

RECENT DEVELOPMENTS IN PATENT LAW (FALL 2018)
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PATENTABLE SUBJECT MATTER

***Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.*, 880 F.3d 1356 (Fed. Cir. Jan. 25, 2018)**

In this appeal from the Eastern District of Texas, the Federal Circuit affirmed the district court’s denial of summary judgment that the asserted claims are patent ineligible under § 101.⁴ The patents at-issue relate to an improved display interface for electronic devices, where the improved interface permits users “to more quickly access desired data stored in, and functions of applications included in, the electronic devices.”⁵ More specifically, an application summary window that can be reached directly from the main menu displays the desired data and functions.⁶

The Federal Circuit concluded that “[t]he asserted claims in this case are directed to an improved user interface for computing devices, not to the abstract idea of an index.”⁷ “[T]hese claims are directed to a particular manner of summarizing and presenting information in electronic devices.”⁸ For instance, claim 1 of the ’476 patent requires that the application summary window can be reached from the menu, specifies how the summary window must be accessed, “requires the application summary window [to] list a limited set of data,” and recites that the summary window is displayed while the applications are in an unlaunched state.⁹

The specification teaches that prior art interfaces made it difficult to find the right data and functionality, particularly on small screens.¹⁰ The disclosed invention reduces this problem by coalescing a limited group of commonly accessed data and functions in a single spot.¹¹ Moreover, displaying certain data and functions in the summary window permits users to see that data and those functions without opening up the application.¹² Accordingly, “the claims are directed to an improvement in the functioning of computers, particularly those with small screens.”¹³

***Finjan, Inc. v. Blue Coat Systems, Inc.*, No. 2016-2520, 2018 WL 341882 (Fed. Cir. Jan. 10, 2018)**¹⁴

In this appeal from the Northern District of California, the Federal Circuit affirmed the district court’s finding that the ’844 patent was patent-eligible under § 101.¹⁵

⁴ *Core Wireless Licensing S.A.R.L. v. LG Elecs., Inc.*, 880 F.3d 1356, 1359 (Fed. Cir. 2018).

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 1362-63.

¹⁰ *Id.* at 1363.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ Full disclosure: Mark Lemley represented Blue Coat in this appeal.

¹⁵ *Finjan, Inc. v. Blue Coat Sys., Inc.*, No. 2016-2520, 2018 WL 341882, at *1 (Fed. Cir. Jan. 10, 2018).

The '844 patent is directed to an improved virus scanning approach that can proactively detect “*potentially* hostile operations” with a “behavior-based” virus scan.”¹⁶ This novel virus scanning approach is unlike prior art systems, which “are limited to recognizing the presence of previously-identified viruses.”¹⁷

Although the court has previously found virus screening by itself to be an abstract idea,¹⁸ the court found the asserted claims patent-eligible under *Alice* step one because “the method of claim 1 employs a new kind of file that enables a computer security system to do things it could not do before.”¹⁹ For example, unlike prior art virus scanning approaches, the improved virus scanning approach “can be used to protect against previously unknown viruses” as well as “known viruses that have been cosmetically modified to avoid detection by [prior art] code-matching virus scans.”²⁰ Moreover, the improved virus scanning approach permits administrators to flexibly apply “different security policies to different users.”²¹

Blue Coat argued that even if the claims are directed to a new idea, they are still abstract because “they do not sufficiently describe how to implement that idea.”²² The court agreed that the cases Blue Coat cited in support of its argument “hearken back to a foundational patent law principle: that a result, even an innovative result, is not itself patentable.”²³ But here, the Court concluded that the claims do not merely recite a result but rather “recite specific steps” to accomplish that result, though it was awfully vague on what those specific steps were.²⁴ Furthermore, “there is no contention that the only thing disclosed is the result and not an inventive arrangement for accomplishing the result.”²⁵

***Voter Verified, Inc. v. Election Systems & Software LLC*, 887 F.3d 1376 (Apr. 20, 2018)**

In this appeal from the Northern District of Florida, the Federal Circuit affirmed the district court’s finding that the ’449 patent is patent-ineligible under § 101.²⁶ The ’449 patent is directed to voting methods and systems that auto-verify a voter’s ballot.²⁷ Voter Verified previously sued Election systems over infringement of the ’449 patent in November 2009.²⁸ The district court determined then that certain claims of the ’449 patent were not infringed; the court also found that the claims were not invalid under § 101 because Election Systems failed to present any arguments or evidence regarding

¹⁶ *Id.* at *3 (emphasis in original).

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.* at *4.

²⁰ *Id.* at *3.

²¹ *Id.*

²² *Id.* at *4.

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Voter Verified, Inc. v. Election Sys. & Software LLC*, 887 F.2d 1376, 1379 (2018).

²⁷ *Id.*

²⁸ *Id.*

invalidity of the claims.²⁹ On appeal in 2012, the Federal Circuit upheld the validity ruling.³⁰

Voter Verified sued Election Systems again, and Election Systems once again argued that the asserted claims are invalid under § 101.³¹ This time, the Federal Circuit agreed.³²

Issue Preclusion: The Federal Circuit found that the Supreme Court’s *Alice* decision did not constitute a substantial change in law that barred the use of issue preclusion in this case.³³ The court explained that the Supreme Court in *Alice* simply applied the same two-step framework that was created in *Mayo*.³⁴ And because the Federal Circuit decided the § 101 issue in the first case post-*Mayo*, the *Mayo* decision was not intervening.³⁵ Accordingly, there was no substantial change in law between the decision in the first case and the present appeal.³⁶

Nevertheless, the Federal Circuit determined that issue preclusion did not apply in this case.³⁷ First, the § 101 issue was not actually litigated in the first case. It was “barely considered,” and the district court only “disposed of the § 101 issue when Election Systems chose not to respond.”³⁸ Second, the § 101 determination was not necessary to the judgment of noninfringement in the first action.³⁹

Section 101: The Federal Circuit ultimately agreed with the district court that the asserted claims are patent-ineligible under § 101.⁴⁰ Under *Alice* step one, the court determined that the claims are “drawn to the [abstract] concept of voting, verifying the vote, and submitting the vote for tabulation. Humans have performed this fundamental activity that forms the basis of our democracy for hundreds of years.”⁴¹ Under *Alice* step two, the court found that the claims merely “recite the use of general purpose computers that carry out the abstract idea.”⁴²

***BSG Tech LLC, v. Buyseasons, Inc.*, 899 F.3d 1281 (Fed. Cir. Aug. 15, 2018)**

In this appeal from the Eastern District of Texas, the Federal Circuit affirmed the district court’s finding that BSG’s patents were patent-ineligible under § 101.⁴³

²⁹ *Id.*

³⁰ *Id.* at 1380.

³¹ *Id.*

³² *Id.*

³³ *Id.* at 1381.

³⁴ *Id.* at 1382.

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.* at 1383.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.* at 1384.

⁴¹ *Id.* at 1385.

⁴² *Id.*

⁴³ *BSG Tech LLC, v. Buyseasons, Inc.* 899 F.3d 1281, 1283 (Fed. Cir. 2018).

“[Improving] the information stored by a database is not equivalent to [improving] the database's functionality.”⁴⁴

The case concerned three patents disclosing a database indexing system wherein users set parameters while seeing a summary of parameters used by others.⁴⁵ Applying the two-step *Alice* test for patent eligibility under § 101,⁴⁶ the district court concluded the claims were first “‘directed to the abstract idea of considering historical usage information while inputting data’ and[, second] lacked an inventive concept”⁴⁷

On appeal, the Federal Circuit affirmed. The court found at step one that all three patents’ claims were directed toward ineligible concepts.⁴⁸ This was so despite features of the ’699 and ’294 patents that might have suggested otherwise.⁴⁹ First, the patents were not saved at step one just because they required more than a generic computer and generic database; they still used existing machines and software elements, if specialized ones, to carry out abstract ideas.⁵⁰ Second, they were not saved at step one just because they trivially narrowed their claims; the limitation to display previously used parameters in a “summary” still applied an abstract idea fairly broadly.⁵¹ Third, the patents were not saved at step one just because they improved how people used an existing type of database (one that allows users to add parameters); they still did not propose an improved structure for databases as such.⁵²

The ’652 patent at first seemed to overcome these objections. It included a limitation that the user-added parameters could not modify the database structure, which might suggest the claim was directed towards disclosing a new type of structure that could add parameters without changing structure. But the court reasoned such a database was either a subtype already understood (and so a trivial narrowing)⁵³ or a new type that was not sufficiently specified.⁵⁴ Moreover, because BSG alleged all three patents led to the same benefits, the court suggested this limitation was either extraneous in the ’652 application or else implied in the others.⁵⁵ All three patents’ claims thus failed the first step.⁵⁶ At the second *Alice* step, the court found all three applied an abstract idea using conventional techniques—even if the idea to do so was itself unconventional⁵⁷—and so did not supply an inventive concept.⁵⁸

⁴⁴ *Id.* at 1288.

⁴⁵ *Id.* at 1283-84.

⁴⁶ *Id.* at 1285 (citing *Alice Corp. v. CLS Bank Int'l*, 134 S.Ct. 2347, 2355 (2014)).

⁴⁷ *Id.* (quoting J.A. 6).

⁴⁸ *See id.* at 1288-89 (stating that arguments for the ’699 patent also apply to ’294); *id.* at 1289, 1291 (explaining that ’652 was a harder case but fell for reasons similar to the others).

⁴⁹ *Id.* at 1286 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016)).

⁵⁰ *Id.* at 1286-87.

⁵¹ *Id.* at 1287 (citing *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014)).

⁵² *Id.* at 1288.

⁵³ *Id.* at 1289, 1291.

⁵⁴ *Id.* at 1288. In contrast, *Enfish* said its “self-referential table functions . . . differently than conventional database structures” and, evidently, specified how. *Id.* (quoting 822 F.3d at 1337).

⁵⁵ *Id.* at 1289.

⁵⁶ *Id.*

⁵⁷ *Id.* at 1291.

⁵⁸ *Id.* at 1290-91.

***SAP Am. Inc., v. Investpic, LLC*, 898 F.3d 1161 (Fed. Cir. Aug. 2, 2018)**

In this appeal from the Northern District of Texas, the Federal Circuit affirmed a judgment on the pleadings that Investpic’s patent was invalid under § 101.⁵⁹ Once again, the claims did not improve computers as tools, but “use[d] computers as tools.”⁶⁰

The case concerned Investpic’s ’291 patent, which claimed an investment analysis system. Whereas many investing websites use a normal probability distribution function to advise users, the patent proposed a bootstrapped sampling method.⁶¹ The relevant claims⁶² described using mathematical and statistical calculations in conjunction with activities like using the Internet.⁶³ The district court held these ineligible under § 101.

On appeal, the Federal Circuit affirmed. Under the two-step *Alice* test, the court held the claims were directed towards abstract ideas, and lacked inventive concept.⁶⁴ On the first step, the claims were not directed towards “physical-realm improvement”; this contrasted with *McRO, Inc.*, for instance, where mathematical teachings were aimed at improving animated characters’ facial expressions.⁶⁵ On the second step, the court held that “an invocation of already-available computers that are not themselves plausibly asserted to be an advance, for use in carrying out improved mathematical calculations” does not amount to an inventive concept but “to a recitation of what is ‘well-understood, routine, [and] conventional.’”⁶⁶

***Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335 (Fed. Cir. July 20, 2018)**

In this appeal from the Western District of Washington, the Federal Circuit affirmed the finding that two claims were patent ineligible under § 101.⁶⁷

The case concerned Interval’s ’652 patent, which covered “an attention manager” for using excess screen capacity; it envisioned, for example, screensaver and wallpaper embodiments,⁶⁸ where content from nearly any source would be supplied by conventional methods⁶⁹ to nearly any device.⁷⁰ Applying *Alice*’s two-step test,⁷¹ the district court first found that these claims were directed towards the abstract idea of “providing information

⁵⁹ *SAP Am. Inc., v. Investpic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018).

⁶⁰ *Id.* at 1668 (citing *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016)).

⁶¹ *Id.* at 1163-64, 1165.

⁶² Only independent claims 1, 11, and 22 survived previous litigation. *Id.* at 1163.

⁶³ *Id.* at 1166.

⁶⁴ *Id.* at 1166-67 (citing *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2354 (2014)).

⁶⁵ *Id.* at 1667-68 (citing *McRO, Inc. v. Bandai Namco Games [Am.] Inc.*, 837 F.3d 1299 (Fed. Cir. 2016)).

⁶⁶ *Id.* at 1170 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 73 (2012)).

⁶⁷ *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1337-38 (Fed. Cir. 2018). Note this case was appealed anew after having been appealed and remanded once on another issue. *Id.*

⁶⁸ *Id.* at 1338.

⁶⁹ *Id.* at 1341.

⁷⁰ *Id.* at 1339.

