<sup>121</sup> No. 2015-1091 (Fed. Cir. Dec. 2, 2015).

Judge Ellis, in *Hyatt v. USPTO*, explained that 35 U.S.C. §131 requires the PTO to (1) cause an examination to be made of patent applications and (2) issue a patent if the applicant is legally entitled to one.<sup>122</sup> At issue in *Hyatt* were 80 of plaintiff's approximately 400 lengthy patent applications. The applications were filed before June 8, 1995, thus ensuring that any resulting patent would receive a term of 17 years from issuance rather than a term of 20 years from filing. Plaintiff appealed adverse actions in each of the 80 applications, but plaintiff's lengthy appeal briefs went unanswered, thereby stalling the prosecution process as the board could not acquire jurisdiction without an examiner's answer. While § 706(1) of the APA allows a court to compel agency action that has been delayed without adequate reason or justification, Judge Ellis determined that the PTO was "now doing all that it is legally required to do."<sup>123</sup> The PTO had dedicated 12 full-time patent examiners to the sole task of examining plaintiff's patent applications. Ultimately, because the applications "constitute[d] some of the largest claim sets the PTO has ever encountered," Judge Ellis determined that there was "adequate reason or justification" for the PTO's delay.<sup>124</sup>

#### OTHER PATENT LAW ISSUES

The 2015 cases also addressed several issues of particular relevance to patent law including the laches defense, voluntary dismissals and declaratory relief.

In *LifeNet Health v. LifeCell Corp.*, Judge Morgan considered a laches defense.<sup>125</sup> The case was tried to a jury with a verdict rendered in favor of the plaintiff, LifeNet. The defendant, LifeCell, filed a post-trial motion for a finding of laches and sought remittitur to exclude any damages for pre-suit infringement. LifeCell argued that the presumption of laches applied because LifeNet was on notice of the infringing product more than six years before filing suit. To demonstrate such notice, LifeCell relied on a press release announcing LifeCell's launch of the accused product, and evidence showing that LifeNet was aware of the press release. However, Judge Morgan held the press release insufficient to put LifeNet on actual or constructive notice of LifeCell's alleged infringement. Judge Morgan explained that "the press release here simply does not have the kind of information that would have placed Plaintiff on such notice that it should have undertaken an investigation into the Strattice product; the press release compared Strattice to a non-infringing product. If the Court were to accept Defendant's position, then potentially any time a company announced FDA approval of a product, with only a generic description of the product, that company would be starting the laches clock."<sup>126</sup>

The District considered a plaintiff-patent owner's request for voluntary dismissal in *Stretchline Intellectual Properties Ltd. v. H & M Hennes & Mauritz LP*.<sup>127</sup> The plaintiff sought to dismiss without prejudice, and the defendant opposed. The defendant argued

<sup>122</sup> No. 1:14-cv-1300, 2015 WL 7176108, \*8 (E.D. Va. Nov. 12, 2015).

