Year in Review: 2024 Updates Patent Practitioners Need to Know

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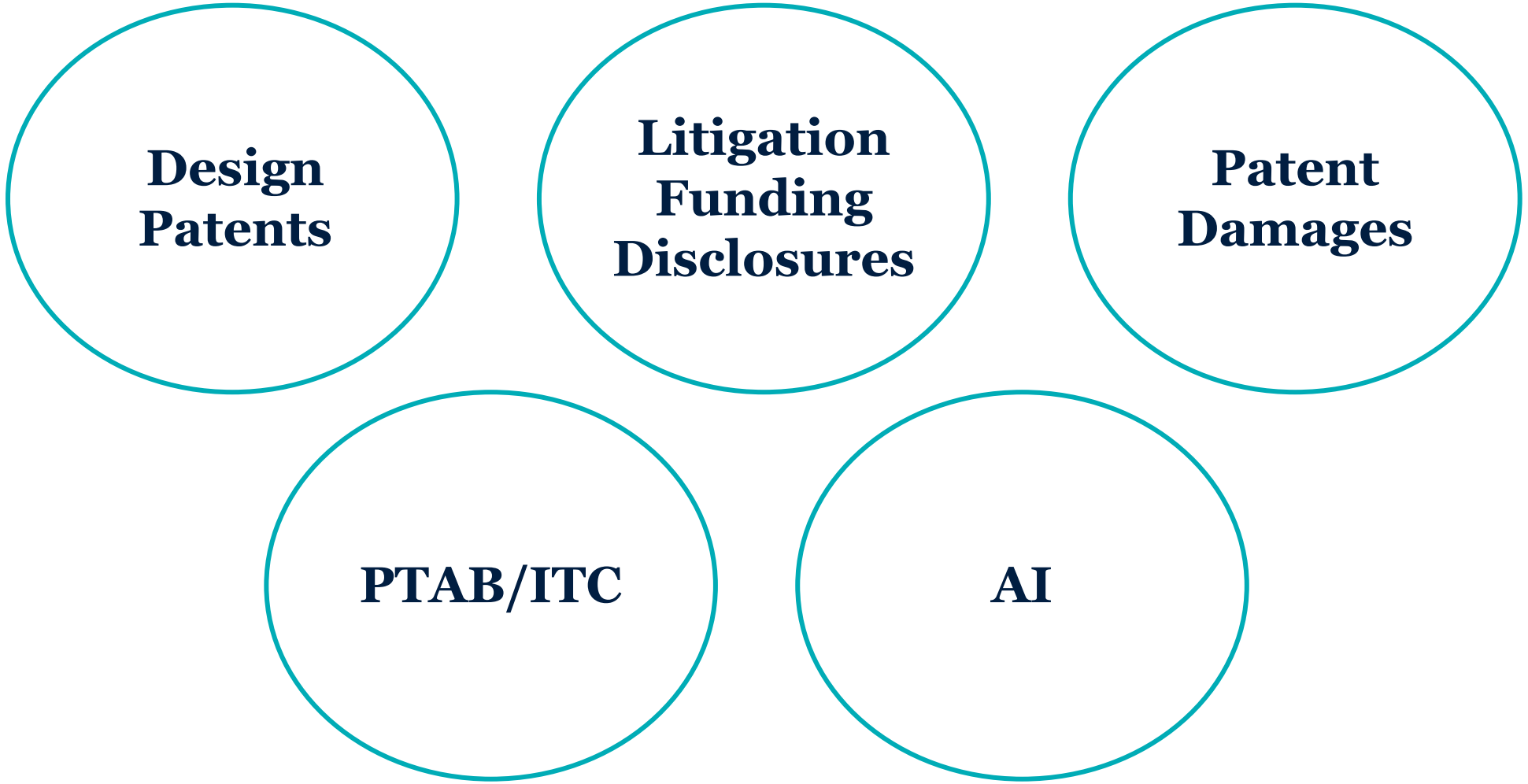
2024: Year in Review



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Design Patents
LKQ Corp. v. GM Global Tech. Operations – Test for Obviousness

- "We . . . overrule the *Rosen-Durling* test requirements that the primary reference must be 'basically the same' as the challenged design claim and that any secondary references must be 'so related' to the primary reference that features in one would suggest application of those features to the other. We adopt an approach consistent with Congress's statutory scheme for design patents, which provides that the same conditions for patentability that apply to utility patents apply to design patents, as well as Supreme Court precedent which suggests a more flexible approach than the *Rosen-Durling* test for determining nonobviousness."
- USPTO Updated Guidance and Examination Instructions for Making a Determination of Obviousness in Designs
- **Impact?**
  - *See Columbia Sportswear N. Am., Inc. v. Seirus Innov. Access*

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Litigation Funding Disclosures

Delaware

- "I am concerned about who the real parties in interest are in these cases and who actually controls Bakertop." *Bakertop Licensing LLC v. Canary Connect, Inc.*, No. 1:22-cv-00572-CFC (D. Del. 2023) (mem.).

