

Webinar

Year in Review: 2024 Intellectual Property Litigation



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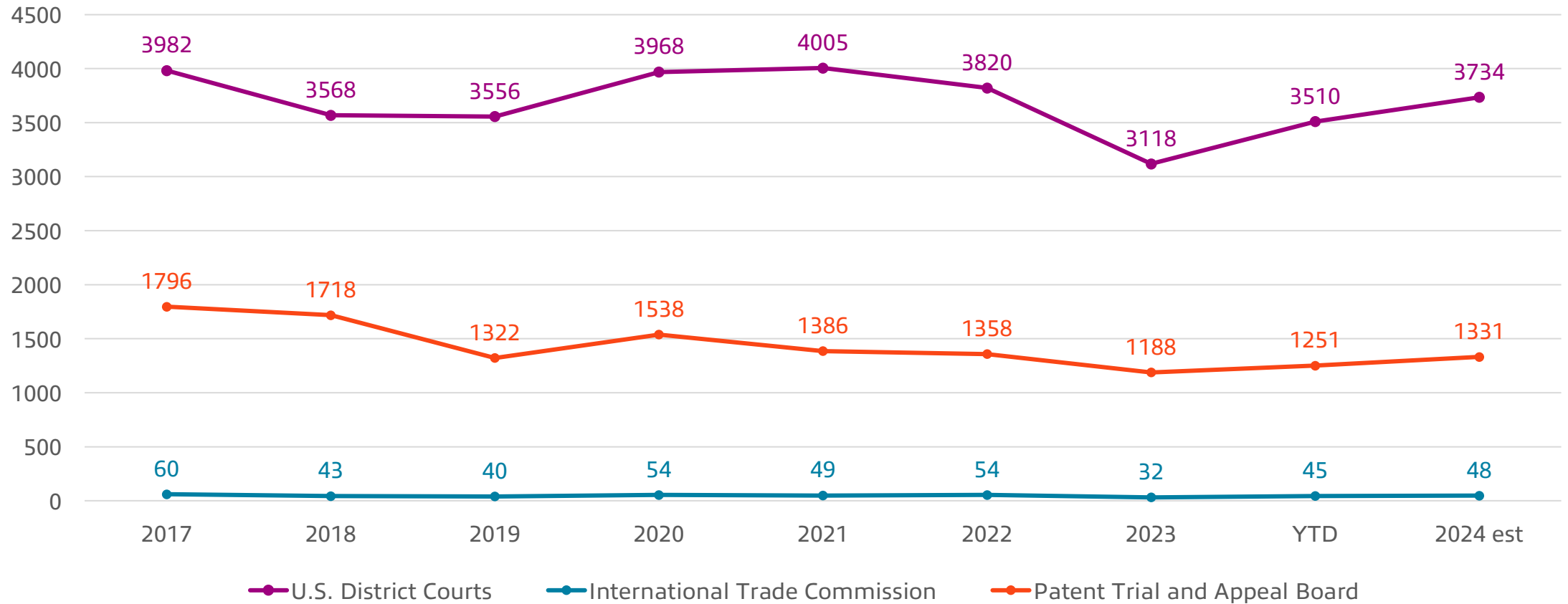
Overview of Topics

- 2024 Litigation Statistics
- Chevron Deference
- Updates from the Federal Circuit
- Rise in Trade Secret Litigation
- Prior Art Estoppel
- The Intersect of AI and IP