⁷¹ *Id.* at 1341 (citing *Alice Corp. Pty. v. CLS Bank [Int’l]*, 134 S.Ct. 2347 (2014)).

to a person without interfering with the person's primary activity.”⁷² At the second step, the court found these claims did not include an inventive concept and were ineligible.⁷³

On appeal, the Federal Circuit found the claims were directed at an ineligible concept—managing attention⁷⁴—and were “so result-based that they amounted to patenting the patent-ineligible concept itself.”⁷⁵ The claim’s limitations were also “abstract,”⁷⁶ and failed to constrain possible embodiments.⁷⁷ On the second step, the court held the claims lacked an inventive concept, for similar reasons.⁷⁸

Concurring in judgment, Judge Plager nonetheless “dissent[ed] from our court’s continued application of this incoherent body of [§ 101] doctrine.”⁷⁹ Judge Plager described problems in the doctrine and then how to solve them. Regarding *Alice*’s first step, Judge Plager argued that the term “[a]bstract ideas,” like the term ‘obscenity,’ may provide a cultural consensus in a given instance,” but it “fails to provide the kind of specificity and clarity” necessary for jurists and litigants.⁸⁰ As for *Alice*’s second step, Judge Plager argued that judges tasked with finding an “inventive concept” are asked to “unabstract” what they just found abstract—to examine the same evidence while hoping for a different result.⁸¹ More than confusing, Judge Plager argued, the two *Alice* steps are unnecessary: the Patent Act’s other sections address the same issues. For instance, the Patent Act’s architects created the § 103 obviousness inquiry to do the work of an “inventive concept” test in a more reliable way.⁸² In short, § 101 “defenses [have become] a shortcut way for alleged infringers to try for a quick dismissal” while knowing that if they lose they can undertake a “full-dress law suit” on the same questions in “§§ 102, 103, and 112.”⁸³ Of course, § 101 defenses are often decided and appealed on poorly developed records.⁸⁴

As a short-term solution, Judge Plager recommended that judges first categorize § 101 challenges as pertaining to “natural phenomena,” “laws of nature,” or “abstract ideas.”⁸⁵ Those § 101 challenges that pertain to the first two categories might be heard first under *Alice*; those challenges that pertain to abstract ideas, however, might be scheduled for hearing only after arguments on §§ 102, 103, and 112 issues.⁸⁶ As a long-term solution, Judge Plager urged the patent bar and judges to get the attention of the Supreme Court or Congress to eliminate the doctrine and adhere to existing statute.⁸⁷

⁷² *Id.* (quoting *Interval Licensing LLC v. AOL, Inc.*, 193 F.Supp.3d 1184, 1188 (W.D. Wash. 2016)).

⁷³ *Id.* at 1341.

⁷⁴ *Id.* at 1344 (disapproving “the result-centric construction of the claimed ‘attention manager’”).

⁷⁵ *Id.*

⁷⁶ *Id.* at 1345.

⁷⁷ *Id.* at 1345-46.

⁷⁸ *Id.* at 1347-48.

⁷⁹ *Id.* at 1348 (Plager, J., concurring-in-part and dissenting-in-part).

⁸⁰ *Id.* at 1351.

⁸¹ *Id.*

⁸² *Id.* (citing articles); *id.* at 1354-55 (explaining why Congress jettisoned this “elusive” inquiry).

⁸³ *Id.* at 1354.

⁸⁴ *Id.* at 1354-55.

⁸⁵ *Id.* at 1356.

⁸⁶ *Id.* at 1355-56.

⁸⁷ *Id.*

***Praxair Distrib. Inc. v. Mallinckrodt Hosp. Prods. IP Ltd.*, 890 F.3d 1024 (Fed. Cir. May 16, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit held that “claim limitations directed to mental steps” may be considered unpatentable printed matter under § 101 where they lack a functional relationship to other limitations. After striking the printed matter from the claims, the remainder was obvious under § 103.⁸⁸

The case concerned the ’112 patent, which covered methods of providing nitric oxide to treat babies.⁸⁹ The claims describe giving “provider information” and a cylinder of nitric oxide gas to a provider, who compares her observations against the information to decide whether to treat with nitric oxide.⁹⁰ While Praxair petitioned for inter partes review (“IPR”) on obviousness,⁹¹ the PTAB focused its inquiry on the printed matter doctrine and claim construction, which “overlap” with that inquiry.⁹² The PTAB first found that the “provider information” was printed matter.⁹³ For claims 1-8 and 10-11, the PTAB next found that this printed matter lacked functional relationship to the other limitations, and struck it as unpatentable; assessing the remaining limitations, it found them obvious.⁹⁴ For claim 9, however, the PTAB found this “provider information” did have a functional relationship to other limitations. It had a special limitation teaching the use of information “in accordance with” the results of an assessment from claim 7.⁹⁵ The PTAB finally found claim 9 nonobvious, reasoning that prior art taught away.⁹⁶

On appeal, the Federal Circuit held that the PTAB did not err except as to claim 9.⁹⁷ Regarding claims 1-8 and 10-11—where the provider was asked to think about what she had read to decide to act—“adding an ineligible mental process to ineligible information still leaves the claim limitation directed to [ineligible] printed matter.”⁹⁸ Neither a merely typical functional relationship between a drug and label-like information,⁹⁹ nor even especially surprising provider information,¹⁰⁰ could change this result. The court agreed claim 9 did have a more robust functional relationship and was not merely printed matter because it “interrelat[ed] the claimed information regarding correlations” and the “concrete step of discontinuing treatment.”¹⁰¹ However, after

⁸⁸ *Praxair Distrib. Inc. v. Mallinckrodt Hosp. Prods. IP Ltd.*, 890 F.3d 1024, v1028 1033 (Fed. Cir. 2018).

⁸⁹ *Id.* at 1029.

⁹⁰ *Id.* at 1028.

⁹¹ *Id.* at 1040 (Newman, J., concurring); *but cf. id.* at 1038 (explaining the Federal Circuit assessed the issue because the PTAB had raised the issue and the parties had briefed it).

⁹² *Id.* at 1033.

⁹³ *Id.*

⁹⁴ *Id.* at 1029-30.

⁹⁵ *Id.* at 1031.

⁹⁶ *See id.* at 1030.

⁹⁷ And, harmlessly, claim 11. *Id.* at 1037.

⁹⁸ *Id.* at 1033.

⁹⁹ *Id.* at 1034 (describing “pharmaceutically acceptable” language).

¹⁰⁰ *Id.* at 1035 (“[P]rinted matter cannot be brought within the ambit of patent eligibility by showing that it was surprising.”).

¹⁰¹ *Id.* at 1035.

correcting two logical errors made by the PTAB, the Federal Circuit found that claim 9 was obvious and unpatentable.¹⁰²

Judge Newman concurred in the result but would have reached it with a pure § 103 analysis. Judge Newman criticized the majority's reliance on "a newly created category within section 101"—that mental steps are tantamount to printed matter.¹⁰³ She also disagreed with an element-by-element approach to patent eligibility at the claim construction stage, whereby the PTAB and the majority assessed individual claim limitations for eligibility and, upon removing them, reassessed the eligibility of the remaining claim.¹⁰⁴

***Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. Feb. 8, 2018)**

In this appeal from the Northern District of Illinois, the Federal Circuit vacated the district court's grant of summary judgment that certain claims of the '713 patent were patent ineligible under § 101.¹⁰⁵ The court agreed with the district court that the asserted claims are directed to an abstract idea.¹⁰⁶ Turning to *Alice* step two, the court explained that "[l]ike indefiniteness, enablement, or obviousness, whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts."¹⁰⁷ And "[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact" that "must be proven by clear and convincing evidence."¹⁰⁸ The court opined that "the mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional."¹⁰⁹

Here, the patent's "specification describes an inventive feature that stores parsed data in a purportedly unconventional manner," which eliminates redundancies and improves system efficiency.¹¹⁰ These purported "improvements in the specification, to the extent they are captured in the claims, create a factual dispute regarding whether the invention describes well-understood, routine, and conventional activities." The court ultimately determined that claims 4-7, but not claims 1-3 and 9, were directed to these purported improvements.¹¹¹ Accordingly, it was premature to render claims 4-7 patent ineligible.¹¹²

The court made clear that "[a]s our cases demonstrate, not every § 101 determination contains genuine disputes over the underlying facts material to the § 101

¹⁰² *Id.* at 1036.

¹⁰³ *Id.* at 1038, 1039.

¹⁰⁴ *Id.* at 1041.

¹⁰⁵ *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1363 (Fed. Cir. 2018).

¹⁰⁶ *Id.* at 1367.

¹⁰⁷ *Id.* at 1368.

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* at 1369.

¹¹⁰ *Id.*

¹¹¹ *Id.* at 1369-70.

¹¹² *Id.* at 1370.

inquiry.”¹¹³ And “[n]othing in this decision should be viewed as casting doubt on the propriety of those cases.”¹¹⁴

The case is remanded, presumably for fact-finding at trial, but the court did not indicate who the factfinder should be.

***Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (Fed. Cir. Feb. 14, 2018)**

In this appeal from the Middle District of Florida, a divided Federal Circuit panel reversed the district court’s denial of Aatrix’s motion for leave to file a second amended complaint and vacated the district court’s finding that the asserted claims of the ’615 and ’393 patents were invalid under § 101.¹¹⁵

The patents are directed to systems and methods for designing, creating, and importing data into a viewable form on a computer to permit users to manipulate the form data and create viewable forms and reports.¹¹⁶ The majority stated that “[w]hile the ultimate determination of eligibility under § 101 is a question of law, like many legal questions, there can be subsidiary fact questions which must be resolved en route to the ultimate legal determination.”¹¹⁷ For instance, “[w]hether the claim elements of the claimed combination are well-understood, routine, conventional [under *Alice/Mayo* step two] is a question of fact.”¹¹⁸ Here, the district court erred “when it denied leave to amend without claim construction and in the face of factual allegations, spelled out in the proposed second amended complaint, that, if accepted as true, establish that the claimed combination contains inventive components and improves the workings of the computer.”¹¹⁹

For example, the proposed second amendment states that the patented inventions “allow[] data to be imported from an end user application without needing to know proprietary database schemas and without having to custom program the form files to work with each outside application.”¹²⁰ The inventions also “permit data to be retrieved from a user application and inserted into a form, eliminating the need for hand typing in the values and eliminating the risk of transcription error.”¹²¹ Furthermore, the complaint alleges that the claimed invention “uses less memory, results in faster processing speed, and reduces the risk of thrashing which makes the computer process forms more efficiently.”¹²² These allegations “at a minimum raise factual disputes underlying the § 101 analysis, such as whether the claim term ‘data file’ constitutes an inventive concept.”¹²³ [The patent was filed in 2002].

¹¹³ *Id.* at 1368.

¹¹⁴ *Id.*

¹¹⁵ *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1123 (Fed. Cir. 2018).

¹¹⁶ *Id.* at 1123.

¹¹⁷ *Id.* at 1128.

¹¹⁸ *Id.*

¹¹⁹ *Id.* at 1125.

¹²⁰ *Id.* at 1127.

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.* at 1126.

Judge Reyna concurred-in-part and dissented-in-part.¹²⁴ Judge Reyna “disagree[d] with the majority’s broad statements on the role of factual evidence in a § 101 inquiry” because “[o]ur precedent is clear that the § 101 inquiry is a legal question.”¹²⁵ In Judge Reyna’s view, the problem with the majority’s approach is that it permits “the introduction of an inexhaustible array of extrinsic evidence, such as prior art, publications, other patents, and expert opinion.”¹²⁶ Moreover, “[o]ne effect of this approach is that a plaintiff facing a 12(b)(6) motion may simply amend its complaint to allege extrinsic facts that, once alleged, must be taken as true, regardless of its consistency with the intrinsic record.”¹²⁷

***Exergen Corp. v. Kaz USA, Inc.*, 2018 WL 1193529 (Fed. Cir. Mar. 8, 2018)**

In this nonprecedential decision, a divided Federal Circuit panel affirmed the District of Massachusetts’ determination that the asserted patents were patent-eligible under § 101.¹²⁸ The patents disclose a body temperature detector that takes temperature readings of a person’s forehead directly above the superficial temporal artery and utilizes that reading to determine the person’s core body temperature.¹²⁹ The patents explain that the superficial temporal artery is ideal for taking a person’s temperature due to its accessibility, stable blood flow, and temperature close to that of the heart.¹³⁰ The Federal Circuit acknowledged that there was “no dispute . . . that the asserted claims employ a natural law to achieve their purpose,” because the claims were directed to the correlation between a person’s core body temperature and forehead temperature just above the superficial temporal artery.¹³¹

The Federal Circuit determined that the district court did not clearly err in determining that the patents included an inventive concept.¹³² In addition to the natural law, the claims recited three additional steps: (1) moving while laterally scanning; (2) obtaining a peak temperature reading; and (3) obtaining at least three readings per second.¹³³ Although all of these additional elements were known in the prior art, “simply being known in the art [is insufficient to] establish that the subject matter was not eligible for patenting.”¹³⁴ These claim elements were known in the art to detect hot spots indicating injury or tumors, but not to take human body temperature.¹³⁵ “And these [prior art] methods made no use of the newly calculated coefficient for translating

¹²⁴ *Id.* at 1130 (Reyna, J., dissenting).

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Exergen Corp. v. Kaz USA, Inc.*, 2018 WL 1193529, at *1 (Fed. Cir. Mar. 8, 2018).

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ *Id.* at *3.

¹³² *Id.*

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ *Id.*

measurements taken at the forehead into core body temperature readings.”¹³⁶

Accordingly, the district court did not err in determining that the claims transformed a natural law by incorporating the law into an unconventional method of measurement.¹³⁷

Finally, the Federal Circuit rejected Kaz’s argument that the district court erred in making its § 101 determination because Kaz had a Seventh Amendment right to have a jury resolve any underlying factual disputes.¹³⁸ The Federal Circuit acknowledged that “[w]hether the Seventh Amendment guarantees of a jury trial on any factual underpinnings of § 101 is a question which awaits more in-depth development and briefing than the limited discussion in this case.”¹³⁹ But the court need not decide this issue here, because Kaz waived its right to a jury trial.¹⁴⁰

Judge Hughes dissented, arguing that “the claimed inventions merely calculate a law of nature that governs the relationship between core body temperature and forehead skin temperature.”¹⁴¹ Judge Hughes reasoned that temperature-detecting products that meet the temperature detector requirement in the claims “have existed for decades,” which the district court recognized.¹⁴² And the other requirements, such as obtaining peak temperatures and taking multiple measurements per second “are ubiquitous features in the prior art.”¹⁴³ Furthermore, “the combination of these elements into a single product was also well-known” and the patents are invalid.¹⁴⁴ In the dissent’s view, “[t]he majority attempts to salvage the district court’s decision by emphasizing the novelty of the heat balance coefficient,” but “a patent-ineligible law of nature cannot be the inventive concept.”¹⁴⁵

Data Engine Techs. LLC v. Google LLC, 906 F.3d 999 (Fed. Cir. Oct. 9, 2018)

In this appeal from the District of Delaware, the Federal Circuit reversed in part and affirmed in part, holding that some spreadsheet-related claims were patent-eligible and some ineligible under § 101.¹⁴⁶

The case concerned the ’259, ’545, and ’551 patents, all directed towards using tabs to navigate electronic spreadsheets (the “Tab Patents”), as well as the ’146 patent, which was directed towards tracking changes in spreadsheets (the “Scenario Patent”).¹⁴⁷ The Tab Patents, claimed in 1992, taught using notebook-like tabs in spreadsheets previously navigated only by user commands.¹⁴⁸ Now ubiquitous, the tab system was

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *Id.* at *6.

