

‘Troll’ Asks Fed. Circ. To Save Scanner IP In Xerox Row

By **Jimmy Hoover**

Law360, Washington (August 2, 2016, 4:59 PM ET) -- A patent entity previously derided by government agencies for its “troll” tactics urged a Federal Circuit panel Tuesday to restore a document scanning patent gutted by the Patent Trial and Appeal Board, arguing prior art used by Xerox Corp. and others during an America Invents Act review did not anticipate the claims.

MPHJ Technology Investments LLC has appealed a final PTAB decision in favor of Xerox, Lexmark International Inc. and Ricoh Americas Corp. that older office-equipment references covered the same ground as its claimed technology in its patent and that it would be obvious to anyone skilled in the field that combining them is a logical next step.

MPHJ told the three-judge panel during oral arguments Tuesday that one of those references — a 1985 manual called XNS — does not contain the patent’s allegedly novel “go button” that allows the machine to send a scanned image to email application software in a single step.

“That particular limitation is not found in the prior art,” said Vivek Ganti of Hill Kertscher & Wharton LLP.

Though the patent refers to email application software as just one option for an external destination for scanned images sent through the “go button,” Ganti said the history of the invention supports the argument that the requirement is central to the claims.

Ganti explained how prior art systems used a manual system of “dragging and dropping” to distribute scanned images over email.

“That’s exactly the problem that the patentee was trying to avoid,” he said. “Prior to the time of invention, commercial scanners weren’t able to do this.”

Representing the appellees, Jon E. Wright of Sterne Kessler Goldstein & Fox PLLC said MPHJ was unfairly trying to read limitations into the claims.

“The claims unambiguously do not require that embodiment,” Wright said.

Instead, the claims only require that the “go button” feature be able to send scanned images to one of a “plurality” of external destinations, such as a local file, he said.

“Unambiguously, XNS has that. There is no dispute that is all that claim one requires,” said Wright.

The companies filed a petition in March 2014 seeking inter partes review of the patent owned by MPHJ, arguing that MPHJ's patents claimed nothing more than a "well-known concept" for allowing PC users to add electronic paper processing to their existing business process, according to the petitions.

MPHJ's licensing demands, including those related to the patent challenged by Ricoh and Xerox, attracted the attention of Vermont Attorney General Bill Sorrell, who ended up suing the company for violating the state's consumer protection laws.

The company's demand letters, which often sought \$1,000 per employee from small companies and nonprofits, threatened patent infringement litigation with no independent evidence that the recipients, small companies unlikely to have the resources to fight the suit, were actually infringing, Sorrell said when he filed suit.

In November, the company entered into an agreement with the Federal Trade Commission to stop "deceptive sales claims and phony legal threats" related to licensing claims for several of its patents.

The patent at issue and several others held by MPHJ were involved in a slew of infringement actions, including suits against Coca-Cola Co. and Dillard's Inc., according to court documents. MPHJ filed those suits in January 2014, alleging in the Coca-Cola suit that the beverage company's information technology system allows its nearly 150,000 employees to use scanners in a way that infringes the patents.

The patent at issue is U.S. Patent Number 8,488,173.

MPHJ is represented by Vivek Ganti and Steven G. Hill of Hill Kertscher & Wharton LLP.

Xerox, Lexmark and Ricoh are represented by Michael D. Specht, Richard M. Bembien and Jon Wright of Sterne Kessler Goldstein & Fox PLLC.

The case is MPHJ Technology Investments LLC v. Ricoh Americas Corp., case number 16-1243, in the U.S. Court of Appeals for the Federal Circuit.

--Additional reporting by Kat Greene, Michael Macagnone and Ryan Davis. Editing by Jack Karp.