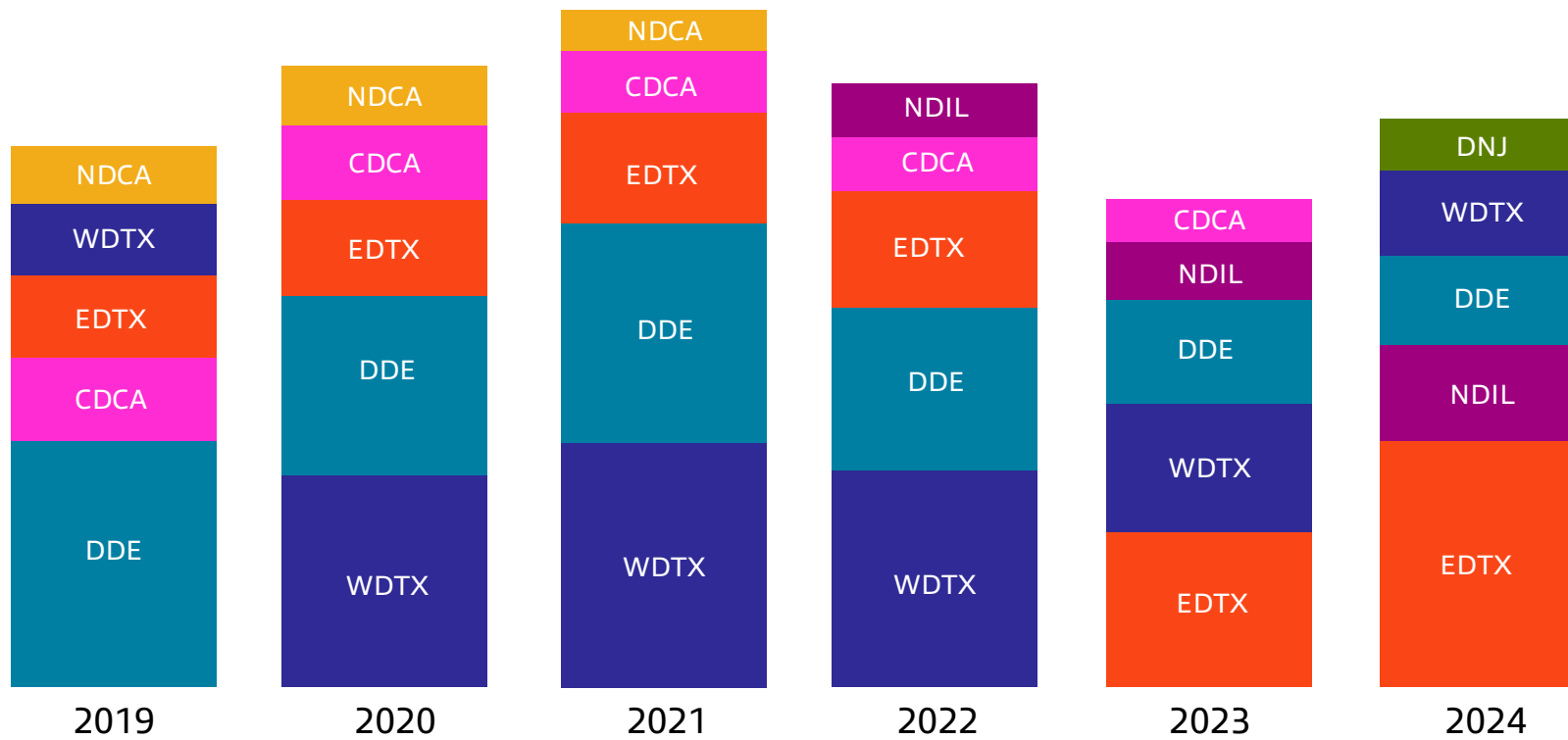


2024 Statistics

Number of Cases Per Year (2017-2024)



Top 5 Most Active Courts

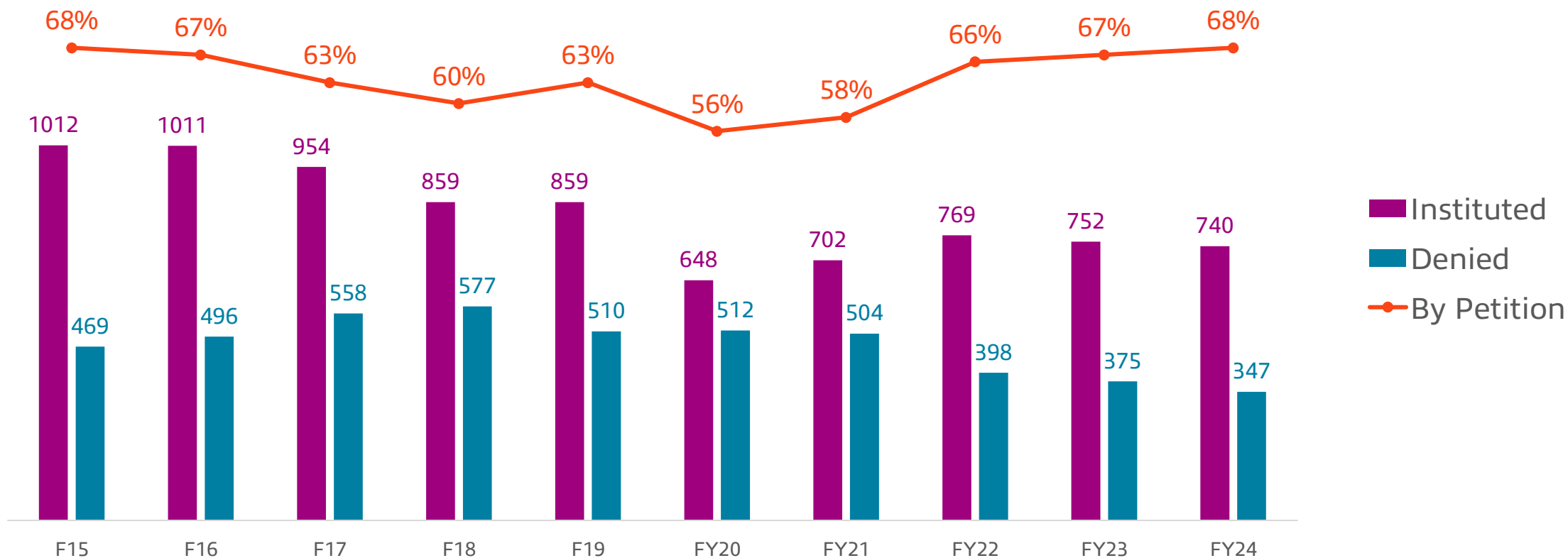


New Jersey District:
Pharmaceuticals



Illinois Northern District:
Design Patents

PTAB Petition Institution Rates by Petition (USPTO)