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.* at *10 (Hughes, J., dissenting).

¹⁴² *Id.* at *11.

¹⁴³ *Id.*

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Data Engine Techs. LLC v. Google LLC, 906 F.3d 999, 1002, (Fed. Cir. 2018).*

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

then lauded as solving what “ha[d] long been a major concern”¹⁴⁹ The Scenario Patent, by contrast, claimed a way of tracking changes across several copies of a spreadsheet to facilitate modeling multiple scenarios from a common baseline.¹⁵⁰ The district court found that the Tab Patents directed towards the abstract idea of “using notebook-type tabs to label and organize spreadsheets” and without inventive concept.¹⁵¹ It found the Scenario Patent directed towards the abstract concept of “collecting spreadsheet data, recognizing changes to spreadsheet data, and storing information about the changes,” and again without inventive concept.¹⁵²

On appeal,¹⁵³ the Federal Circuit reversed to hold the Tab Patents eligible (except for one claim therein), yet affirmed to hold the Scenario Patent ineligible. Applying *Alice*,¹⁵⁴ the court found the Tab Patents did not fall within the first prong, as they did not claim “the idea of navigating through spreadsheet pages using buttons or a generic method of labeling and organizing spreadsheets,” but a specific implementation with user-definable notebook tabs along one side of a spreadsheet page.¹⁵⁵ Google’s reliance on *Affinity Labs*, among other cases, was inapposite.¹⁵⁶ In that case, the graphical user interface was ineligible because it had been conventional before the patentee applied for coverage.¹⁵⁷ Here, while notebook tabs had previously existed outside the electronic spreadsheet context, their application to electronic spreadsheets was not conventional when claimed; any argument that such application was nonetheless not truly novel or nonobvious was better left to §§ 102 and 103 analyses.¹⁵⁸ That said, the court did appear to buttress its § 101 assessment by alluding to §§ 102 and 103 issues (e.g., the tabs

¹⁴⁹ *Id.* at 1004 (quoting *PC World* article in J.A. 981).

¹⁵⁰ *Id.* at 1006.

¹⁵¹ *Id.* (quoting *Data Engines Techs. LLC v. Google Inc.*, 211 F.Supp.3d 669, 678 (D. Del. 2016)).

¹⁵² *Id.*

¹⁵³ Because the appeal arose from a judgment on the pleadings, the court applied Third Circuit review standards, which is *de novo* review. *Id.* at 1007 (citing authorities).

¹⁵⁴ *Id.* (setting out the test for § 101 established by *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014)).

¹⁵⁵ *Id.* at 1008-09. It was a “specific structure” performing a “specific function.” *Id.* at 1010-11.

¹⁵⁶ *Id.* at 1010 (citing *Affinity Labs of Texas, LLC v. DirecTV, LLC*, 838 F.3d 1253 (Fed. Cir. 2016)). The other cases Google cited were *Intellectual Ventures I LLC v. Capital One Financial Corp.*, 850 F.3d 1332 (Fed. Cir. 2017) (dealing with manipulating data in XML documents) and *Intellectual Ventures I LLC v. Erie Indemnity Co.*, 850 F.3d 1315 (Fed. Cir. 2017) (dealing with tagging data for use in indexes). *Id.* The court also raised precedent from *Core Wireless, id.* at 1009 (citing *Core Wireless Licensing S.A.R.L. v. LG Elecs., Inc.*, 880 F.3d 1356, 1361 (Fed. Cir. 2018)), and *Trading Technologies, id.* (citing *Trading Technologies International, Inc. v. CQG, Inc.* 675 F. App’x 1001 (Fed. Cir. 2017)).

¹⁵⁷ *Id.* at 1010 (citing *Affinity Labs of Texas, LLC v. DirecTV, LLC*, 838 F.3d 1253 (Fed. Cir. 2016)).

¹⁵⁸ *Id.* at 1011 (“It is not enough, however, to merely trace the invention to some real-world analogy [i.e., to tabs that ‘existed outside the context of electronic spreadsheets’]. The eligibility question is not whether anyone has ever used tabs to organize information. That question is reserved for §§ 102 and 103.”). Whether something conventional fails not only for non-obviousness under § 103 but also always for abstractness under § 101 was not explicitly addressed.

allowed “easy navigation” “for the first time” and were “applauded by the industry”).¹⁵⁹ One claim from these Tab Patents was invalidated: directed to a more general concept of naming and saving multiple spreadsheets in one workbook file, it lacked the tabbed implementation limitation that saved the others.¹⁶⁰

As to the Scenario Patent, the court found it patent-ineligible. At *Alice*’s first step, the claims were directed “to the abstract idea of collecting, recognizing, and storing the recognized data in memory.”¹⁶¹ At step two, implementing this concept using conventional methods lacked inventive conceptive to save the claims from ineligibility.¹⁶²

***Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals International Ltd.*, 887 F.3d 1117 (Fed. Cir. Apr. 13, 2018)**

In this appeal from the District of Delaware, a divided Federal Circuit panel affirmed the district court’s finding that the asserted claims were not invalid under § 101.¹⁶³ The ’610 patent is directed to a method of treating schizophrenia, comprising the steps of determining whether a patient is a poor metabolizer of CYP2D6, and then administering a dosage iloperidone that varies depending on whether the patient is a poor CYP2D6 metabolizer.¹⁶⁴ Administering the drug was not new, but the discovery of poor metabolizers was.

The court concluded that this case “is not *Mayo*.”¹⁶⁵ “[T]he claim in *Mayo* stated that the metabolite level in blood simply ‘indicates’ a need to increase or decrease the dosage, without prescribing a specific dosage regimen or other added steps to take as a result of that indication.”¹⁶⁶ Put differently, the claim in *Mayo* involved “recognizing . . . a need to increase or decrease a dose” but did not “involve doctors *using* the natural relationship.”¹⁶⁷ Conversely, here although the inventors “recognized the relationship between iloperidone, CYP2D6 metabolism, and QTc prolongation,[] that is not what they claimed.”¹⁶⁸ Rather, “[t]hey claimed an application of that relationship” that requires “a treating doctor to administer iloperidone . . . depending on the result of a genotyping assay.”¹⁶⁹

Chief Judge Prost dissented.¹⁷⁰ In her view, the claims “set[] forth a natural relationship—namely, the relationship between the CYP2D6 genotype and the likelihood that a dosage of iloperidone will cause QTc prolongation.”¹⁷¹ And, like in *Mayo*, the claims are “no more than an optimization of an existing treatment of schizophrenia” in

¹⁵⁹ *Id.* at 1008.

¹⁶⁰ *Id.* at 1011.

¹⁶¹ *Id.* at 1013.

¹⁶² *Id.*

¹⁶³ *Vanda Pharms. Inc. v. West-Ward Pharms. Int’l Ltd.*, 887 F.3d 1117, 1121 (Fed. Cir. 2018).

¹⁶⁴ *Id.*

¹⁶⁵ *Id.*

¹⁶⁶ *Id.* at 1135.

¹⁶⁷ *Id.* (emphasis in original).

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at 1141 (Prost, C.J., dissenting).

¹⁷¹ *Id.* at 1142.

view of a discovered natural law.¹⁷² In short, the discovered natural law “is both the means and the ends of this claim” and there is “no distinction from *Mayo*.”

Roche Molecular Sysys., Inc., v. Cepheid, 905 F.3d 1363 (Fed. Cir. Oct. 9, 2018)

In this appeal from the Northern District of California, the Federal Circuit held that a patent for the composition of genetic primers and for the method of using them to detect a drug-resistant strain of bacterium causing tuberculosis (“MTB”) was patent-ineligible under § 101.¹⁷³

Roche’s ’723 patent specifically claimed (1) the composition of primers capable of binding onto the newly discovered nucleotide signature of MTB and (2) methods for amplifying the selected sequence using polymerase chain reaction (“PCR”) to detect MTB.¹⁷⁴ The district court found the primer claims ineligible for containing “genetic sequences identical to those found in nature,” and the method claims ineligible for being directed to “nonpatentable laws of nature” and without inventive concept (PCR is conventional).¹⁷⁵

On appeal, the Federal Circuit affirmed the result,¹⁷⁶ applying *Alice*¹⁷⁷ and relying on *BRCA1*.¹⁷⁸ In that case, the court had found that adding endpoints to primers did not save them from ineligibility under *Myriad*.¹⁷⁹ Here, the primers were not “patent-eligible because [their core nucleotide sequence could] be found in nature,” and their common endpoint, a non-naturally occurring 3-prime end with a 3-prime hydroxyl, did not save them.¹⁸⁰ As for the method claims, these were invalid as a diagnostic test directed toward a natural phenomenon and lacking in inventive concept.¹⁸¹ At *Alice*’s first step, the diagnostic was directed towards using the “relationship between the signature nucleotides and MTB” that “exists in nature apart from any human action.”¹⁸² At *Alice*’s second step, using conventional PCR and a mental step to diagnose lacked inventive concept.¹⁸³

¹⁷² *Id.* at 1143.

¹⁷³ *Roche Molecular Sysys., Inc., v. Cepheid, 905 F.3d 1363, 1365 (Fed. Cir. 2018).*

¹⁷⁴ *Id.* at 1365-66.

¹⁷⁵ *Id.* at 1367-68.

¹⁷⁶ *Id.* at 1365.

¹⁷⁷ *Id.* at 1368-69 (describing the standard under *Alice Corp. v. CLS Bank Int’l, 573 U.S. 208 (2014)*, and its progeny).

¹⁷⁸ *Id.* at 1369-70 (describing law under *In re BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig., 774 F.3d 755 (Fed. Cir. 2014)*).

¹⁷⁹ *Id.* at 1369-70 (citing *Ass’n for Molecular Pathology v. Myriad Genetics, Inc., 569 U.S. 576 (2013)* and *In re BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig., 774 F.3d 755 (Fed. Cir. 2014)*). Also, the *linear* structure of these MTB primers—which Roche argued was different from the *circular* structure of MTB’s chromosomal DNA—was not part of the patent claims. *Id.* at 1370.

¹⁸⁰ *Id.* at 1371.

¹⁸¹ *Id.* at 1372.

¹⁸² *Id.* at 1371. It didn’t help the patent holder’s cause that the Summary of Invention included the words “heretofore *undiscovered*.” *Id.* (quoting ‘723 patent col. 2 ll. 60–65 (emphasis added)).

¹⁸³ *Id.* at 1372. Roche’s other attempts “to limit the breadth of the method claims by showing alternative uses of MTB DNA outside of the scope of the claims” did not save the claims. *Id.* at 1374.

Concurring that *BRCAl* compelled the result reached, Judge O'Malley wrote separately to urge the Federal Circuit to revisit the patent eligibility of DNA primers.¹⁸⁴ Judge O'Malley pointed out that *BRCAl* was decided on appeal from a denial of preliminary injunction.¹⁸⁵ This meant the *BRCAl* court had been called only to decide whether the district court erred in finding a *substantial question* as to whether primer patents would be ruled invalid.¹⁸⁶ With that posture, the *BRCAl* court lacked the need and the evidence to make a sound determination of primer patent eligibility.¹⁸⁷ If *BRCAl* had been set aside, the court might have reached a different result here.¹⁸⁸ In *Myriad*, the Supreme Court had found isolated DNA patent-ineligible because such DNA exists in nature, but cDNA patent-eligible because of non-natural modifications.¹⁸⁹ Yet the *BRCAl* decision ruled primers ineligible without explaining whether primers were more like the ineligible DNA or eligible cDNA in *Myriad*.¹⁹⁰ With the added facts here,¹⁹¹ Judge O'Malley suggested primers may be more like the patent-eligible cDNA. *Myriad* teaches that “although ‘[t]he nucleotide sequence of cDNA is dictated by nature . . . the lab technician unquestionably creates something new when cDNA is made.’”¹⁹² Here, while the primers have a core sequence of nucleotides dictated by nature, the endpoints have a non-natural “structure” and “function” that may warrant patent-eligibility.¹⁹³

¹⁸⁴ *Id.* at 1381 (O'Malley, J., concurring).

¹⁸⁵ *Id.* at 1375 (O'Malley, J., concurring).

¹⁸⁶ *Id.* at 1375 (O'Malley, J., concurring).

¹⁸⁷ *Id.*

¹⁸⁸ *See Id.* at 1380 (O'Malley, J., concurring).

¹⁸⁹ *Id.* at 1377 (O'Malley, J., concurring) (“[W]hile ‘cDNA retains the naturally occurring exons of DNA, . . . it is distinct from the DNA from which it was derived[] because the intron sequences are removed.’” (quoting *Myriad Genetics, Inc.*, 569 U.S. at 595)).

¹⁹⁰ *Id.* at 1377-78 (O'Malley, J., concurring).

¹⁹¹ *Id.* at 1378 (O'Malley, J., concurring) (describing features of primers and expert testimony).

¹⁹² *Id.* at 1380 (O'Malley, J., concurring) (quoting *Myriad Genetics, Inc.*, 569 U.S. at 595).

¹⁹³ *Id.* at 1380 (O'Malley, J., concurring) (emphasizing that primers have “a different *structure* from anything found in nature, [and] a different *function* from that of native DNA” (emphasis original)).