California

- "[I]n patent litigation cases, courts have generally ruled that litigation funding agreements and related documents are relevant and discoverable." *Taction Tech.*, No. 21-cv-00812-TWR-JLB, 2022 BL 480450, 2022 WL 18781396 (S.D. Cal. 2022).

Texas

- "[N]one of the judges of the Western District of Texas have ordered the production of disclosure of all third-parties." *Lower48 IP LLC v. Shopify Inc.*, No. 6:22-cv-00997 (W.D. Tex. 2023).
- "Litigation funders have an inherent interest in maintaining the confidentiality of potential clients' information, therefore, [Plaintiffs] had an expectation that the information disclosed to the litigation funders would be treated as confidential." *United States v. Ocwen Loan Servicing, LLC*, No. 4:12-CV-543, 2016 WL 1031157, at *3 (E.D. Tex. 2016).

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Rules Potentially Impacting Litigation Funding Disclosures

Proposed Rules

- H.R.9922 Litigation Transparency Act of 2024
- S.2805 Protecting Our Courts from Foreign Manipulation Act of 2023 (Foreign Third-Party Litigation Funding)
- Arizona HB2638 Litigation Investment Safeguards and Transparency Act (pending)
- Chief Justice Nathan Hecht of the Texas Supreme Court referred rule issues to their Supreme Court Advisory Committee on Third-Party Litigation Funding

Enacted Rules

- Wis Stat. Ann. § 804.01(2)(bg)
- W. Va. Code Ann. § 46A-6N-6
- Standing Order for the District of Delaware Regarding Disclosure Statements
- District of New Jersey Civ. Rule 7.1.1 Disclosure of Third-Party Litigation Funding
- Standing Order for All Judges of the Northern District of California, “Disclosure of Non-party Interested Entities or Persons”
- 3rd Cir. L. R. 26.1.1(b)
- 4th Cir. L. R. 26.1(2)(B)
- 5th Cir. L. R. 28.2.1
- 6th Cir. L. R. 26.1(b)(2)
- 10th Cir. L. R. 46.1(D)
- 11th Cir. L. R. 26.1-1(a)(1); 11th Cir. L. R. 26.1-2(a)

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Patent Damages

Wi-LAN

- Expert opined the two infringed patents contributed to 75% of the value of the entire portfolio.
- Based opinion on argument that “only a handful of valuable patents drive the royalty rate for a license, and the rest of the portfolio is included for a marginal upcharge.”
- Federal Circuit rejected this methodology, including Judge Prost.

EcoFactor

- Same expert.
- Opined that one infringed patent drove the value of the entire portfolio, based on theory that “in the real world” “the rest of the patents are thrown in usually either for nothing or very little additional value.”
- Federal Circuit Affirmed.
- Dissent from Judge Prost.

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Patent Damages
EcoFactor Inc. v. Google LLC – Judge Prost Dissent

- "The majority opinion here at best muddles our precedent and at worst contradicts it."

- Expert opinion resulted in a damages amount where the value of the infringed patent also "includes the value of other patents."

- "The majority's decision to overlook the prejudicial impact of his unreliable testimony abdicates its responsibility as a gatekeeper and contradicts our precedent."

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Patent Damages

- ***Omega Pats., LLC v. CalAmp Corp.*, 13 F.4th 1361, 1380-81 (Fed. Cir. 2021).**
  - Holding insufficient that the expert only "identified such differences" and did not do the necessary work to distinguish facts between prior agreements and a hypothetical license.

- ***MLC Intell. Prop., LLC v. Micron Tech., Inc.*, 10 F.4th 1358, 1374-75 (Fed. Cir. 2021).**
  - Holding the patentee's argument as conclusory because the expert "provided no evidence or explanation for how the 0.25% royalty rate he derived from the [prior] agreement accounts for apportionment of [the] accused products."