<sup>123</sup> *Id.*

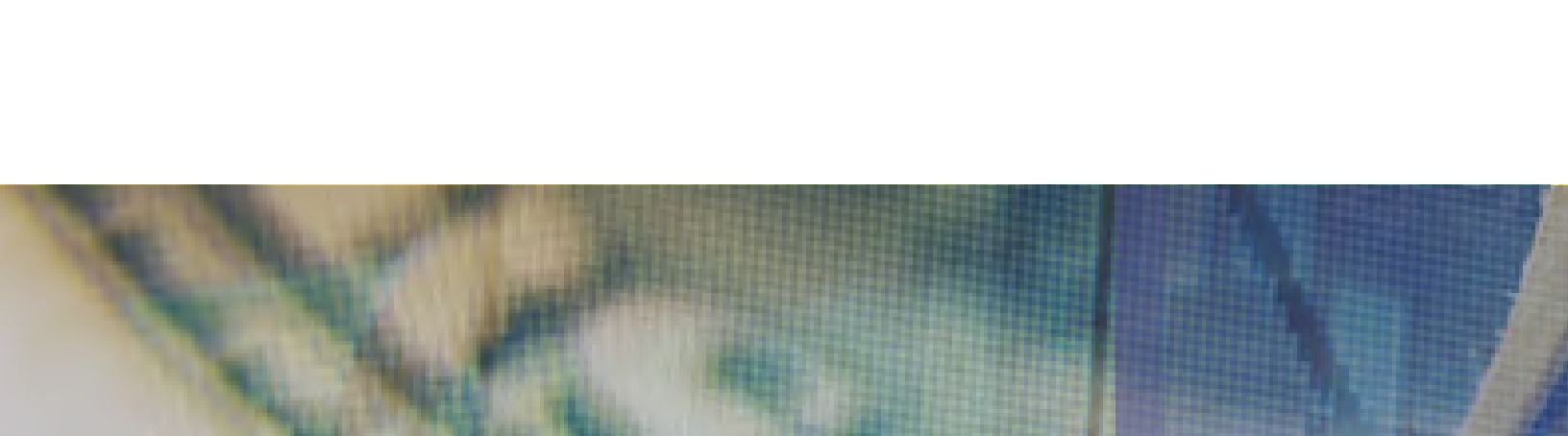
<sup>124</sup> *Id.* at \*3, \*6.

<sup>125</sup> No. 2:13cv486, 2015 WL 501962 (E.D. Va. Feb. 4, 2015).

<sup>126</sup> *Id.* at \*4.

<sup>127</sup> No. 2:10-cv-371, 2015 WL 789185 (E.D. Va. Feb. 24, 2015).





that, if the court granted the dismissal, it should do so with prejudice, and award the defendant its taxable costs as the prevailing party. Judge Jackson noted that the court had discretion to dismiss with prejudice under Fed. R. Civ. P. 41(a)(2), provided the plaintiff was given notice and opportunity to withdraw the motion to dismiss or otherwise respond.<sup>128</sup> In determining whether to dismiss with prejudice, Judge Jackson considered several factors, including the defendant's effort and expense incurred in preparing for trial, any excessive delay or lack of diligence on the part of the plaintiff, the explanation provided by the plaintiff for the need for dismissal, the current stage of the litigation, and the potential waste of judicial time and resources.<sup>129</sup> Weighing these factors, Judge Jackson found that a dismissal with prejudice was appropriate because the plaintiff gave inconsistent reasons for the requested dismissal, the trial was less than three months away, and the parties and court had expended significant resources in the case. Judge Jackson was also persuaded by the fact that the case had been previously filed and settled and was before the court for a second time. The court concluded that, "[a]fter nearly five years of this back-and-forth, start-and-stop litigation, the Court is reluctant to allow Stretchline to push the 'pause' button so that it may take a third bite at the apple whenever it so chooses."<sup>130</sup>

In *Carfax, Inc. v. Red Mountain Technologies*, Judge Lee considered whether a complaint properly alleged a claim for declaratory relief.<sup>131</sup> Judge Lee held that Carfax could assert a declaratory judgment claim against Red Mountain based on a threat of patent infringement litigation against Prudential Insurance

Company ("Prudential") — a Carfax customer. Judge Lee held that because Carfax was a supplier/indemnitor to Prudential, and Prudential was currently using and likely to continue to use Carfax's allegedly infringing vehicle history data, Carfax had standing to pursue its declaratory judgment claim. In a subsequent decision, however, Judge Lee dismissed the claim because Red Mountain Technologies gave Carfax and Prudential a covenant not to sue.<sup>132</sup>

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## COPYRIGHT CASES

The District also addressed various copyright issues in 2015, including the two cases discussed below.

### COPYRIGHT SEEDING

In *Malibu Media, LLC v. Guastafarro*, Judge Liam O'Grady considered whether an affirmative defense of unclean hands was sufficient to allow discovery on the issue of copyright "seeding."<sup>133</sup> Judge O'Grady's opinion addressed the procedural issue of whether affirmative defenses are properly pled. Noting that the heightened pleading requirements of *Twombly* or *Iqbal* did not apply to affirmative defenses, Judge O'Grady denied the bulk of plaintiff's motion to strike. The opinion is noteworthy, however, not for its procedural implications, but rather for the foundation it potentially gives to the copyright defense of "seeding." Copyright seeding is a practice whereby copyright owners ("trolls") or their agents upload their copyrighted works, or otherwise make their copyrighted works available online, with the intent of luring others into downloading or otherwise copying those works. The copyright owners or their agents then accuse the downloaders

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<sup>128</sup> *Id.* at \*3.