DISCLOSURE

Definiteness

***Intellectual Ventures I LLC v. T-Mobile USA, Inc.*, Nos. 2017-2434 & 2017-2435, 2018 U.S. App. LEXIS 24997 (Fed. Cir. Sept. 4, 2018)**

In this appeal from the District of Delaware, the Federal Circuit affirmed the district court’s finding of claim indefiniteness (while vacating and remanding the decision on other grounds).¹⁹⁴

The case involved the ’248 patent describing “an application-aware resource allocator” for meeting software applications’ varied quality of service (“QoS”) requirements for bandwidth over a packet-switched network. One limitation described “allocating means for allocating resources to said IP flow . . . so as to optimize end user application IP QoS requirements of said software application.”¹⁹⁵ T-Mobile argued that the “means for” language in the claim triggered a means-plus-function limitation lacking definite function and corresponding structure.¹⁹⁶ Intellectual Ventures argued the function entailed all that followed “means for,” and proposed corresponding structures; T-Mobile argued and the district court found that “optimize” was an indefinite function—and declined to inquire after structure further.¹⁹⁷ (Because of this and a claim construction question, T-Mobile won on a motion for summary judgment on non-infringement.)¹⁹⁸

On appeal, the Federal Circuit held that it was not error for the district court, when evaluating this means-plus-function claim limitation, to decline to investigate whether sufficient corresponding structure existed for the means once it had found the function was indefinite.¹⁹⁹ The Federal Circuit focused on “QoS requirements” as being “entirely subjective and user-defined” according to the ’248 patent’s own language that QoS entailed “a continuum” of possible standards with “the end-user experience [being] the final arbiter.”²⁰⁰ This showed, as the district court also found, that there was no way for one of ordinary skill in the art to know when “optimiz[ing] . . . QoS” had been accomplished—much as there was no way for one to satisfy the “aesthetically pleasing” limitation in *Datamize*.²⁰¹

¹⁹⁴ *Intellectual Ventures I LLC v. T-Mobile USA, Inc.*, Nos. 2017-2434 & 2017-2435, 2018 U.S. App. LEXIS 24997, at *1 (Fed. Cir. Sept. 4, 2018).

¹⁹⁵ *Id.* at *5-*6.

¹⁹⁶ *Id.*

¹⁹⁷ *Id.* at *6.

¹⁹⁸ *Id.* at *7.

¹⁹⁹ *Id.* at *19.

²⁰⁰ *Id.* at *20 (citations and quotations to the patent omitted).

²⁰¹ *Id.* at *20 (quoting *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1350-51 (Fed. Cir. 2005)).

***Diebold Nixdorf, Inc. v. Int’l Trade Comm’n*, 899 F.3d 1291 (Fed. Cir. Aug. 15, 2018)**

In this appeal from the International Trade Commission, the Federal Circuit concluded that “cheque standby unit” in the ’235 patent was a means-plus-function term under 35 U.S.C. § 112(f) that lacked corresponding structure in the specification and was therefore indefinite and invalid²⁰² despite expert testimony about the meaning of the term in the industry.

The case concerned defendant’s alleged infringement of the ’235 patent. The patent related to automated teller machines (ATMs). Defendants argued a claim that included a “cheque standby unit” limitation was invalid for indefiniteness.²⁰³ Crediting plaintiff’s expert, the administrative law judge (“ALJ”) found the “cheque standby unit” was a means-plus-function term for which a person of ordinary skill in the art would find sufficient corresponding structure in the description that it “temporarily stores at least one authentic cheque by holding it in position on the belt.”²⁰⁴ The Commission reviewed the ALJ’s Initial Decision but not this issue.

On appeal, the Federal Circuit reversed.²⁰⁵ The court reached its conclusion for three reasons. First, while the word “means” was not present to invoke § 112, para. 6, the challenger showed that “unit” was a nonce word, describing a function rather than a structure.²⁰⁶ Indeed, the specification illustrated the “unit” using a plain line that did not distinguish it from the “main transfer path” before and after it.²⁰⁷ Second, the court found that the extrinsic evidence of the patent-holder’s expert did not defeat the intrinsic evidence of the challenger. The testimony that “cheque standby unit” was well understood and disclosed adequate structure was undermined by the expert’s failure to “cabin”²⁰⁸ the corresponding structure, which by the expert’s admission could include “a ‘suction cup,’ a ‘trap door,’ [or] a ‘drum.’”²⁰⁹ The prosecution history also showed the patent-holder “coined” the term in revisions to avoid prior art, suggesting a skilled artisan might need extra clarity to understand this new concept.²¹⁰ Finally, given the term was found to recite a function and location, the patent’s specification lacked sufficient corresponding structure—for the same reasons as above—and so was invalid for indefiniteness.²¹¹

²⁰² *Diebold Nixdorf, Inc. v. Int’l Trade Comm’n*, 899 F.3d 1291 (Fed. Cir. 2018).

²⁰³ *Id.* at 1294.

²⁰⁴ *Id.* at 1296 (citation omitted).

²⁰⁵ *Id.* at 1303; *see also id.* at 1297 (explaining reviewing standard).

²⁰⁶ *Id.* at 1298.

²⁰⁷ *Id.* at 1298-99.

²⁰⁸ *Id.* at 1300-01.

²⁰⁹ *Id.* at 1301 n.5

²¹⁰ *Id.* at 1302; *see also id.* at 1296 (explaining when and why limitation was added).

²¹¹ *Id.* at 1303.

***Zeroclick, LLC, v. Apple Inc.*, 891 F.3d 1003 (Fed. Cir. June 1, 2018)**

In this appeal from the Northern District of California, the Federal Circuit vacated and remanded the case because the district court failed to adequately support its findings that the claims recited means-plus-function terms and were indefinite.²¹²

The case concerned Zeroclick’s ’691 and ’443 patents, which Zeroclick alleged Apple had infringed. The ’691 claims cover a graphical user interface and method of operating it by using two motions with a pointer to accomplish a “click event” with zero clicking; the ’443 claim covers a device capable of executing software actioned by touching.²¹³ The claims did not use the word “means” to trigger the presumption that means-plus-function limitations applied.²¹⁴ Still, the district court found that “program” and “user interface code” were generic placeholders for the “means” to perform the functions described in the claims.²¹⁵ And, because “the specifications [did] not disclose sufficient structure” for these means, the “claims [were] invalid for indefiniteness.”²¹⁶

On appeal, the Federal Circuit vacated the application of the means-plus-function limitation to these claims because there were three errors in the district court’s determination that “program” and “user interface code” were nonce words. First, the mere presence of functional terms (like “user interface code”) did not create a means-plus-function claim.²¹⁷ Second, the context—such as discussions of backward compatibility²¹⁸—showed these were not “black box recitations of structure or abstractions[but] specific references to conventional graphical user interface programs or code, existing in the prior art” that a person having ordinary skill in the art would understand.²¹⁹ Finally, the district court developed no support for the finding that “program” and “user interface code” were common-parlance synonyms for “means.”²²⁰

Enablement and Written Description

***Knowles Electronics LLC v. Cirrus Logic, Inc.*, 883 F.3d 1358 (Fed. Cir. Mar. 2, 2018)**

The Federal Circuit affirmed the PTAB’s *inter partes* reexamination decision rejecting proposed claims 23-27 for lack of an adequate written description.²²¹ Proposed claims 23-27 recite a MEMS package where the solder pads are “configured to mechanically attach and electrically connect the package to a surface of an external printed circuit board using a solder reflow process.”²²² The PTAB determined that the claims failed to meet the written description requirement because the specification

²¹² *Zeroclick, LLC, v. Apple Inc.*, 891 F.3d 1003, 1006 & n.2 (Fed. Cir. 2018).

²¹³ *Id.* at 1005-06.

²¹⁴ *Id.* at 1007.

²¹⁵ *Id.* at 1008 (as characterized by the reviewing court).

²¹⁶ *Id.* at 1006.

²¹⁷ *Id.* at 1008.

²¹⁸ *Id.* at 1009.

²¹⁹ *Id.* at 1008.

²²⁰ *Id.* at 1009.

²²¹ *Knowles Elecs. LLC v. Cirrus Logic, Inc.*, 883 F.3d 1358, 1361 (Fed. Cir. 2018).

²²² *Id.* at 1365.

disclosed only solder pads capable of being connected to a PCB, but not the claimed solder pads connectable to a board *by using a reflow process*.²²³

The Federal Circuit determined that substantial evidence supported the PTAB’s ruling.²²⁴ The specification did not identify the solder reflow process as a means to connect solder pads to a PCB, and “other processes for attaching solder pads were known in the art at the time of the invention.”²²⁵ Knowles contended that a PHOSITA would know that solder pads were intended to be capable of reflow attachment to a PCB.²²⁶ But “Knowles misunderstands the PTAB’s analysis.”²²⁷ The PTAB “acknowledged that solder reflow was a process of connecting a board to a solder pad but found that other processes of connection existed in the prior art.”²²⁸ Thus, the patent’s specification, which merely discussed the broad idea of solder pads connected to a PCB, did not completely disclose the newly claimed species of such pads connectable to a PCB using a reflow process.²²⁹ Because the “parties presented conflicting views of the knowledge of a PHOSITA and disputed whether such a person would have understood solder reflow to be the only (or even the primary) way to connect solder pads in the specification, . . . the PTAB reasonably found that a PHOSITA would not have recognized that the inventor possessed solder pads ‘configured to’ connect to a printed circuit board through a reflow process.”²³⁰

***General Hosp. Corp. v. Sienna Biopharms. Inc.*, 888 F.3d 1368 (Fed. Cir. May 4, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit affirmed the PTAB’s finding that the ’575 patent lacked written description under § 112 of the Patent Act because of misalignment between the chemical compositions in its specifications and the ranges in its claims.²³¹

The PTAB proceedings concerned GHC’s ’575 patent, which sought to cover a method of applying nanoparticles to hair follicles to damage them and remove hair.²³² Sienna prompted the PTAB to identify an interference with claim 1 of its ’941 patent. The PTAB construed the GHC application to claim compositions with concentrations of between 5.94×10^{11} and 7.26×10^{11} nanoparticles per ml, whereas the Sienna patent claimed concentrations from 10^9 to 10^{23} nanoparticles per ml.²³³ Undertaking this inquiry, the court soon found GHC’s written description, as understood after expert testimony,²³⁴

²²³ *Id.*

²²⁴ *Id.* at 1366.

²²⁵ *Id.*

²²⁶ *Id.*

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ *Id.*

²³⁰ *Id.*

²³¹ *General Hosp. Corp. v. Sienna Biopharms. Inc.*, 888 F.3d 1368, 1370 (Fed. Cir. 2018).

²³² *Id.*

²³³ *Id.*

²³⁴ *Id.* at 1370-71.

failed to disclose a composition that fit within its range.²³⁵ The board found the claims unpatentable under § 112.²³⁶

The Federal Circuit affirmed.²³⁷ First, the seven specific compositions disclosed in GHC’s application were below or above the claimed range of particles per ml—and so all insufficient for a written description of the claim.²³⁸ Second, the court pointed out this claimed range was not even original to the application, which had claimed only a range in optical density notation without an upper bound; while the written descriptions fell within that original range, it was overbroad.²³⁹ Third and finally, even if the range in the specification was assumed to be expanded by plus or minus 10% by the “about” language used in the claims and arguably applied through text in the specification, this produced only some overlap between the claimed range and the specified range—again failing to rescue the insufficient written descriptions.²⁴⁰ In sum, the written description was inadequate whether it specified compositions with concentrations that fell within a claimed range having no upper bound, that fell outside a claimed range, and that slightly overlapped the limits of the range.²⁴¹

***Trustees of Boston Univ. v. Everlight Elecs. Co.*, 896 F.3d 1357 (Fed. Cir. July 25, 2018)**

In this appeal from the District of Massachusetts, the Federal Circuit reversed the trial court and held that a patent issued to Boston University (“BU”) was invalid as a matter of law for lack of enablement,²⁴² even where parties agreed that all but one of the six possible combinations the claim specified (as construed by the trial court) were successfully enabled.²⁴³

The case concerned the ‘738 patent, which sought to disclose a process for fabricating a blue light-emitting diode (“LED”) in a way that would correct an otherwise common and problematic “lattice-mismatch” in semiconductors of this type between the crystalline layer of gallium nitride (“GaN”) and its substrate layer. The patent’s only claim tried to the jury was claim 19.²⁴⁴ It disclosed, in relevant part, “*a non-single crystalline buffer layer*” and “*a growth layer grown on the buffer layer.*”²⁴⁵ The district

²³⁵ *Id.* The testimony focused on converting the optical density given in the description back to the units of concentration of particles per ml given in the claim.

²³⁶ *Id.* at 1371. Note that GHC also moved to add a new claim—evidently to claim compositions with concentrations corresponding to those in the written description—but this was denied in part because Sienna failed to show interference-in-fact with Sienna’s ‘941 patent. *Id.*

²³⁷ *Id.*

²³⁸ *Id.* at 1372 (describing compositions of 4.10×10^{11} (below the claimed range of 5.94×10^{11} to 7.26×10^{11}), 4.46×10^{11} (below), 7.77×10^{11} (above), 8.44×10^{11} (above), 9.31×10^{11} (above), 22×10^{11} (above), and 24×10^{11} (above) particles per ml).

²³⁹ *Id.* at 1372 (citing *Purdue Pharma L.P. v. Faulding Inc.*, 230 F.3d 1320, 1323 (Fed. Cir. 2000)).

²⁴⁰ *Id.* at 1372-73 (citing *Eiselstein v. Frank*, 52 F.3d 1035, 1040 (Fed. Cir. 1995)).

²⁴¹ *Id.*

²⁴² *Trustees of Boston Univ. v. Everlight Elecs. Co.*, 896 F.3d 1357, 1358 (Fed. Cir. 2018); *id.* at 1364-65.

²⁴³ *Id.* at 1364.