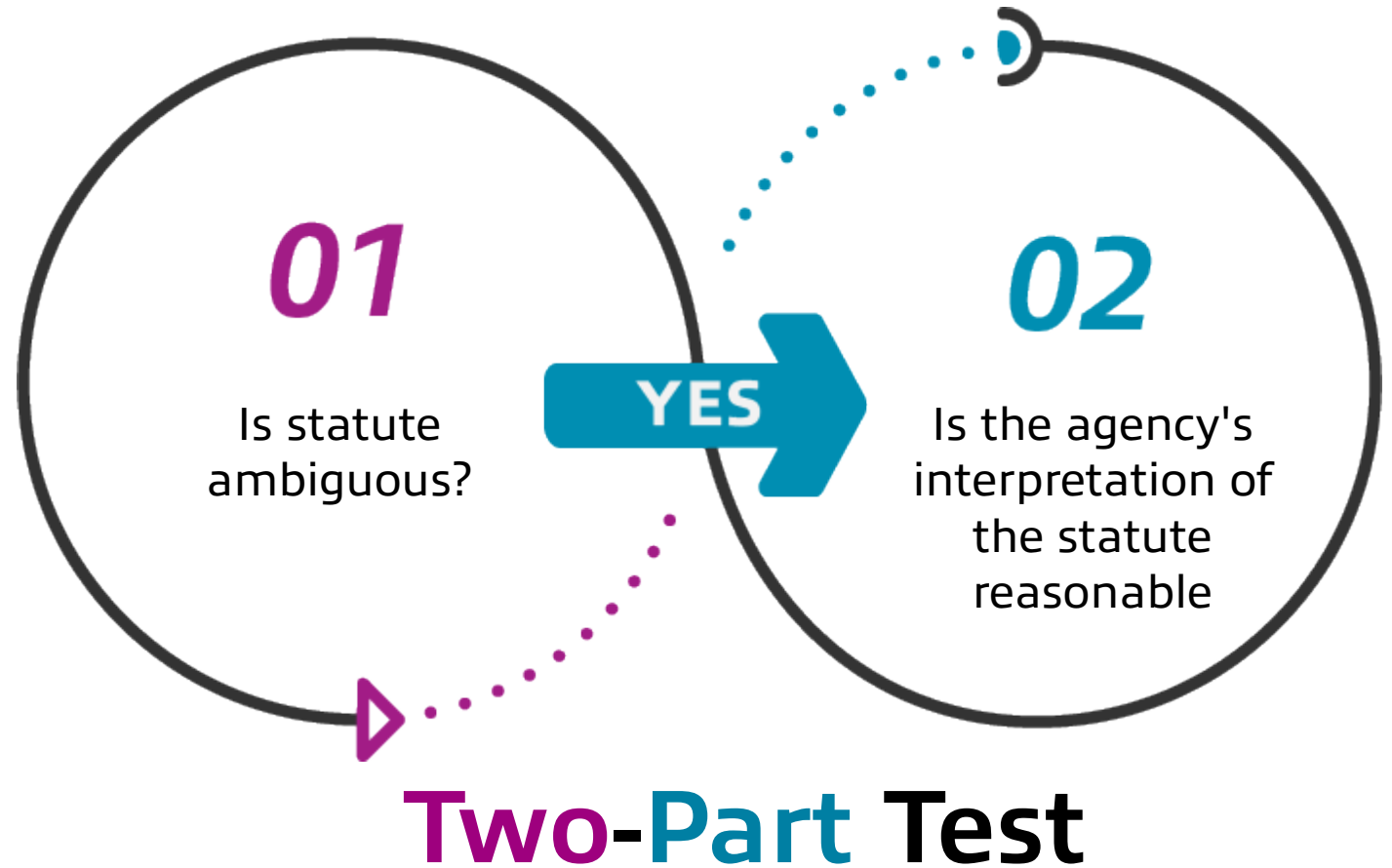




Chevron and *Loper Bright*

What was Chevron Deference?

Required Courts to defer to agency interpretations of ambiguous statutes.



Loper Bright v. Raimondo

Overruled Chevron

But . . .

Prior cases decided under Chevron stand under stare decisis unless there is a “special justification.”

After *Loper*: Agency Deference

Congressional Statute:

Skidmore Respect

Agency's statutory interpretation entitled to *judicial respect* based on validity of reasoning, consistency, and application of agency expertise.

Federal Regulation:

Auer/Kisor Deference

Courts must give deference to an agency's interpretation of its own regulations if:

- regulation is ambiguous
- interpretation reflects official agency position
- involves the agency's substantive expertise
- is a fair and considered judgment

Not discussed in *Loper* but clearly in tension

Patent Law Implications

USPTO

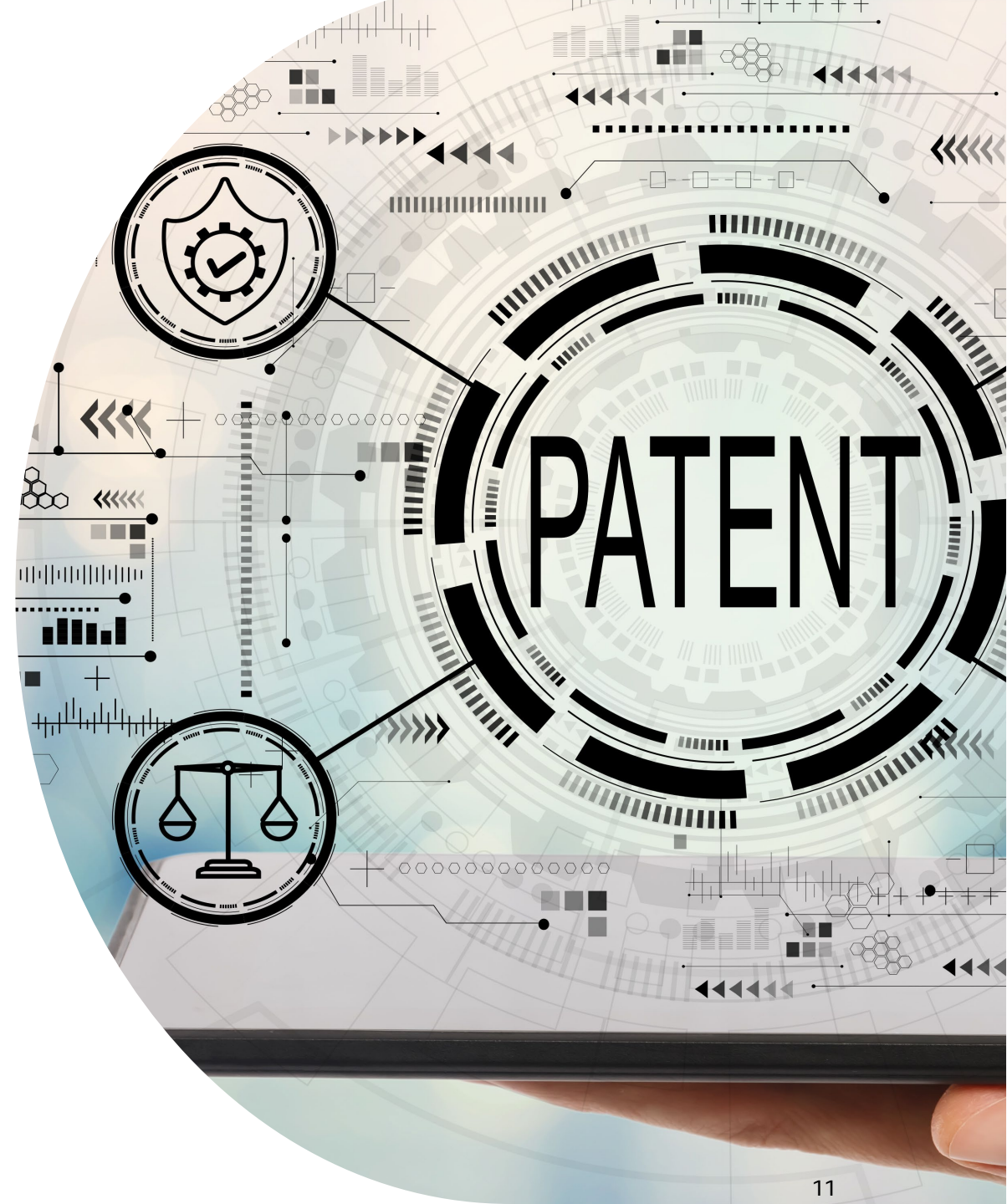
- Minimal effect on Patent Prosecution
 - PTO does not have substantive rule making authority
- USPTO withdraws New Terminal Disclaimer Rule
- Patent Term Adjustment
- AI and inventorship