<sup>129</sup> *Id.* at \*6-7.

<sup>130</sup> *Id.* at \*7.

<sup>131</sup> No. 1:14-cv-01590-GBL-IDD, 2015 WL 4740513 (E.D. Va. Mar. 30, 2015).

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<sup>132</sup> *Carfax, Inc. v. Red Mountain Techs., LLC*, No. 1:14-cv-01590-GBL-IDD, 2015 WL 455717 (E.D. Va. June 5, 2015).

<sup>133</sup> No. 1:14-cv-1544, 2015 WL 4603065 (E.D. Va. July 28, 2015).





of infringing the copyrights in those works, often with the aim of pressuring them into paying money to settle the copyright infringement claims and avoid embarrassment.

Malibu Media, an entity described by some as a copyright troll, alleged copyright infringement against Matt Guastafarro based upon his copying and distribution of 62 copyrighted works. In his answer, Guastafarro alleged that Malibu Media “appears to seek to obtain its principal revenue through litigation rather than through its monthly service fee of \$19.99 ...”<sup>134</sup> He further alleged that “IPP or another agent of Malibu Media is responsible for initially seeding some of Malibu’s content onto BitTorrent in the first place and for facilitating infringing downloads by BitTorrent users” in an attempt “to extract exorbitant sums from individuals for alleged copyright infringement.”<sup>135</sup>

Citing to another Eastern District of Virginia opinion, *Malibu Media, LLC v. Alfred Popp*,<sup>136</sup> Malibu Media moved to strike the defense of unclean hands “because Plaintiff cannot have unclean hands if Defendant did not sufficiently plead copyright misuse.”<sup>137</sup> In rejecting this argument, Judge O’Grady stressed that defendant’s affirmative defenses provide “fair notice of the basis of the defense” and that resolution of these defenses should await the completion of discovery.<sup>138</sup>

The parties subsequently dismissed the case with prejudice. Although the details of the dismissal are unclear, one might presume that Malibu Media

resolved the matter in lieu of discovery on the issue. In any event, the case will likely be used as fodder in subsequent actions involving Malibu Media or similar copyright plaintiffs.

### ARCHITECTURAL WORKS

In *Sari v. America’s Home Place, Inc.*, Judge Lee considered the originality requirement of the architectural works copyright protection.<sup>139</sup> The plaintiff, Kaveh Sari, hired Ken Reed, an architect, to visit the home of Sari’s former neighbor to draw identical architectural plans (“the Reed Plans”). Sari then made 10 specific changes to the Reed Plans, which became the basis for Sari’s subsequent derivative works copyright application and registration (“the Highlighted Plans”).

After relationships soured between Sari and defendant America’s Home Place (“AHP”), the company Sari contracted to build a house using the Highlighted Plans, Sari became concerned that AHP used the Highlighted Plans to build another house. Sari eventually filed a *pro se* complaint against AHP alleging copyright infringement.

AHP moved for summary judgment, which Judge Lee granted. Judge Lee held that the Architectural Works Copyright Protection Act did not apply as the Highlighted Plans contained “no individually original elements.”<sup>140</sup> The Reed Plans, upon which the Highlighted Plans were derived, were not original. “Sari paid Reed \$500 to copy an existing, apparently quite common, floor plan.”<sup>141</sup> As for the 10 changes that Sari

<sup>134</sup> *Id.* at \*1.

<sup>135</sup> *Id.*

<sup>136</sup> No. 1:14-cv-700, U.S. Dist. LEXIS 100219, at \*11 (E.D. Va. Apr. 13, 2015).

<sup>137</sup> 2015 WL4603065 at \*3.