- ***Bio-Rad Lab'y's, Inc. v. 10X Genomics Inc.*, 967 F.3d 1353, 1372-73 (Fed. Cir. 2020).**
  - Holding a patentee's expert need not make any adjustments to the royalty in a prior agreement as long as the expert claims the prior agreement is "comparable" and the expert assesses the differences.

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Patent Damages
EcoFactor Inc. v. Google LLC

"IT IS ORDERED THAT:

(1) The petition for rehearing en banc is granted.

...

(3) The parties are requested to file new briefs, which shall be limited to addressing the **district court's adherence to Federal Rule of Evidence 702 and *Daubert v. Merrell Down Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), in its allowance of testimony from EcoFactor's damages expert assigning a per-unit royalty rate to the three licenses in evidence in this case.**"

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PTAB/ITC
Loper Bright Enterprises et al. v. Raimondo, Secretary of Commerce, et al.

"The Administrative Procedure Act requires courts to exercise their independent judgment in deciding whether an agency has acted within its statutory authority, and courts may not defer to an agency interpretation of the law simply because a statute is ambiguous; *Chevron* is overruled."

- *Chevron* was a two-step test applicable to review of agency action: (1) If congressional intent is not clear because a statute is silent or ambiguous, then (2) a court deferred to the agency if it had offered its own interpretation of the statute

Patent Law Implications:

PTO	ITC

• Overall, minimal effect is expected
• Notice of Proposed Rulemaking
  • Terminal disclaimers
• Published Guidance
  • Assessing enablement following *Amgen Inc et al. v. Sanofi et al.*
  • Inventorship for AI-assisted inventions
  • Updated subject matter eligibility of AI
	• *Suprema Inc. v. ITC*
	• Domestic Industry Requirement

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AI in IP Space

Discussion of AI Tools in Litigation

District Court Guidance

PTO Guidance

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Federal Court Guidance on AI Use

Local Rules

E.D. Texas Local rule AT-3: If the lawyer, in the exercise of his or her professional legal judgment, believes that the client is best served by the use of technology (e.g., ChatGPT, Google Bard, Bing AI Chat, or generative artificial intelligence services), then the lawyer is cautioned that certain technologies may produce factually or legally inaccurate content and should never replace the lawyer's most important asset – the exercise of independent legal judgment. If a lawyer chooses to employ technology in representing a client, the lawyer continues to be bound by the requirements of Federal Rule of Civil Procedure 11, Local Rule AT-3, and all other applicable standards of practice and must review and verify any computer-generated content to ensure that it complies with all such standards.

E.D. Michigan (Proposed) Local Rule 5.1(a)(4): If generative AI is used to compose or draft any paper presented for filing, the filer must disclose its use and attest that citations of authority have been verified by a human being by using print volumes or traditional legal databases and that the language in the paper has been checked for accuracy by the filer.

Fifth Circuit Court of Appeals: Chose *not* to adopt a special rule regarding the use of AI, noting "'I used AI' will not be an excuse for an otherwise sanctionable offense." (June 12, 2024).

N.D. Texas Rule 7.2(f): A brief prepared using generative artificial intelligence must disclose this fact on the first page under the heading "Use of Generative Artificial Intelligence." If the presiding judge so directs, the party filing the brief must disclose the specific parts prepared using generative artificial intelligence.

Federal Court Guidance on AI Use

Standing Orders

N.D. Cal. (Judge Martínez-Olguín): Submissions containing AI-generated content must include a certification stating that lead trial counsel has personally verified the accuracy of the content. Counsel must maintain records of prompts and inquiries used in generative AI tools.

N.D. Ill. (Magistrate Judge Cole): Any party who uses an AI tool in the preparation of court-submitted materials must disclose in the filing that an AI tool was used to conduct legal research and/or was used in any way in the preparation of the submitted document. Parties must include a certification confirming that they have read and analyzed all cited authorities to ensure the authorities exist.

D.N.J. (Judge Padin): The use of any generative AI for any court filing requires a mandatory disclosure/certification that (1) identifies the AI program; (2) identifies the AI-drafted portion of the filing; and (3) certifies that the AI work product was diligently reviewed by a human being for accuracy and applicability.

S.D.N.Y. (Judge Subramanian): Use of generative AI tools is not prohibited; counsel must at all times personally confirm for themselves the accuracy of any research conducted by these means. Counsel—and specifically designated Lead Trial Counsel—bears responsibility for any filings made by the party that counsel represents.

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Q&A

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