PTAB

- Precedential decisions
- Claim Construction Std
- RPI

ITC

- Domestic industry



Post *Loper Bright*



Decided Cases

Sonos v. ITC

- Meaning of “infringement” in sec. 377
- Federal Circuit refuses to revisit holding of *Suprema v. ITC*

United Therapeutics v. Liquidia

- Standard of review when determining if PTAB relied on new grounds/arguments in IPR.
- SCOTUS denies cert. based on *Loper* challenge



Pending Cases

FedEx v. Qualcomm

- RPI requirement in IPRs

Roku v. ITC

- Domestic industry timing
- “if an industry ... exists or *is in the process of being established*”

What is Happening at the Federal Circuit?

LKQ Corp. v. GM Glob. Tech. Operations LLC, 102 F.4th 1280 (Fed. Cir. 2024)



FIG. 1

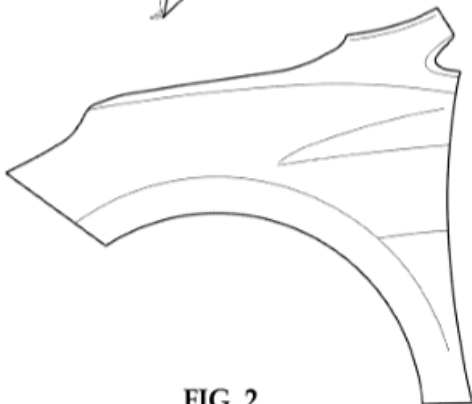


FIG. 2

The Federal Circuit, sitting *en banc*, overruled the *Rosen-Durling* test, holding that it was overly rigid and inconsistent with the expansive approach to nonobviousness set forth in *Graham* and supplemented by *KSR*:

***Graham* Factors**

1. Consider the scope and content of the prior art
2. Differences between the prior art and the claims at issue
3. The level of ordinary skill in the art
4. Secondary considerations (such as commercial success, long felt but unsolved needs, failure of others, etc.)

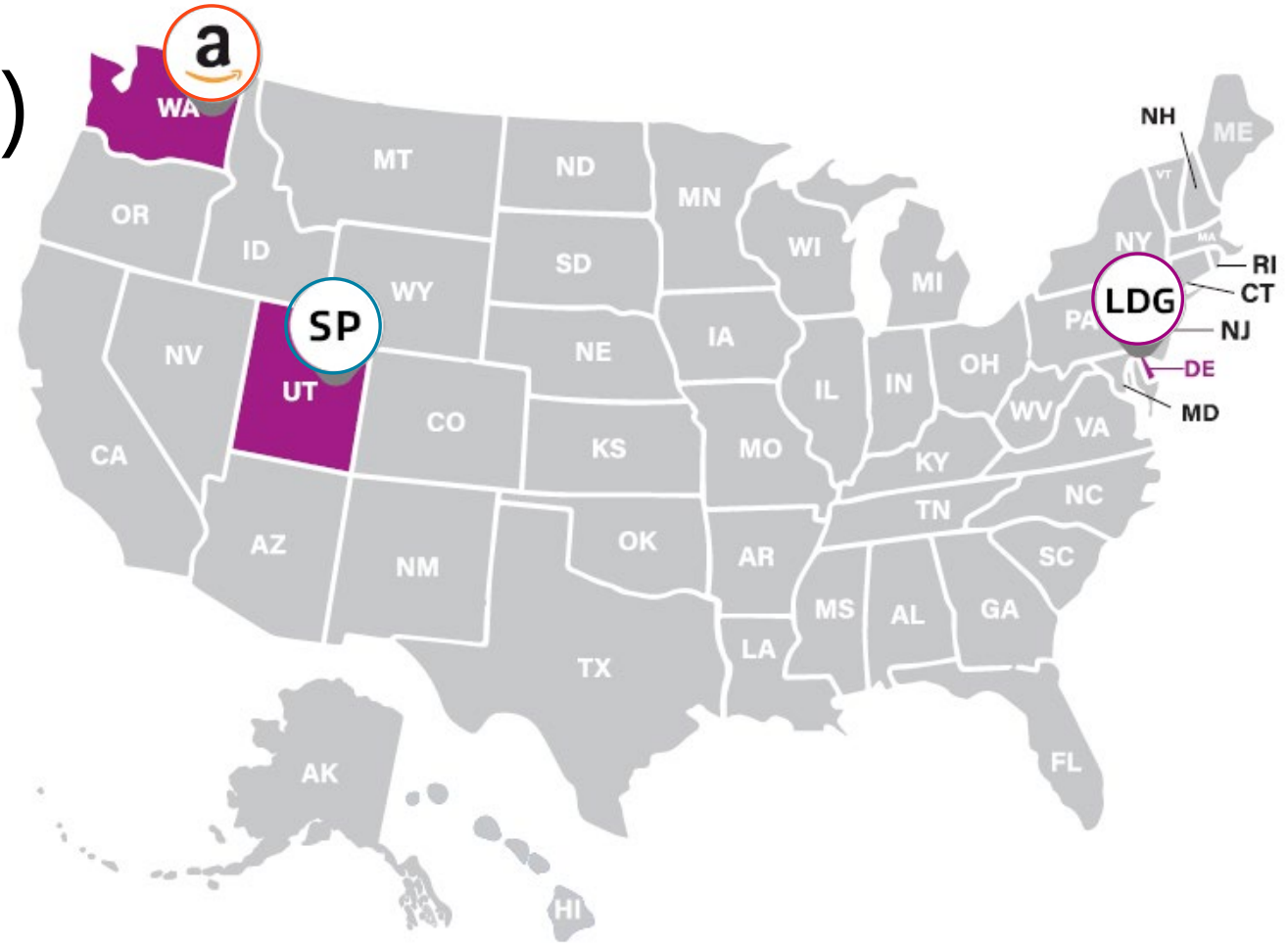
SnapPower v. Lighting Def. Grp., 100 F.4th 1371 (Fed. Cir. 2024)