<sup>138</sup> *Id.*

<sup>139</sup> No. 1:14-cv-1454 (GBL), 2015 WL 5165131 (E.D. Va. Sept. 2, 2015).

<sup>140</sup> 2015 WL 5165131 at \*4.

<sup>141</sup> *Id.* at \*5.

made to the derivative Highlighted Plans, Judge Lee voiced skepticism about any originality. “The Court notes also that given the ubiquity of the floor plan used, the Highlighted Plans likely fall into the ‘standard configuration’ exception as well, as there are finite number of ways to arrange the elements of such a common layout.”<sup>142</sup>

Finally, Judge Lee declined to award AHP attorney’s fees, concluding “while Sari’s decision to proceed with this lawsuit was misguided, the Court finds that he did so with a good faith belief that he owned a copyright and that AHP might be infringing on that right.”<sup>143</sup>

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## TRADE SECRET CASES

In the realm of E.D. Va. trade secret law, 2015 further illustrated that, when it comes to trade secrets, subject matter jurisdiction should be satisfied via diversity jurisdiction and attempts to maintain confidentiality are key. However, with respect to disputes over confidentiality, these disputes may at least keep a cause of action alive through a motion to dismiss both with a claim under the Virginia Uniform Trade Secret Act (“VUTSA”) and/or with an alternative claim such as a business conspiracy claim.

First, in *Aegis Defense Services, LLC v. Chenega-Patriot Group, LLC*, Judge Ellis made clear that claims under the VUTSA are exclusively state law claims that do not depend on federal law.<sup>144</sup> Here, the plaintiff alleged, among other causes of action, a misappropriation of the plaintiff’s trade secrets. And,

as part of the relief, the plaintiff sought to disqualify the defendant from participating in a federal contract competition. The defendant attempted to remove the case to the E.D. Va. due to the relief sought pertaining to the federal contract.

While there may exist claims under the VUTSA that could meet federal question jurisdiction, Judge Ellis made clear that a party “cannot rescue its removal to federal court by focusing on a request for an alternative remedy rather than on a right of action.”<sup>145</sup> In other words, using a federal common law defense against the plaintiff’s requested remedy was not sufficient to support federal question jurisdiction and the defendant failed to otherwise illustrate how this case uniquely implicated a federal interest that conflicts with state law. Therefore, unless a party may properly satisfy federal question jurisdiction, claims arising under the VUTSA must satisfy diversity jurisdiction.

Second, once a trade secret cause of action meets subject matter jurisdiction in the District, the next hurdle to clear involves proving the secrecy of the information in dispute. As Judge John A. Gibney, Jr., clearly articulated in *Dreher v. Experian Information Solutions, Inc.*, “[s]imply calling something a trade secret does not make it a trade secret.”<sup>146</sup>

This concept is clearly not a novel idea. Nonetheless, it seemed to be at the forefront of several disputes before the court in 2015. In *Contract Associates, Inc. v. Atalay*, Judge O’Grady held that a simple “unspoken ‘ethical standard’ ” without any “specific commitment,”

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<sup>142</sup> *Id.*

<sup>143</sup> *Id.* at \*14.

<sup>144</sup> \_\_\_ F. Supp. 3d. \_\_\_, No. 1:15-cv-998, 2015 WL 5786704, (E.D. Va. Sept. 29, 2015).

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<sup>145</sup> *Id.* at \*3.

<sup>146</sup> No. 3:11-cv-00624-JAG, 2015 WL 5147260, \*3 (E.D. Va. Mar. 25, 2015).



reminders of a confidentiality obligation or any kind of confidentiality policy is simply not enough to illustrate that there were any attempts to keep the information in dispute confidential.<sup>147</sup> Additionally, in *MicroStrategy*, the information in question was provided to a consultant. Here, Senior Judge James C. Cacheris explained that “trade secret protection is eviscerated when otherwise protected information is disclosed to others who have no obligation to protect its confidentiality.”<sup>148</sup>