²⁴⁴ *Id.* at 1360

²⁴⁵ *Id.* (quoting ‘738 patent col. 7 l. 42–col. 8 l. 9).

court construed the first term to admit of three types of “non-single crystalline buffer[s],” and the second to admit of two ways a growth layer could “grow[] on” this buffer (directly on or indirectly above).²⁴⁶ Thus, the claim specified six combinations. The parties agreed five were enabled.²⁴⁷ Moreover, they agreed that while these five could be prepared using molecular beam epitaxy (which the appellate court later said the patent’s specification “focuses on”),²⁴⁸ they agreed the sixth combination was impossible to prepare this way.²⁴⁹ Nonetheless, the jury determined that defendant failed to show the patent was invalid;²⁵⁰ the district court denied defendant’s renewed motion for judgment as a matter of law (“JMOL”) that the claim was not enabled under 35 U.S.C. § 112 (2006).²⁵¹ “[T]he ‘738 patent did not have to enable a device with a monocrystalline growth layer formed directly on [one of the three types of] buffer layer[s], as long as it enabled a device with a monocrystalline growth layer formed *indirectly* on [that same type of buffer layer].”²⁵²

The Federal Circuit reversed the denial of the motion for JMOL, holding as a matter of law that no reasonable jury could have found as that jury did.²⁵³ The court accepted the district court’s findings that substantial evidence showed growing the crystalline layer epitaxially on the substrate was not possible for the sixth combination, and that there was no substantial evidence—just conclusory expert testimony²⁵⁴—that BU’s patent taught a non-epitaxial approach. But the Federal Circuit found that was not enough. It held that because “[t]he enablement requirement [must ensure] that the public knowledge is enriched by the patent specification to a degree at least commensurate with the scope of the claims,” the “scope of the claims must be less than or equal to the scope of the enablement.”²⁵⁵ The claim was drafted to cover six combinations, but only enabled five—and so was invalid.

²⁴⁶ *Id.* at 1360.

²⁴⁷ *Id.* at 1364.

²⁴⁸ *Id.* at 1362.

²⁴⁹ *Id.* at 1364.

²⁵⁰ *Id.* at 1361.

²⁵¹ *Id.*

²⁵² *Id.* (citation omitted).

²⁵³ *Id.*

²⁵⁴ *Id.* at 1364.

²⁵⁵ *Id.* (quoting *Nat’l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc.*, 166 F.3d 1190, 1195–96 (Fed. Cir. 1999)).

SECTION 102

Printed Publication

***GoPro, Inc. v. Contour IP Holding LLC*, Nos. 2017-1894, 2017-1936, 2018 WL 5660650 (Fed. Cir. July 27, 2018, modified Nov. 1, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit held that GoPro’s sales catalog was a prior-art printed publication under § 102(b),²⁵⁶ and reasserted that “direct availability [of such printed publications] to an ordinarily skilled artisan is [not] dispositive.”²⁵⁷

The case concerned Contour’s ’694 and ’954 patents, which disclose specifications for transmitting video between a camera and a remote digital device, such as for transmitting point-of-view (“POV”) video from a helmet-mounted camera to a smartphone.²⁵⁸ GoPro challenged the patents as obvious over a sales catalog it had distributed before the critical date at a trade show with over 150 vendors and 1,000 attendees, through its website, by direct mail, and otherwise.²⁵⁹ The PTAB initiated *inter partes* review, but found the catalog not a prior-art printed publication.²⁶⁰ The PTAB reasoned that ordinarily skilled artisans using reasonable diligence could not have located the catalog given the trade show was open only to dealers (not the broader public) and oriented towards action sports vehicles (not camera technology).²⁶¹

On appeal, the Federal Circuit reversed, emphasizing that the test is broader than the PTAB had viewed it.²⁶² A reference is publicly accessible if “persons interested and ordinarily skilled in the subject matter or art exercising reasonable diligence[] can locate it.”²⁶³ For information shared through a conference or trade show, factors establishing accessibility include not only the event’s target audience—which the PTAB emphasized—but also “the nature of the conference or meeting; whether there are restrictions on public disclosure of the information; expectations of confidentiality; and expectations of sharing the information.”²⁶⁴ Here, the court found that the target audience was more closely related to the ordinary artisans than the PTAB allowed, as action sports vehicles are a primary application for POV cameras (a fact the ’954 patent described).²⁶⁵

²⁵⁶ *GoPro, Inc. v. Contour IP Holding LLC*, Nos. 2017-1894, 2017-1936, 2018 WL 5660650, at *1 (Fed. Cir. July 27, 2018, modified Nov. 1, 2018). Full disclosure: Mark Lemley represented GoPro, Inc., in this matter.

²⁵⁷ *Id.* at *3.

²⁵⁸ *Id.* at *1.

²⁵⁹ *Id.* at *1-2.

²⁶⁰ *Id.* at *2, 3 (Fed. Cir. July 27, 2018, modified Nov. 1, 2018).

²⁶¹ *Id.* The court does not tell whether the PTAB addressed the other alleged channels of distribution.

²⁶² *Id.* at *2.

²⁶³ *Id.* at *2.

²⁶⁴ *Id.*

²⁶⁵ *Id.* at *4.

Moreover, the GoPro catalog was “disseminated with no restrictions and was intended to reach the general public.”²⁶⁶

On-Sale Bar

Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc., 138 S.Ct. 2678 (June 25, 2018).

In this appeal from the District of New Jersey, the Federal Circuit held that AIA’s on-sale bar includes publicly available sales that do not fully disclose the details of the invention.²⁶⁷

Helsinn owns four patents²⁶⁸ directed to formulations of the drug palonosetron for reducing chemotherapy-induced nausea.²⁶⁹ The critical date for the on-sale bar is January 30, 2002.²⁷⁰ On April 6, 2001, MGI Pharma, Inc. contracted with Helsinn to purchase and distribute the formulations.²⁷¹ The details of the transaction were made publicly available through SEC filings, but the filings did not disclose the specific dosage for the formulations.²⁷²

Helsinn sued Teva, alleging that Teva’s ANDA infringed the patents-in-suit. The trial court held that the patents were not invalid under the on-sale bar.²⁷³ For the three patents governed by pre-AIA section 102, the court held that “there was a commercial offer for sale before the critical date, but that the invention was not ready for patenting” before that date.²⁷⁴ For the patent governed by the AIA, the court held that there was no commercial offer for sale because the AIA changed the meaning of the on-sale bar to require the sale to publicly disclose the details of the invention.²⁷⁵ The court found that by withholding the dosage, the SEC filings did not fully disclose the invention.²⁷⁶

The Federal Circuit rejected the trial court’s interpretation of the AIA on-sale bar. The pre-AIA section 102 barred the patentability of an invention that was “patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent.”²⁷⁷ With the AIA, Congress amended it to read: “patented, described in a printed publication, or in public use, on sale, or *otherwise available to the public* before the effective filing date of the claimed invention.”²⁷⁸ Helsinn—and the USPTO as amici—argued that the newly

²⁶⁶ *Id.*

²⁶⁷ *Helsinn Healthcare S.A. v. Teva Pharmaceutical USA, Inc.*, 2017 WL 1541518, at *11 (Fed. Cir. 2017).

²⁶⁸ U.S. Patent Nos. 7,947,724; 7,947,725; 7,960,424; and 8,598,219 (collectively, “the patents-in-suit”).

²⁶⁹ *Helsinn*, 2017 WL 1541518, at *1.

²⁷⁰ *Id.*

²⁷¹ *Id.* at *2.

²⁷² *Id.* at *3.

²⁷³ *Id.* at *1.

²⁷⁴ *Id.*

²⁷⁵ *Id.* at *4.

²⁷⁶ *Id.*

²⁷⁷ 35 U.S.C. § 102(b) (2006).

²⁷⁸ 35 U.S.C. § 102(a)(1) (emphasis added).

added phrase, “otherwise available to the public,” required that a sale “make the invention available to the public in order to trigger application of the on-sale bar.”²⁷⁹ Despite some legislative history supporting Helsinn’s interpretation, the court rejected it because “[r]equiring such disclosure . . . would work a foundational change in the theory of the statutory on-sale bar.”²⁸⁰ For the court, the act of selling or offering to sell the invention is the key trigger underlying the on-sale bar, not the disclosure of the invention: “[a] primary rationale of the on-sale bar is that ‘publicly offering a product for sale that embodies the claimed invention places it in the public domain, regardless of when or whether actual delivery occurs.’”²⁸¹ In support, the court argues that prior cases have “applied the on-sale bar even when there is no delivery, when delivery is set after the critical date, or, even when, upon delivery, members of the public could not ascertain the claimed invention.”²⁸² Given this established body of jurisprudence, the court concluded that Congress would not have intended the sweeping change proposed by Helsinn.²⁸³ The Federal Circuit denied en banc review without dissent in January 2018. Judge O’Malley concurred to respond to some of the arguments amici had made in support of rehearing.

The Supreme Court granted certiorari in this case asking whether the America Invents Act, by changing language in § 102, materially changed the standard for the on-sale bar to patentability. A decision is expected by June 2019.

***The Medicines Co. v. Hospira Inc.*, 881 F.3d 1347 (Fed. Cir. Feb. 6, 2018)**

In this appeal from the District of Delaware, the Federal Circuit reversed the district court’s finding that the Distribution Agreement was not a commercial offer for sale.²⁸⁴ The district court found that the Distribution Agreement did not constitute a commercial offer for sale because it was merely an agreement.²⁸⁵ The Federal Circuit disagreed, concluding that “the terms of the Distribution Agreement make clear that the Medicines Company and ICS entered into an agreement to sell and purchase the product.”²⁸⁶ “Those relevant terms include: a statement that The Medicines Company ‘now desire[d] to sell the Product’ to ICS and ICS ‘desire[d] to purchase and distribute the product,’ the price of the product, the purchase schedule, and the passage of title from The Medicines Company to ICS.”²⁸⁷

The Medicines Company’s argued that the agreement did not constitute an offer for sale because The Medicines Company reserved the right to reject all purchase orders

²⁷⁹ Helsinn, 2017 WL 1541518, at *8.

²⁸⁰ *Id.* at *10. *See also id.* (“Failing to find such a sale invalidating . . . ‘would materially retard the progress of science and the useful arts, and give a premium to those who should be least prompt to communicate their discoveries.’”) (internal citation omitted).

²⁸¹ *Id.*

²⁸² *Id.* at 11.

²⁸³ *Id.*

²⁸⁴ *The Medicines Co. v. Hospira Inc.*, 881 F.3d 1347, 1353-54 (Fed. Cir. 2018).

²⁸⁵ *Id.* at 1350.

²⁸⁶ *Id.* at 1351.

²⁸⁷ *Id.* (internal citations omitted).

submitted by ICS.²⁸⁸ But this argument failed for two reasons.²⁸⁹ First, as discussed previously, the agreement clearly showed that “The Medicines Company agreed to sell Angiomax to ICS, and ICS agreed to purchase it.”²⁹⁰ “Second, the Distribution Agreement required The Medicines Company to use ‘commercially reasonable efforts’ to fill the purchase orders,” so the agreement did not actually permit The Medicines Company to reject all purchase orders.²⁹¹ The court remanded for the district court to determine whether the offer to sell covered the patented invention.²⁹²

Standard of Review

Microsoft Corp. v. Biscotti, Inc., 878 F.3d 1052 (Fed. Cir. Dec. 28, 2017)

A divided Federal Circuit panel affirmed the PTAB’s finding that the asserted patent was not anticipated by the prior art.²⁹³ The patent was generally related to a real-time video communication system.²⁹⁴ The PTAB found that a prior art patent did not anticipate the claims based on its interpretation of various portions of the patent’s specification.²⁹⁵

In its briefing on appeal, Microsoft challenged the Federal Circuit’s standard of review on anticipation.²⁹⁶ Microsoft argued that here the PTAB’s anticipation determination was not a finding of fact, which would be reviewed for substantial evidence, but rather a finding of law which was not entitled to deference.²⁹⁷ Microsoft reasoned that the interpretation of a prior art patent’s specification is an interpretation of a patent’s intrinsic evidence which should be reviewed without deference.²⁹⁸ In Microsoft’s view, the interpretation of the patent’s specification in this case was analogous to how courts interpret a patent’s specification (and other intrinsic evidence) during claim construction; accordingly, there is “no persuasive reason” that the finding here is a finding of fact while the same finding during claim construction would be a finding of law.²⁹⁹ In spite of Microsoft’s assertions in its briefing, at oral argument Microsoft stated that it was not in fact challenging the standard of review.³⁰⁰ The Federal Circuit stated that “[a]lthough Microsoft retreated from challenging our standard of review, we reiterate that anticipation is a question of fact subject to substantial evidence review.”³⁰¹

²⁸⁸ *Id.*

²⁸⁹ *Id.*

²⁹⁰ *Id.*

²⁹¹ *Id.* at 1351-52.

²⁹² *Id.* at 1353-54.

²⁹³ *Microsoft Corp. v. Biscotti, Inc.*, 878 F.3d 1052, 1054 (Fed. Cir. 2017).

²⁹⁴ *Id.* at 1054-56.

²⁹⁵ *Id.* at 1062-67.

²⁹⁶ *Id.* at 1067.

²⁹⁷ *Id.*

²⁹⁸ *Id.*

²⁹⁹ *Id.*

³⁰⁰ *Id.* at 1068.

³⁰¹ *Id.*

The Federal Circuit also agreed with the PTAB’s articulation of the standard for anticipation: a prior art reference anticipates a claimed invention if (a) it discloses all elements “arranged as in the claim,”³⁰² or (b) a PHOSITA reading the reference would “at once envisage” the claimed arrangement or combination.³⁰³ The court made clear that although anticipation is not proven by multiple distinct teachings within a single reference that a PHOSITA may be able to combine, the reference need not spell out every claim limitation if a PHOSITA would “at once envisage” the claimed arrangement or combination.³⁰⁴

Turning to the PTAB’s anticipation ruling, the court found that although both sides made reasonable arguments supporting their interpretation of the prior art patent’s disclosure, the PTAB’s decision was supported by substantial evidence and thus was entitled to deference.³⁰⁵

Judge Newman dissented.³⁰⁶ In her view, “every claim clause is shown [in the prior art patent]. Every claim component was previously shown, and performs the same function in the same way in the same combination.”³⁰⁷

Experimental Use

***Polara Eng’g Inc. v. Campbell Co.*, 894 F.3d 1339 (Fed. Cir. July 10, 2018)**

In this appeal from the Central District of California, the Federal Circuit affirmed that Polara’s public use of its invention was experimental and so did not bar its later claims under § 102(b),³⁰⁸ arguably expanding when durability testing qualifies as an experimental use.