Court held Defendant's use of Amazon's patent enforcement process (APEX) was sufficient to establish personal jurisdiction under a three-factor test:

1. Purposeful Direction
2. Relation to the Claim
3. Reasonableness and Fairness

APEX goes above and beyond a cease and desist letter because absent action, the accused infringer's listings would be automatically removed from Amazon.com.

Petition of *en banc* rehearing filed.



Sanho v. Kaijet Technology, 108 F.4th 1376 (Fed. Cir. 2024)

AIA

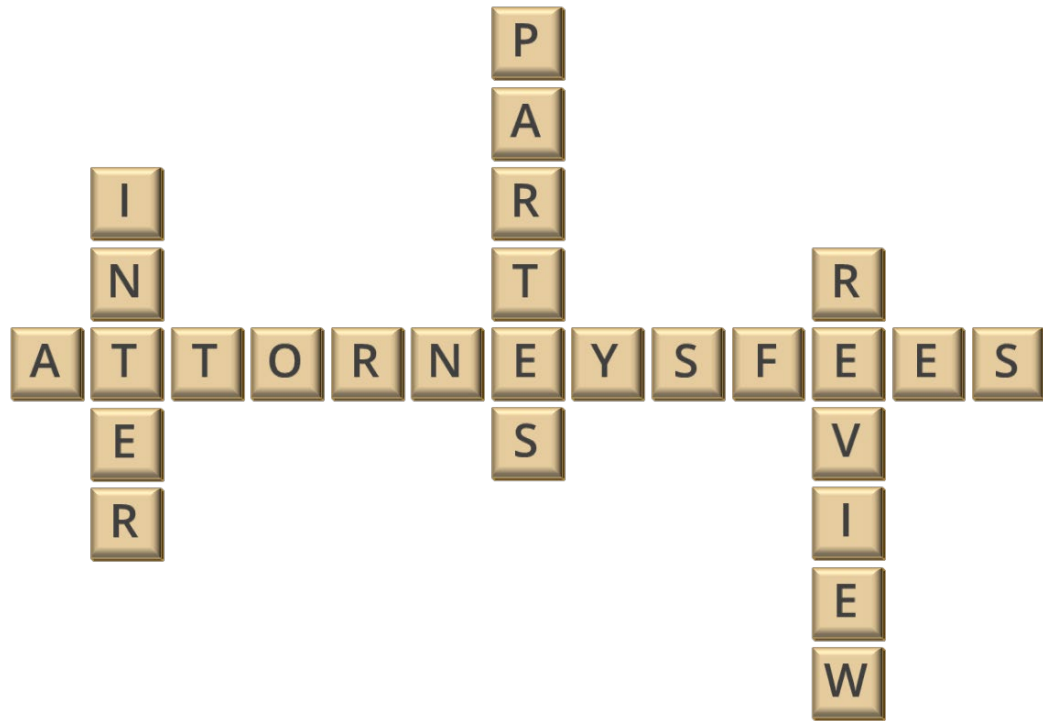
35 U.S.C. § 102(b)(2)(B)

A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been **publicly disclosed** by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor...

Court narrowed “public disclosure” holding that a private, non-sale does not necessarily qualify as a public disclosure under 35 U.S.C. § 102(b)(2)(B). The disclosure must make the invention “reasonably available to the public.”

The court’s analysis suggests that the invention must be accessible and comprehensible to the public in a meaningful way.

Dragon Intell. Prop. LLC v. DISH Network L.L.C., 101 F.4th 1366 (Fed. Cir. 2024)



Federal Circuit affirmed the district court's conclusion that it could *not* award fees incurred in IPR proceedings under 35 U.S.C § 285.

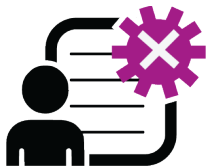
- "In cases where a party voluntarily elects to pursue an invalidity challenge through IPR proceedings, we see no basis for awarding IPR fees under § 285."
- If "cases" under § 285 included IPR proceedings, then "district court judges would be tasked with evaluating the exceptionality of arguments, conduct, and behavior in a proceeding in which they had no involvement."