However, where factual disputes exist concerning the confidentiality or secrecy of the information in question (and therefore whether the information qualifies as a trade secret), a party may bring *both* a trade secret claim and a civil claim based on misappropriation of the same information. This is because in 2015, the District clarified that although the VUTSA “displaces conflicting tort, restitutionary, and other law of this Commonwealth providing civil remedies for misappropriation of a trade secret,” this preemption provision (1) does not include “contractual remedies whether or not based

on misappropriation of a trade secret; or other civil remedies that are not based upon misappropriation of a trade secret” and (2) may not be invoked when there is a dispute over whether the information in question is in fact a trade secret.<sup>149</sup>

As a result of the various trade secret cases in front of the District in 2015, it is clear that parties wishing to proceed with a trade secret claim (or another civil claim based upon misappropriation of the same information) should plead enough facts to satisfy both subject matter jurisdiction as well as an allegation that the information in question is in fact a trade secret, by stating not only that “the information ‘(1) has independent economic value; [and] (2) is not known or readily ascertainable by proper means,’ ” but also that the information “is subject to reasonable efforts to maintain secrecy.”<sup>150</sup>

<sup>147</sup> No. 1:14-cv-882, 2015 WL 1649051, \*6 (E.D. Va. April 10, 2015).

<sup>148</sup> *MicroStrategy Servs. Corp. v. OpenRisk, LLC*, No. 1:14-cv-244, 2015 WL 1221263, \*7 (E.D. Va. Mar. 17, 2015).

<sup>149</sup> *MicroStrategy*, at \*4-6.

<sup>150</sup> *MicroStrategy* at \*7.



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## **CONCLUSION**

Although patent filings were down, the District still remains a popular venue for intellectual property cases, placing eleventh in number of intellectual property filings in 2015. The expertise of the judiciary and the local bar combined with the speedy resolution of cases make the District a top choice among plaintiffs. However, these cases highlight the value of experienced intellectual property litigators who help the judges maintain their schedules and can handle these complex cases in an efficient manner.

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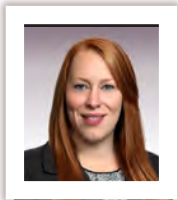
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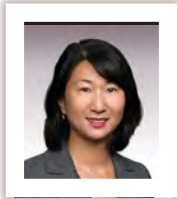
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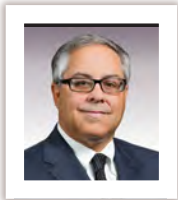
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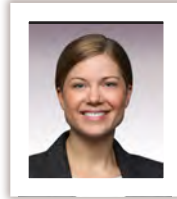


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## SUPPLEMENTAL INFORMATION

The chart below summarizes the number of intellectual property cases filed in the E.D.Va. in 2015 by judge.

JUDGE	DIVISION	PATENT	TRADEMARK	COPYRIGHT	TOTAL
Rebecca Beach Smith (Chief)	Norfolk/Newport News	0	0	2	2
Arenda Wright Allen	Norfolk/Newport News	4	1	0	5
Leonie M. Brinkema	Alexandria	5	5	31	41
James C. Cacheris	Alexandria	0	0	0	0
Mark S. Davis	Norfolk/Newport News	0	2	0	2
Robert G. Doumar	Norfolk/Newport News	4	0	0	4
T.S. Ellis, III	Alexandria	3	5	29	37
John A. Gibney, Jr.	Richmond	5	1	1	7
Claude M. Hilton	Alexandria	7	3	28	38
Henry E. Hudson	Richmond	3	1	2	6
Raymond A. Jackson	Norfolk/Newport News	4	0	2	6
M. Hannah Lauck	Richmond	2	2	0	4
Gerald Bruce Lee	Alexandria	5	6	27	38
Henry Coke Morgan, Jr.	Norfolk/Newport News	4	1	1	6
Liam O'Grady	Alexandria	8	6	25	39
Robert E. Payne	Richmond	1	3	1	5
James R. Spencer	Richmond	0	0	0	0
Anthony J. Trenga	Alexandria	5	13	24	42
John F. Anderson	Alexandria	0	1	0	1
<b>TOTAL</b>		<b>60</b>	<b>50</b>	<b>173</b>	<b>283</b>

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