Polara sued Campbell for infringing its ’476 patent.³⁰⁹ The patent teaches how two wires can provide both power and digital data to accessible pedestrian signal (APS) systems that “enable both sighted and visually impaired pedestrians to receive information concerning the status of the intersection to be crossed”³¹⁰ (Prior art required eight wires, but typical intersections only have two readily available.³¹¹) Before the critical date,³¹² Polara installed such systems in two public intersections in Fullerton, California, and one in Burnaby, Canada.³¹³ The warmer and drier Fullerton site was

³⁰² *Id.* (quoting *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1369 (Fed. Cir. 2008)).

³⁰³ *Id.* (quoting *Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780 F.3d 1376, 1381 (Fed. Cir. 2015)).

³⁰⁴ *Id.* at 1069.

³⁰⁵ *Id.* at 1070-73.

³⁰⁶ *Id.* at 1077-86.

³⁰⁷ *Id.* at 1077.

³⁰⁸ *Polara Eng’g Inc. v. Campbell Co.*, 894 F.3d 1339, 1349 (Fed. Cir. 2018). The appeal addressed other issues not discussed here.

³⁰⁹ *Id.* at 1343-44.

³¹⁰ *Id.* at 1344 (quoting ’476 patent col. 2 ll. 21-24).

³¹¹ *Id.*

³¹² *Id.* (describing the application date, the critical date, and the testing dates in this case falling under the pre-AIA 35 U.S.C. § 102(b) (2006) regime).

³¹³ *Id.* at 1344-45.

installed and monitored by Polara for no fee and with the agreement of Fullerton, whose staff opened electrical cabinets to enable Polara’s work but was not bound by a confidentiality agreement.³¹⁴ The colder and wetter Burnaby site was managed by Burnaby and an electrical company, both bound by confidentiality agreements with Polara.³¹⁵ No contemporaneous records were kept for some locations.³¹⁶ Despite several of the *Clock Spring* factors not being met,³¹⁷ a jury found the public uses experimental and negated the public use bar to patentability, and the trial court upheld this result against defendant’s motion for judgment as a matter of law.³¹⁸

On appeal, the Federal Circuit affirmed. It rejected Campbell’s contention that the experiments here were neither (1) to test claimed features nor (2) to test their adequacy for a purpose.³¹⁹ As to the first legal ground for experimental use, the Federal Circuit recognized that the use here indeed tested claimed features because, for instance, early results prompted modifications to the two-wire system to parse data signals from electrical noise.³²⁰ Moreover, confirming that the second legal ground is distinct, the court said that even without evidence of feature-specific testing the use could have been held experimental because the testing concerned the durability and safety of the APS system and therefore its adequacy for its purpose.³²¹

Polara can be read to support the rule that testing the durability of an otherwise conventional system in which an invention is embedded—even when not specifically testing claimed features—may suffice as an experimental use if the overall system’s durability is necessary to the invention’s purpose.³²² The court reasoned that the facts in *Polara* have a “striking similarity to the situation in *City of Elizabeth*.”³²³ But because “durability” in *Polara* was less closely related to the claimed features and purpose of the invention than in *City of Elizabeth*, it arguably expands when “durability” qualifies as an experimental use.

Priority

***Natural Alternatives Int’l, Inc. v. Iancu*, 904 F.3d 1375 (Fed. Cir. Oct. 1, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit affirmed that a patentee who waives any claim to benefit from the filing date of an

³¹⁴ *Id.* at 1344.

³¹⁵ *Id.* at 1350.

³¹⁶ *Id.* at 1351.

³¹⁷ *Id.* at 1348-49 (quoting *Clock Spring, L.P. v. Wrapmaster, Inc.*, 560 F.3d 1317, 1327 (Fed. Cir. 2009)) (describing thirteen factors for evaluating whether a use is experimental).

³¹⁸ *Id.* at 1347 (recounting procedural history).

³¹⁹ *Id.* at 1348 (citing *Clock Spring*, 560 F.3d at 1327).

³²⁰ *Id.*; *see also, e.g., id.* at 1345 (recounting modifications made).

³²¹ *Id.* at 1349.

³²² *See id.*

³²³ *Id.* at 1350 (citing *City of Elizabeth v. Am. Nicholson Pavement Co.*, 97 U.S. 126, 136 (1877)).

earlier patent application also waives any claim to benefit from that earlier filing date in subsequent applications.³²⁴

The case concerned the '381 patent, the eighth in a chain directed to increasing endurance in athletes.³²⁵ Natural Alternatives International (“NAI”) filed the first application in 1997, and claimed the benefit of the earlier filing date in each subsequent application.³²⁶ However, just after filing the sixth application, NAI amended the fifth application’s “Cross Reference of Related Applications” to remove any claim to an earlier date.³²⁷ NAI amended no other patent application, and continued to claim the benefit of each prior application in each subsequent filing.³²⁸ When examining the eighth application, the patent examiner reasoned that the fifth application’s waiver broke the priority chain, and found the eighth application obvious over the first patent.³²⁹ The PTAB affirmed.³³⁰

On appeal, the Federal Circuit affirmed again.³³¹ To gain the benefit of an earlier priority date, an applicant must—among other obligations set out in § 120—make “specific reference” to the earlier filed application.³³² The Federal Circuit held that specific reference entails “identifying each earlier-filed application by number and explaining how the applications are related to one another.”³³³ NAI argued it had met this burden by stating the earlier applications, with the waiver pertaining only to the fifth application and with later applications depending not upon “a single growing chain[, but] multiple fixed chains.”³³⁴ While the Manual of Patent Examining Procedure (“MPEP”) appeared to support NAI’s position,³³⁵ it was not binding law.³³⁶ Supreme Court precedent and longstanding practice was, however, conclusive: Parent and continuing applications “are to be considered as parts of the same transaction, and both as constituting one continuous application, within the meaning of the law.”³³⁷ To hold otherwise would frustrate the Patent Act, which requires that the benefit of an earlier filing date come at the cost of an earlier patent expiration.³³⁸

³²⁴ *Natural Alternatives Int’l, Inc. v. Iancu*, 904 F.3d 1375, 1377 (Fed. Cir. 2018). *See also* *Natural Alternatives Int’l, Inc. v. Iancu*, 738 Fed.Appx. 1016 (Fed. Cir. Oct. 1, 2018) (unpublished) (affirming PTAB’s final determination on priority as to the ‘422 for the same reasons given in the companion decision regarding the ‘381 patent).

³²⁵ *Natural Alternatives Int’l v. Iancu*, 904 F.3d at 1377.

³²⁶ *Id.*

³²⁷ *Id.*

³²⁸ *Id.*

³²⁹ *Id.* at 1378.

³³⁰ *Id.*

³³¹ *Id.* at 1377.

³³² *Id.* at 1379 (citing 35 U.S.C. § 120 (2000) (then in effect)).

³³³ *Id.* at 1380.

³³⁴ *Id.* at 1379.

³³⁵ The MPEP states that “cancellation of a benefit claim to a prior application may be considered as a showing that the applicant is intentionally waiving the benefit claim to the prior application in the instant application.” *Id.* at 1381 (quoting MPEP § 201.11(III)(G) (8th ed., Rev. 1) (2003); MPEP § 211.02(a)(III) (9th ed., Rev. 7) (2015)).

³³⁶ *Id.* at 1381.

³³⁷ *Id.* at 1382 (quoting *Godfrey v. Eames*, 68 U.S. 317, 326, 1 Wall. 317, 17 L.Ed. 684 (1863)).

³³⁸ *Id.* at 1383.

***Regents of the Univ. of California v. Broad Inst., Inc.*, No. 2017-1907, 2018 WL 4288968 (Fed. Cir. Sept. 10, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit affirmed the PTAB’s finding that a skilled artisan learning the University of California’s (“UC”) method would not have had a reasonable expectation of success that she could apply it as the Broad Institute’s (“Broad”) now teaches, and so Broad’s patent did not interfere with UC’s.³³⁹ The prospective expectation of success was not disproven by retrospective evidence that five groups besides Broad had actual success.³⁴⁰

The case concerned the CRISPR-Cas9 system for cutting DNA sequences.³⁴¹ In August 2012, UC researchers published an article explaining its use in vitro on DNA outside of cells.³⁴² Within months, Broad and five other groups applied the method in eukaryotic cells; Broad was first to publish an article explaining the method’s use in eukaryotes, specifically in human cells, in February 2013.³⁴³ Both UC and Broad applied for patents.³⁴⁴ While the UC’s generic claims were not limited by cell type, Broad’s species claims were limited to eukaryotic cells.³⁴⁵ The PTAB found that a skilled artisan seeking to apply the UC method to eukaryotes would not have reasonably expected success, even though six groups rapidly tried and succeeded;³⁴⁶ Broad’s teachings therefore remained nonobvious over UC’s claims and did not interfere.³⁴⁷

On appeal, the Federal Circuit affirmed there had been no reasonable expectation of success.³⁴⁸ Expert testimony explained that other kinds of methods developed in prokaryotes had required extensive experimentation (even lasting sixteen years) before use in eukaryotes.³⁴⁹ And here, specific differences between prokaryotes and eukaryotes made applying CRISPR-Cas9 to eukaryotes especially unpredictable.³⁵⁰ Publications and contemporaneous records showed that skilled artisans believed this ex ante.³⁵¹ One UC inventor even said “we weren’t sure if CRISPR/Cas9 would work in eukaryotes” given “many frustrations,” and believed getting it to work in human cells would be a “profound

³³⁹ *Regents of the Univ. of California v. Broad Inst., Inc.*, No. 2017-1907, 2018 WL 4288968 at *1-2 (Fed. Cir. Sept. 10, 2018).

³⁴⁰ *Id.* at *6.

³⁴¹ *Id.* at *1.

³⁴² *Id.*

³⁴³ *Id.*

³⁴⁴ *Id.*

³⁴⁵ CRISPR-Cas systems do not naturally occur in eukaryotes. *Id.* at *1, *2.

³⁴⁶ *Id.* at *6; *see also* Appellant’s Brief at 39 (explaining they also used similar conventional techniques as they attempted to apply the method).

³⁴⁷ *Id.* at *2. Note that the PTAB finds non-interference if neither claim would have anticipated the other if prior art. *Id.* at *3. A claim does not anticipate another if its teachings do not make the other’s obvious. *Id.* A latter’s teachings do not obviously follow from an earlier’s if a skilled artisan, despite having motivation to modify or combine earlier teachings to accomplish the latter’s goals, would not have had a reasonable expectation of success in doing so. *Id.*

³⁴⁸ *Id.* at *3 (explaining that the standard for a finding of non-interference under § 102(g) for reasons of nonobviousness is the same as that for non-obviousness under § 103).

³⁴⁹ *Id.* at *5.

³⁵⁰ *Id.* at *3-*4.

³⁵¹ *Id.* at *4 (quotations and citations omitted).

discovery.”³⁵² When Broad did succeed, others were surprised and praised them: a colleague of a UC inventor said, “I hope you’re sitting down,” as “CRISPR is turning out to be absolutely spectacular in [Broad’s] hands.”³⁵³ Finally, the quick success of the six groups showed that skilled artisans were motivated to apply the UC teaching to eukaryotes, but not that they had expected success.³⁵⁴ The court also found the PTAB had correctly required only a reasonable certainty of success, and accounted for the person having not only ordinary skill but also ordinary creativity.³⁵⁵ In sum, the court held there was substantial evidence to affirm the finding of no interference.³⁵⁶

³⁵² *Id.*

³⁵³ *Id.*

³⁵⁴ *Id.* at *6 (citing *Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH*, 139 F.3d 877, 883 (Fed. Cir. 1998)).

³⁵⁵ *Id.* at *5 (citing *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418, 420, (2007))

³⁵⁶ *Id.*

OBVIOUSNESS

***Droplets, Inc. v. E*Trade Bank*, 887 F.3d 1309 (Fed. Cir. Apr. 19, 2018)**

The Federal Circuit affirmed the Board’s finding during inter partes review that the claims of the ’115 patent are invalid as obvious.³⁵⁷ The obviousness determination hinged on the ’115 patent’s priority date.³⁵⁸ It was undisputed that the ’115 patent properly claimed priority from the ’838 patent, which entitled the ’115 patent to the benefit of the November 24, 2003 filing date of the ’838 patent.³⁵⁹ The ’838 patent specification expressly claims priority from the ’917 provisional filed on September 14, 1999, which entitled the ’838 patent to the September 14, 1999 filing date, but the /115 didn’t claim priority to the ’917 provisional explicitly.³⁶⁰ Droplets argued that the ’115 patent was entitled to the ’917 provisional’s filing date because the ’115 patent incorporated the ’838 patent by reference, and alternatively because the ’115 patent incorporated the ’838 patent by reference.³⁶¹

The Federal Circuit disagreed.³⁶² The court reasoned that 35 U.S.C. § 120 (and 35 U.S.C. § 119(e)(1) for claiming priority to provisional applications) clearly requires the patent application to “‘contain a *specific* reference to the earlier filed application’ to which it purports to claim priority.”³⁶³ Moreover, § 120’s “‘specific reference’ requirement does not contemplate incorporation by reference.”³⁶⁴

***Acorda Therapeutics, Inc. v. Roxane Labs., Inc.*, Nos. 2017-2078 & 2017-2134, 2018 WL 4288982 (Fed. Cir. Sept. 10, 2018)**

In this appeal from the District of Delaware, the Federal Circuit affirmed that a species patent was obvious over a blocking genus patent despite evidence the species patent proved a commercial success; on the facts here, the blocking patent and not intrinsic difficulty explained why inventors had not pursued the species earlier.³⁶⁵

The case concerned an expiring genus patent and a new species patent related to treating multiple sclerosis, both of which Acorda had the exclusive right to use; infringers challenged the species patent as obvious.³⁶⁶ Later commercial success suggests others should have been motivated to do what the inventor later taught, and one explanation for their failure to act may be nonobviousness; here, however, the district court found the

³⁵⁷ *Droplets, Inc. v. E*Trade Bank*, 887 F.3d 1309, 1311 (Fed. Cir. 2018).