Other Cases of Note



***Brumfield v. IBG LLC*, 97 F.4th 854 (Fed. Cir. 2024)**

- Clarified that patent holders may be able to recover damages based on wholly foreign sales under 35 U.S.C. § 271(a) if a domestic act of infringement—the “making, using, selling, offering for sale, or importing”—was the proximate cause of those damages. *Appealed to SCOTUS



***AlexSam, Inc. v. Aetna, Inc.*, 119 F.4th 27, 39-40 (Fed. Cir. 2024)**

- “Whether a particular allegation in a complaint is well-pled and factual, and therefore accorded a presumption of truth, or is instead a legal conclusion or in other respects merely conclusory” reviewed *de novo*.



***Mirror Worlds Techs., LLC v. Meta Platforms, Inc.*, No. 2022-1600, 2024 WL 4960324 (Fed. Cir. Dec. 4, 2024)**

- Holding it would be plainly unreasonable for a technical expert to rely on unauthenticated screenshots from third-party websites, reasoning also that screenshots are not independently admissible.



The Rise of Trade Secret Litigation

The Rise of Trade Secret Litigation

When the Defend Trade Secrets Act was passed in 2016, trade secret litigation rose by more than 25 percent in a single year.

While the number of trade secret cases filed in federal court fell briefly between 2020-2021 the number of cases has skyrocketed with over 1,200 cases filed in the last year.

1. The DTSA codified trade secret misappropriation as a federal crime allowing owners to file in federal court without requiring diversity jurisdiction.
2. Over 80% of cases with a judgment between 2017 and 2022 favored the plaintiff.
3. Potential for larger damages awards in trade secret cases than patent cases, encouraging litigants to bring trade secret cases.
4. Injunctive relief provides litigants with swift relief against misappropriation.
5. DTSA provides extraterritorial protection.

FTC Non-Compete Clause Rule

Originally scheduled to go into effect on September 4, 2024

- Reduce health care costs, Increase the rate of new firm formation, Increase innovation, and Increase worker earnings.

Multiple Lawsuits Surrounding the Rule

- Federal Judge in the Florida and Texas barred the FTC from enforcing the Rule against the named **Plaintiffs only**.
- Federal Judge in E.D. of PA held the **FTC had the authority** to issue its rule banning most employment-based noncompete agreements.
- Federal Judge in the N.D. of Texas declared the Rule unlawful and **barred the FTC from enforcing it nationwide**.

On December 10th, President-elect Trump announced Commissioner Andrew Ferguson would be new FTC chair

- In August, Commissioner Ferguson issued a 45-page dissent stating the FTC did not have the authority to invoke the Rule.



Damages Continue Rise in 2024

Pegasystems Inc. v. Appian Corp

\$2,000,000,000

awarded in damages; overturned in 2024 and Appian facing investor lawsuits

Qorvo, Inc. v. Akoustis Technologies (Del.)

\$31,000,000

awarded in compensatory damages and an **additional \$7 million** in exemplary damages

Trinseo, S.A. v. Harper et al. (S.D. Tex.)

\$71,200,000

awarded for misappropriation

Zunum Aero Inc. v. The Boeing Company et al. (W.D. Wash.)

\$72,000,000

awarded in trade secret misappropriation

Extraterritorial Reach of the DTSA

Motorola Solutions, Inc. v. Hytera Communications Corporation Ltd, 108 F.4th 458 (7th Cir. July 2, 2024)

- Could DTSA damages be awarded for unauthorized sales occurring outside the United States?

Court held DTSA applies to conduct occurring outside the United States if an act in furtherance of the offense was committed in the United States

- Motorola and Hytera are direct head-to-head competitors.
- Hytera, a Chinese corporation, poached three Motorola engineers offering them high-paying positions in exchange for Motorola proprietary information.
- At Hytera's direction, the engineers downloaded thousands of Motorola documents and files containing trade secret and copyrighted source code.
- Hytera advertised, promoted, and marketed products embodying the stolen trade secrets at many trade shows in the United States.
- Jury issued verdict of **\$765 million** in damages for misappropriation.



Developments of IPR Estoppel Law

35 U.S.C. § 315.

The petitioner in an inter partes review . . . may not assert either in a civil action . . . or in a proceeding before the International Trade Commission . . . that the claim is invalid on **any ground that the petitioner raised or reasonably could have raised** during that inter partes review.

PTAB Estoppel

- *California Institute of Technology v. Broadcom Ltd.*, 25 F.4th 976 (Fed. Cir. 2022), *cert. denied sub nom. Apple Inc. v. California Inst. of Tech.*, 143 S. Ct. 2658 (2023)
- “[E]stoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all grounds not stated in the petition but which ***reasonably could have been asserted*** against the claims included in the petition.”

PTAB Estoppel



Practice Tip: While the Court in *Ironburg* placed the burden on the Patent Owner to show what a skilled searcher conducting a diligent search reasonably could have uncovered, Petitioners are advised to affirmatively attempt to show otherwise.

Ironburg Inventions Ltd. v. Valve Corp., 64 F.4th 1274 (Fed. Cir. 2023).

- “§315 (e)(2) estops a petitioner as to invalidity grounds **a skilled searcher** conducting a diligent search reasonably could have been expected to discover, as these are grounds that the petitioner ‘reasonably could have raised’ in its petition.”
- Patent Owner carries the burden of proving what a skilled searcher conducting a diligent search reasonably could, or could not, have been expected to discover.

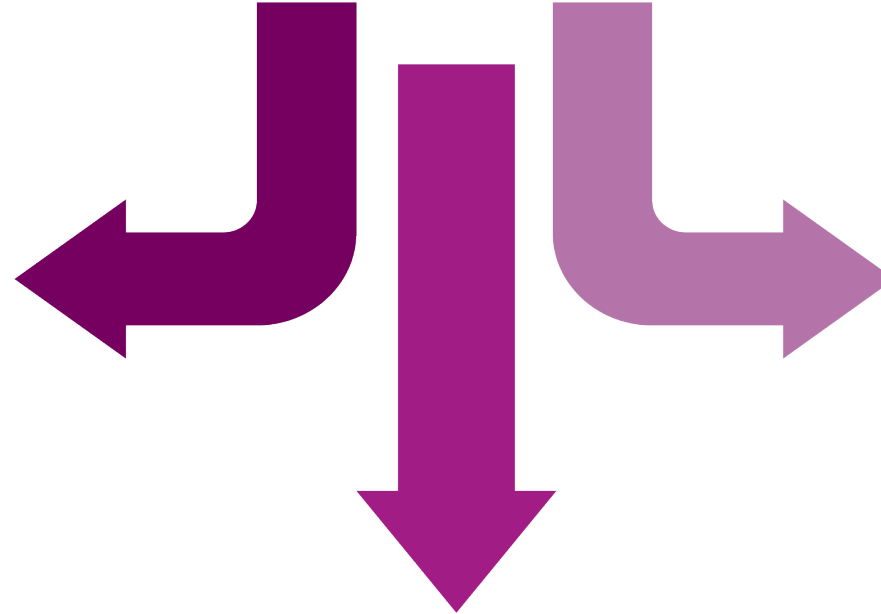
Estoppel

Hafeman v. LG Elecs., Inc., No. 6:21-CV-00696-ADA, 2023 WL 4362863, at *1 (W.D. Tex. Apr. 14, 2023).

- Estoppel applies because the new references have “materially identical” disclosures as the IPR art.

Wasica Fin. GmbH v. Schrader Int'l, Inc., 432 F. Supp. 3d 448, 454–55 (D. Del. 2020)

- Estoppel extends to invalidity “grounds” that include a physical product when a patent or prior art publication – to which the physical product is entirely cumulative – was reasonably available during the IPR.



Middle Ground

Boston Scientific Corp. v. Cook Group Inc., 653 F. Supp. 3d 541, 594 (S.D. Ind. 2023).

- Adopting a burden shifting standard

No Estoppel

Chemours Co. v. Daikin Industries, Ltd., No. 17-1612 (MN), 2022 WL 2643517, at *1-2 (D. Del. July 8, 2022).

- As a matter of statutory interpretation, estoppel does not apply to prior-art products – regardless of whether those products are “cumulative” – because product art cannot be used in an IPR as an invalidity “ground.”

Prolitec Inc. v. Scentair Techs., LLC, No. 20-cv-00984, 2023 WL 8697973, at *23 (D. Del. Dec. 13, 2023).

- IPR estoppel does not apply to device art, even when that device art is cumulative of patents and printed publications that were or could have been asserted in a prior IPR.

PTAB Estoppel



Practice Tip: Petitioners must ensure that prior art products add material elements not disclosed in the patent and printed publication art and evaluate the relative strength of invalidity positions based on product prior art and printed publication prior art and decide which forum to pursue.

Statutory & Common Law Estoppel

*DMF, Inc. v. AMP Plus, Inc., No. 2:18-CV-07090-CAS (GJSX), 2023 WL 4157479, at *4 (C.D. Cal. June 14, 2023)*

- Application of common law issue preclusion would render §315(e) superfluous where congress enacted a specific framework with respect to issue preclusive effect of IPR proceedings.

ParkerVision, Inc. v. Qualcomm Inc., 116 F.4th 1345 (Fed. Cir. 2024)

- Because of the different burdens of proof in IPR proceedings and district court cases, collateral estoppel cannot be applied in a district court case based on findings underlying an unpatentability decision in an IPR proceeding regarding separate but related claims.

SoftView LLC v. Apple Inc., 108 F.4th 1366 (Fed. Cir. 2024)

- Estoppel set forth in 37 C.F.R. § 42.73, which prohibits a patentee from taking action inconsistent with an adverse judgment, including obtaining any patent claim that is not patentably distinct from a refused or cancelled claim, only applies to new and amended claims, not previously issued claims.

ZyXEL Commc'ns Corp. v. UNM Rainforest Innovations, 107 F.4th 1368 (Fed. Cir. 2024)

- Without mentioning Section 315(e), finding that collateral estoppel may apply to substitute claims where the original claims were found unpatentable and the substitute claims were merely a combination of limitations of the original claims.



Practice Tip: When amending claims in an IPR, patentees are advised to ensure that their amendments address the Board's original unpatentability analysis and do not merely rewrite original claims without adding further patentable subject matter.



2024: The Year of AI

The Rise of Generative AI



Traditional AI uses pre-programmed algorithms and rules to complete specific tasks

Machine learning (1990-2010) – ability to learn without being explicitly programmed

- Product recommendations, email spam filtering

Deep Learning (2010-2020) – learning based on deep neural network

- Autonomous vehicles, Chatbots



Generative AI learns the patterns and structures of its training data to produce new data (e.g., text or image) based on an input

ChatGPT

Google Gemini

DALLE 2

The New Copyright Frontier

OpenAI & Microsoft

- Numerous lawsuits pending asserting claims for direct copyright infringement and/or violations of the Digital Millennium Copyright Act
- Cases allege copyright infringement arising from the use of various plaintiff's works to train OpenAI's ChatGPT GenAI models

Getty Images v. Stability AI

- Getty Images has sued Stability AI for allegedly infringing over 12 million photographs, including their captions and metadata.
- The lawsuit also claims trademark infringement due to the AI's ability to reproduce Getty Images' watermarks in its outputs.