³⁵⁸ *Id.* at 1313.

³⁵⁹ *Id.*

³⁶⁰ *Id.*

³⁶¹ *Id.* at 1314.

³⁶² *Id.* at 1315.

³⁶³ *Id.* (quoting 35 U.S.C. § 120) (emphasis added).

³⁶⁴ *Id.* at 1320.

³⁶⁵ *Acorda Therapeutics, Inc. v. Roxane Labs., Inc.*, Nos. 2017-2078 & 2017-2134, 2018 WL 4288982, at *1, *20 (Fed. Cir. Sept. 10, 2018).

³⁶⁶ *Id.* at *1.

existence of the blocking patent provided an alternative explanation, and weighed the commercial success less heavily as evidence of nonobviousness.³⁶⁷ The patent was invalid.

On appeal, the Federal Circuit affirmed. The court summarized its holdings in *Merck I* (commercial success does not evidence nonobviousness where a blocking patent exists)³⁶⁸ and *Merck II* (commercial success may evidence nonobviousness even where a blocking patent exists).³⁶⁹ To guide courts making the “fact-specific inquiry” into whether a “blocking patent [did] or [did] not deter innovation in the blocked space,”³⁷⁰ the Federal Circuit listed a number of factors to consider:

whether the blocking patent can be successfully challenged . . . [;] the costliness of the project; the risk of research failure; the nature of improvements that might arise from the project, and whether such improvements will be entirely covered by the blocking patent; the size of the market opportunities anticipated for such improvements; the costs of arriving at the improvements and getting them to market; the risk of losing the invention race to a blocking-patent owner or licensee; the risk that the blocking-patent owner (making its own economic calculations, perhaps in light of its own other products or research activities) will altogether refuse to grant a license to the improvement or will demand so large a share of profits that the whole project is not worthwhile for the potential innovator—all evaluated in light of other investment opportunities.”³⁷¹

Applying several here, the court found important that Acorda had sought the genus license³⁷² and did not sublicense it to others,³⁷³ and that others tried but failed to design around the genus patent.³⁷⁴ The FDA’s safe harbor to develop and submit applications for new drugs that use others’ patents did not change inventors’ calculus because marketing any new drug would still expose the inventor to suit.³⁷⁵ Taking those all into account, the Federal Circuit found no error in the district court’s opinion, which “is best read not as invoking a categorical rule, but as drawing conclusions on the limited factual record”³⁷⁶

Judge Newman dissented, stating that the majority was wrong to attribute the evidence of eventual commercial success to the existence of the blocking patent and not to nonobviousness.³⁷⁷ Judge Newman would have expected innovators to use the safe harbor and related rights to research on patented subject matter.³⁷⁸ Judge Newman also challenged the relevant measure of success; she would have measured commercial

³⁶⁷ *Id.* at *20.

³⁶⁸ *Id.* at *18 (summarizing *Merck & Co. v. Teva [Pharms.] USA, Inc.*, 395 F.3d 1364 (Fed. Cir. 2005)).

³⁶⁹ *Id.* at *19 (summarizing *Merck Sharp & Dohme Corp. v. Hospira, Inc.*, 874 F.3d 724 (Fed. Cir. 2017)).

³⁷⁰ *Id.* at *21.

³⁷¹ *Id.* at *19.

³⁷² *Id.* at *20.

³⁷³ *Id.* at *21.

³⁷⁴ *Id.* at *22.

³⁷⁵ *Id.* at *21 (discussing 35 U.S.C. § 271(e)(1)).

³⁷⁶ *Id.* at *18.

³⁷⁷ *Id.* at *22, *32-33 (Newman, J., dissenting).

³⁷⁸ *Id.* at *32 (Newman, J., dissenting) (citation omitted).

performance “against the products available for the same purpose” and “not against infringing copies of the patented product.”³⁷⁹

PTAB Burdens

E.I. DuPont de Nemours & Co. v. Synvina C.V., No. 2017-1977, 2018 WL 4390796 (Fed. Cir. Sept. 17, 2018)

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit reversed the PTAB’s finding that a patent was not invalid for obviousness.³⁸⁰ In so doing, the Federal Circuit extended to *inter partes* review (“IPR”) the rule from district court adjudications that

“where there is a range disclosed in the prior art, and the claimed invention falls within that range, the burden of production falls upon the patentee to come forward with evidence” of teaching away, unexpected results or criticality, or other pertinent objective indicia indicating that the overlapping range would not have been obvious in light of that prior art.³⁸¹

The case concerned the ‘921 reference, which disclosed reaction conditions for oxidizing one particular chemical (or its derivatives) to form another chemical recognized as a potential “building block[]” in the green chemical industry.³⁸² Prior art addressed the same reaction but disclosed different conditions, including pressure ranges that overlapped with those in ‘921.³⁸³ DuPont petitioned for IPR on obviousness.³⁸⁴ In particular, DuPont asserted that the patentee should bear the burden of disproving obviousness because of the overlapping ranges. The PTAB cited *Dynamic Drinkware*³⁸⁵ and *Magnum Oil*³⁸⁶ as holding that no burden shifting could occur in IPR, and decided the patent was not obvious.³⁸⁷

On appeal, the Federal Circuit reversed.³⁸⁸ The Federal Circuit clarified that even if its precedent disfavored burden shifting in IPR, the practical burden shifting DuPont urged did not require actual burden shifting.³⁸⁹ The patent challenger always bears the burden of showing obviousness, but this burden is initially met when the challenger presents prior art disclosing a range that overlaps with the patented range because,

³⁷⁹ *Id.* (“Commercial success is measured against the products available for the same purpose, not against infringing copies of the patented product.”).

³⁸⁰ *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, No. 2017-1977, 2018 WL 4390796 at *14 (Fed. Cir. Sept. 17, 2018).

³⁸¹ *Id.* at *9 (quoting *Galderma Labs., L.P. v. Tolmar, Inc.*, 737 F.3d 731, 738 (Fed. Cir. 2013)).

³⁸² *Id.* at *1.

³⁸³ *Id.* at *4 (showing table of conditions including temperature, solvent, and catalyst).

³⁸⁴ *Id.* at *3.

³⁸⁵ *Id.* at *8 (citing *Dynamic Drinkware, LLC v. National Graphics, Inc.*, 800 F.3d 1375, 1379 (Fed. Cir. 2015) (treating burdens of persuasion and production for anticipation in an IPR)).

³⁸⁶ *Id.* (citing *In re Magnum Oil Tools [Int’l], Ltd.*, 829 F.3d 1364, 1375 (Fed. Cir. 2016) (treating burdens of persuasion and production for nonobviousness)).

³⁸⁷ *Id.* at *1.

³⁸⁸ *Id.* at *8 (citing *Galderma*, 737 F.3d at 738).

³⁸⁹ *Id.* at *9.

“absent a reason to conclude otherwise, a fact finder is justified in concluding that a disclosed range does just that—discloses the entire range.”³⁹⁰ To forestall that result, then, as a practical matter, the patentee must provide the reason not to conclude the entire range is disclosed.³⁹¹ Applying this analysis, the Federal Circuit reversed; there was no reason not to conclude the patented conditions were not already disclosed.³⁹²

***DSS Technology Management, Inc. v. Apple Inc.*, No. 2016-2523, 2018 WL 1439893 (Fed. Cir. Mar. 23, 2018)**

A divided Federal Circuit panel reversed the PTAB’s finding that certain claims of the ’290 patent invalid as obvious because “the Board did not provide a sufficient explanation for its conclusions, and because we cannot glean any such explanation from the record.”³⁹³

The Board determined that it would have been obvious to modify the base station transmitter in the Natarajan reference to be “energized in low duty cycle RF bursts” as claimed by the ’290 patent, because to do so would have taken only “ordinary creativity.”³⁹⁴ Likening the Board’s use of “ordinary creativity” with “common sense,” the Federal Circuit cautioned that that “we have invoked common sense to fill in a *missing* limitation only when ‘the limitation in question was unusually simple and the technology particularly straightforward.’”³⁹⁵ And when common sense is used to supply a claim limitation, the court must conduct a “searching inquiry” for a reasoned basis for resorting to common sense.³⁹⁶

The court found that the limitation at issue is not unusually simple or particularly straightforward.³⁹⁷ The court reasoned that the “bulk” of the patent’s specification is devoted to “the complex communications protocol that enables the claimed ‘low duty cycle’ mode of operation.”³⁹⁸ The missing limitation “plays a major role in the subject matter claimed.”³⁹⁹

The Federal Circuit determined that the Board’s decisions did “not satisfy the standard set forth in *Arendi*.”⁴⁰⁰ The Board’s analysis “is contained in a single paragraph,” and the conclusory reference to “ordinary creativity” is not enough to satisfy the *Arendi* standard.⁴⁰¹ Although the Board parenthetically noted a declaration from

³⁹⁰ *Id.*

³⁹¹ *Id.* at *10.

³⁹² *Id.* at *9, *14. Note that there were other issues on review.

³⁹³ *DSS Tech. Mgmt., Inc. v. Apple Inc.*, No. 2016-2523, 2018 WL 1439893, at *1 (Fed. Cir. Mar. 23, 2018).

³⁹⁴ *Id.* at *5.

³⁹⁵ *Id.* (quoting *Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1362 (Fed. Cir. 2016) (emphasis in original)).

³⁹⁶ *Id.* (citing quoting *Arendi*, 832 F.3d at 1363) (internal quotation marks excluded).

³⁹⁷ *Id.*

³⁹⁸ *Id.*

³⁹⁹ *Id.* (quoting *Arendi*, 832 F.3d at 1362).

⁴⁰⁰ *Id.* at *6.

⁴⁰¹ *Id.*

Apple's expert, that declaration too was conclusory and unspecific.⁴⁰² And although the Board spent eight pages discussing each party's arguments, only one paragraph of the Board's summary of Apple's arguments is relevant to the Board's obviousness conclusion.⁴⁰³ Accordingly, the Federal Circuit reversed the Board's ruling.⁴⁰⁴

Judge Newman dissented.⁴⁰⁵ In her view, the PTAB's explanation was sufficient, and even if it were not, "[t]he appropriate action is either (1) to remand for additional explanation, or (2) to decide this question of law," not to "grant final judgment for the opponent."⁴⁰⁶ The PTAB properly acknowledged and adopted Apple's cited evidence and expert's views in its obviousness determination, and substantial evidence was cited and explained in the PTAB's opinion in support of the conclusion.⁴⁰⁷ "That the PTAB framed its analysis in terms of the parties' arguments and evidence does not render its decision-making *de facto* inadequate."⁴⁰⁸ Finally, Judge Newman argued that reversal is not an appropriate remedy when the Board's analysis is deficient; rather, the court should have "return[ed] the matter to the PTAB for better explanation."⁴⁰⁹

Obviousness and Inherency

***In re Copaxone Consolidated Cases*, No. 2017-1575, 2018 U.S. App. LEXIS 28751 (Fed. Cir. Oct. 12, 2018)**

In this appeal from the District Court of Delaware, the Federal Circuit held a treatment regimen invalid for obviousness over a prior regimen and other prior art,⁴¹⁰ reaffirming that the practical constraints of drug development, FDA approval, and patient acceptance limit the options a person having ordinary skill in the art would attempt, and so affect the obviousness inquiry.⁴¹¹

The case concerned several patents that describe Copaxone, a treatment for relapsing-remitting multiple sclerosis. The treatment is to be taken three times per week, each time using a syringe prefilled with a single 40mg/ML dose of glatiramer acetate ("GA") (the entire treatment being abbreviated "40mg GA 3x/week").⁴¹² The priority date was in 2009. The prior art included an orphan drug using a 20mg daily injection approved in 1996 (20mg GA 7x/week).⁴¹³ That orphan drug's dosing was not determined according to conventionally rigorous methods, yet because the most common reason for

⁴⁰² *Id.*

⁴⁰³ *Id.*

⁴⁰⁴ *Id.* at *1.

⁴⁰⁵ *Id.* at *7 (Newman, J., dissenting).

⁴⁰⁶ *Id.*

⁴⁰⁷ *Id.* at *8.

⁴⁰⁸ *Id.* at *8.

⁴⁰⁹ *Id.* at *12.

⁴¹⁰ *In re Copaxone Consolidated Cases*, No. 2017-1575, 2018 U.S. App. LEXIS 28751, at *2-3 (Fed. Cir. Oct. 12, 2018).

⁴¹¹ *See, e.g., Id.* at *24-27.

⁴¹² *Id.* at *3-4.