Leovy v. Google

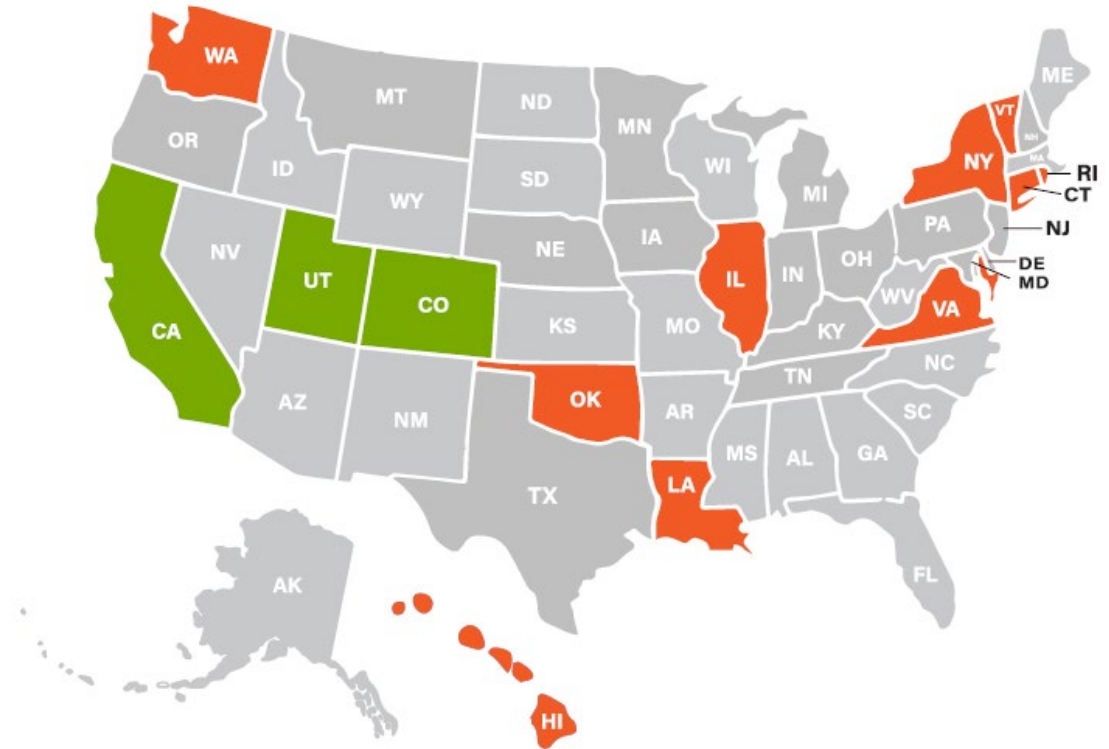
- Court dismissed claim against alleging Google illegally scraped the data of millions of internet users to train its Gemini GenAI models



States are Enacting AI Laws

California – requires disclosure of IP and “personal information” (as defined by CCPA) used to train GenAI systems or services. Companies must maintain detailed documentation and publish summaries of training data.

- No defined penalty amount.
- Provides private right of action when plaintiff has been injured and lost money/property



Introduced in 2024

Enacted in 2024

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

CHRISTOPHER KOHLS and MARY
FRANSON,
Plaintiffs,

Court File No. 0:24-cv-3754-LMP-DLM

v.

PLAINTIFFS' MEMORANDUM OF
LAW IN SUPPORT
OF DAUBERT MOTION TO
EXCLUDE EXPERT DECLARATIONS

KEITH ELLISON, in his official capacity
as Attorney General of Minnesota, and
CHAD LARSON, in his official capacity
as County Attorney of Douglas County,
Defendants.

INTRODUCTION

Defendant Ellison filed two expert declarations he contends demonstrate Minn. Stat. §609.771 “actually necessary” and counterspeech “insufficient” to address AI-generated deepfakes.

But the Declaration of Prof. Jeff Hancock cites a *study that does not exist*. No article by the title exists. The publication exists, but the cited pages belong to unrelated articles. Likely, the study was a “hallucination” generated by an AI large language model like ChatGPT. A part-fabricated declaration is unreliable.

Separately, both declarations rely on *ipse dixit* conclusory legal opinion with no evident methodology, and these paragraphs should be excluded under *Daubert*.

Beware the “Hallucinations”

Over the past two years, usage of GenAI tools (e.g., ChatGPT) have increased. But fact and cite checking all documents submitted in litigation is still crucial.

- Motion to exclude alleging experts’ declarations include references to a real journal, but a non-existent AI-generated article.
- Plaintiffs argue the fake journal relied upon by both experts undermine the credibility of both declarations thereby warranting exclusion.
- Plaintiff responded the original declarations included at least three “AI-hallucinated citations.”
- Plaintiff submitted an “amended declaration” arguing “mistakes happen” and the experts’ amended opinions should not be excluded.



2025 Outlook

2025 Outlook



Executive

New Administration

- *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020)
- Memorandum: Interim Procedure for discretionary denials in AIA post-grant proceedings with parallel district court litigation (June 21, 2022)
- *Commscope Techs. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 (PTAB Feb. 27, 2023)



Judicial

Supreme Court Cases

- Approximately a dozen patent cases before the supreme court



Legislative

Prevail Act

Promoting and Respecting Economically Vital American Innovation Leadership Act

Senate Committee Advances Bill:

- Senate Judiciary Committee advanced the PREVAIL Act by a narrow 11-10 vote

Key Reforms in PREVAIL Act:

- Requiring standing for challengers
- Limiting multiple petitions
- Applying a "clear and convincing evidence" standard
- Prohibiting duplicative proceedings
- Prioritize patent validity decisions

Act to Focus on Fairness and Transparency:

- Ensuring different judges handle institution and outcome decisions
- Ending fee diversion
- Providing clearer rules to support innovation and small inventors

Webinar

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