⁴¹³ *Id.* at *4, *6-7.

patient dropout was “injection site reaction,” a researcher and the FDA urged further research into the frequency and amount of dosing.⁴¹⁴ Heeding the call, a 2002 study researched the frequency of dosing: it dosed at 20mg every-other day (20mg GA 3.5x/week), showing similar benefits and fewer dropouts compared to the 1996 regime (20mg GA 7x/week).⁴¹⁵ A 2007 study evaluated a change in amount: it dosed at 40mg daily (40mg GA 7x/week), showing increased benefits without increased side effects compared to the 1996 regime (20mg GA 7x/week).⁴¹⁶ Other prior art studies commented on and solidified these findings, including the drug maker’s (“Teva’s”) own Pinchasi reference—which combined less frequent injections with higher amounts of dosing (40mg GA x3.5/week).⁴¹⁷ Teva finally chose 40mg GA x3/week for its Copaxone trial, ostensibly motivated to further reduce adverse reactions to injections⁴¹⁸ while roughly equating the weekly total dose of the 1996 regimen (20mg GA x7/week).⁴¹⁹

Distilling this record, the District Court of Delaware found that ordinarily skilled artisans “would have been motivated to pursue less frequent dosing with a reasonable probability of success,” and that in particular the Pinchasi reference differed from the claimed art only by one dose every two weeks.⁴²⁰ The claims were invalid as obvious.⁴²¹

On appeal, the Federal Circuit affirmed. Teva argued that the district court had inappropriately limited analysis to combinations from among “two dosing options (40mg and 20mg), two regimens (1x/week and 3x/week), and one form (injections).”⁴²² The district court disagreed. The literature and the practical realities of drug development and delivery (including FDA approval and patient acceptance) limited the combinations to a small number.⁴²³ And among the options, 40mg was obviously preferred to 20mg, and fewer injections on fixed days of the week were obviously preferred to more injections on shifting days (as every-other-day regimes require).⁴²⁴ The dose of 40mg and the thrice-weekly schedule were each obvious to try independently, and the combination of both

⁴¹⁴ *Id.* at *7-8.

⁴¹⁵ *Id.* at *8.

⁴¹⁶ *Id.* at *9.

⁴¹⁷ *Id.* at *9-10 (citing Teva’s 2007 research), *Id.* at *10 (FORTE 2008); *Id.* at *10-12 (Khan 2008).

⁴¹⁸ Teva’s own Phase III trial protocol for COPAXONE suggested that the “the natural next step [after the studies would be] to reduce the dosing regimen of GA and find the optimal regimen that [would] improve the convenience of treatment and reduce the burden and adverse events associated with daily subcutaneous injections.” *Id.* at *13-14 (quoting J.A. 8266) (bracketed text modified). This and one other piece of evidence were admitted to show the state of the art at the critical date, even though they were published after the critical date and not admitted as prior art. *Id.* at *12-14.

⁴¹⁹ *Id.* at *14.

⁴²⁰ *Id.* at *16.

⁴²¹ *Id.* at *16.

⁴²² *Id.* at *27 (quoting Opening Br. 42).

⁴²³ *Id.* at *26-27.

⁴²⁴ *Id.* at *17, *31 (suggesting also that trial evidence showed a still more-limited number of schedules would be likely to succeed given patient compliance problems, e.g., patients prefer to inject on fixed weekdays rather than every other day).

was also obvious.⁴²⁵ Also, by 2005, ordinarily skilled artisans knew oral delivery of this drug was ineffective, leaving subcutaneous delivery preferred.⁴²⁶

Teva also argued that because the pharmacokinetic and pharmacodynamic (“pk/pd”) profiles of this orphan drug remain unknown, any particular regimen by definition would be a nonobvious one.⁴²⁷ But as a matter of fact, Teva itself, in its 1996 application to the FDA, stated that pk/pd studies “would be of limited value.”⁴²⁸ And as a matter of law, no precedent precluded a finding of obviousness where pk/pd profiles were unknown.⁴²⁹

Finally, Teva argued that certain claims were limited by the requirement of improved patient tolerance.⁴³⁰ The court found this additional limitation did not make the claims any less obvious. The district court had relied on the prior art, on Teva’s expert’s admissions at trial, and the “common sense” understanding that fewer injections would lead to fewer problems tolerating injections.⁴³¹ Teva also argued the same point with respect to claim limitations requiring reduced frequency and severity of injection site reactions.⁴³² Here, too, an ordinarily skilled artisan would have reasonably expected both outcomes to result from reduced frequency of injection, as Teva’s expert admitted.⁴³³

***Monsanto Technology LLC v. E.I. DuPont de Nemours & Co.*, 878 F.3d 1336 (Fed. Cir. Jan. 5, 2018)**

The Federal Circuit affirmed the PTAB’s finding during inter partes review that certain claims of the challenged patent were anticipated by Booth and that another claim was obvious in view of Booth.⁴³⁴ DuPont argued that the Booth reference inherently anticipated some of the challenged claims and submitted two declarations (“Kinney Declarations”) from one of Booth’s named inventors in support of its inherency argument.⁴³⁵ Relying in part on the Kinney Declarations, the PTAB agreed.⁴³⁶

⁴²⁵ *Id.* at *29-30 (following reasoning of *Hoffmann-La Roche Inc. v. Apotex Inc.*, 748 F.3d 1326, 1329 (Fed. Cir. 2014)).

⁴²⁶ *Id.* at *29.

⁴²⁷ *Id.* at *35 (quoting J.A. 20689).

⁴²⁸ *Id.* at *35 (quoting J.A. 20689).

⁴²⁹ *Id.* at *32-33 (quoting *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litigation*, 676 F.3d 1063, 1063, 1070 (Fed. Cir. 2012)).

⁴³⁰ *Id.* at *35.

⁴³¹ *Id.* at *35-38. The expert admitted prescribing the 20mg daily drug as an off-label every-other-day drug to improve tolerance. Teva’s drug trial protocol, used not as prior art but as evidence of the state of art, suggested similarly. *Id.*

⁴³² *Id.* at *39.

⁴³³ *Id.* at *41 (quoting the expert as stating that, with a decrease in frequency, “there would, by definition, then also be a decrease in the severity of the adverse events” (quoting J.A. 5523)).

⁴³⁴ *Monsanto Tech. LLC v. E.I. DuPont de Nemours & Co.*, 878 F.3d 1336, 1338 (Fed. Cir. Jan. 5, 2018).

⁴³⁵ *Id.* at 1340.

⁴³⁶ *Id.* at 1343.

On appeal, Monsanto argued that by relying on the Kinney Declarations, the PTAB impermissibly considered “non-prior art data” and “secret data.”⁴³⁷ The Federal Circuit disagreed.⁴³⁸

The Federal Circuit reasoned that “Monsanto confuses prior art with extrinsic evidence used to support what is ‘necessarily present’ in a prior art’s teaching.”⁴³⁹ The Kinney Declarations “do not expand the meaning of Booth or serve as prior art: they [only] demonstrate what is inherent in Booth.”⁴⁴⁰ In addition, the Kinney Declarations are not improper “secret data” merely because they were unpublished.⁴⁴¹ The court reiterated that the declarations “were offered in support of the prior art already of record, Booth, for purposes of anticipation.”⁴⁴² The Federal Circuit affirmed the PTAB’s obviousness decision on similar grounds, finding that the extrinsic evidence can similarly “support the finding of obviousness” to the extent the extrinsic evidence sheds light on what was inherently disclosed in Booth.⁴⁴³

***Endo Pharms. Sols. Inc. v. Custopharm Inc.*, 894 F.3d 1374 (Fed. Cir. July 13, 2018)**

In this appeal from the District of Delaware, the Federal Circuit affirmed the patent was not obvious over prior art, emphasizing that the challenger bore the burden of showing a limitation inhered in prior art.⁴⁴⁴

The case concerned claim 2 of the ’640 patent and claim 18 of the ’395 patent, which covered a dosage and method of injecting testosterone undecanoate (“TU”) to treat men with low testosterone.⁴⁴⁵ Among three key advances was the drug-delivery vehicle: castor oil and a co-solvent, where the castor oil is 42% or less by volume.⁴⁴⁶ Generic drugmaker Custopharm argued that all three advances were obvious over prior art, and in particular that the castor oil vehicle was an inherent limitation of the prior art. Indeed, the vehicle used in several pre-critical date studies fell within the formula later claimed, though the studies’ authors made this known only after the patent issued.⁴⁴⁷ Custopharm bore the burden of proving no other vehicle could have been used by the studies; it did not, and so the court found the vehicle was not “necessarily present” in the study.⁴⁴⁸

On appeal, the Federal Circuit affirmed all three advances were not obvious,⁴⁴⁹ and that prior art did not inherently disclose the vehicle.⁴⁵⁰ Custopharm failed to show a

⁴³⁷ *Id.* at 1345.

⁴³⁸ *Id.*

⁴³⁹ *Id.*

⁴⁴⁰ *Id.*

⁴⁴¹ *Id.*

⁴⁴² *Id.*

⁴⁴³ *Id.* at 1347.

⁴⁴⁴ *Endo Pharms. Sols. Inc. v. Custopharm Inc.*, 894 F.3d 1374, 1376, 1378 (Fed. Cir. 2018).

⁴⁴⁵ *Id.* at 1376-77.

⁴⁴⁶ *Id.* at 1376-78. Prior publications regarding similar treatments disclosed a higher TU dosage, did not disclose the use of a co-solvent, and did not disclose an injection schedule.

⁴⁴⁷ *Id.* at 1378.

⁴⁴⁸ *Id.* at 1378-79

⁴⁴⁹ *Id.* at 1379-86.

⁴⁵⁰ *Id.* at 1379.

skilled artisan could deduce the vehicle from the pharmacokinetic performance detailed in the studies. [That has not traditionally been the test for inherency, however]. While Endo had failed to show any other vehicle sufficed, Custopharm bore the burden of disproving other potential vehicles – a seemingly impossible burden.⁴⁵¹

Motivation to Combine

Arctic Cat Inc. v. Bombardier Recreational Products Inc., 876 F.3d 1350 (Fed. Cir. Dec. 7, 2017)

In this appeal from the District of Florida, the Federal Circuit affirmed the district court's denial of judgment as a matter of law as to obviousness.⁴⁵² The patents at-issue disclose a thrust steering system for personal watercraft (PWC) propelled by jet stream.⁴⁵³ PWC systems counterintuitively require thrust to turn.⁴⁵⁴ Many drivers have difficulty avoiding obstacles, however, because they tend to slow down before turning.⁴⁵⁵ The patents attempt to overcome this issue by automatically providing thrust when riders turn the steering system.⁴⁵⁶

BRP argued on appeal that a reasonable jury could only have concluded that a PHOSITA would have been motivated to combine a PWC with BRP's off-throttle thrust reapplication system in its 1997 Challenger Jet Boat (a multi-person watercraft propelled by jet stream).⁴⁵⁷ BRP relied on two prior art reports that both suggested using the Challenger system in a PWC to address the off-throttle steering problem.⁴⁵⁸ These reports identified the Challenger system as one of four solutions to the problem of off-throttle steering.⁴⁵⁹ BRP argued that the Challenger system was thus one of a finite number of identified and particular solutions.⁴⁶⁰

The Federal Circuit disagreed, determining that substantial evidence supported the jury's verdict that there was no motivation to combine the Challenger system with a PWC system.⁴⁶¹ The court reasoned that although the reports identified the combination of the Challenger system with a PWC, the reports warned that the system may impose additional new hazards such as inadvertent activation near other boats or swimmers.⁴⁶² Moreover, although the reports only identified four possible solutions, a reasonable jury could have determined that more than four solutions existed.⁴⁶³ For example, Arctic Cat's

⁴⁵¹ *Id.* at 1381-82

⁴⁵² *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1356 (Fed. Cir. 2017).

⁴⁵³ *Id.* at 1357.

⁴⁵⁴ *Id.*

⁴⁵⁵ *Id.*

⁴⁵⁶ *Id.*

⁴⁵⁷ *Id.* at 1361.

⁴⁵⁸ *Id.*

⁴⁵⁹ *Id.* at 1362.

⁴⁶⁰ *Id.*

⁴⁶¹ *Id.*

⁴⁶² *Id.*

⁴⁶³ *Id.* at 1363.

expert testified that there were “various fins” and “a variety of things tried over a course of a number of years” to solve the problem.⁴⁶⁴

The Federal Circuit further explained that secondary considerations supported the jury’s verdict.⁴⁶⁵ The court determined that the following “constitute[d] substantial evidence to support the jury’s presumed factual finding that the claimed invention received praise” from industry: (a) an Arctic Cat press release where the chief of the U.S. Coast Guard’s Office of Boating Safety claimed that the claimed invention is “one of the most impressive innovations I’ve seen all year;” and (b) testimony from one of the inventors of the patents at-issue indicating that people were impressed at a prototype demonstration.⁴⁶⁶ Furthermore, the court concluded that substantial evidence supported the jury’s presumed finding about long-felt need because Arctic Cat was the first to develop a *PWC* that minimized off-throttle thrust reapplication.⁴⁶⁷

Secondary Considerations

***American Innotek, Inc. v. United States*, 706 Fed. Appx. 686 (Fed. Cir. Dec. 19, 2017)**

In this appeal from the Court of Federal Claims, the Federal Circuit affirmed the judgment of the Court of Federal Claims that the asserted claims were obvious.⁴⁶⁸ The Federal Circuit took issue, however, with the Court of Federal Claims’ suggestion of “the existence of a categorical rule that objective indicia, no matter how indicative of non-obviousness they are, ‘cannot overcome a strong showing of obviousness based on combinations of prior art applied according to the prior art’s expected function.’”⁴⁶⁹ “That goes too far,” the Federal Circuit said.⁴⁷⁰ “Objective indicia of nonobviousness must be considered in every case where present.”⁴⁷¹

Obviousness-Type Double Patenting

***In re Janssen Biotech, Inc.*, No. 2017-1257, 2018 WL 503335 (Fed. Cir. Jan. 23, 2018)**

The Federal Circuit affirmed the PTAB’s determination on reexamination that certain claims of the ’471 patent were unpatentable under the doctrine of obviousness-type double patenting.⁴⁷² Janssen’s ’093 application, which eventually became the ’471 patent, was a continuation-in-part (CIP) of Janssen’s previous ’413 and ’406

⁴⁶⁴ *Id.*

⁴⁶⁵ *Id.* at 1364-65.

⁴⁶⁶ *Id.*

⁴⁶⁷ *Id.*

⁴⁶⁸ *Am. Innotek, Inc. v. United States*, 706 Fed. Appx. 686, 686 (Fed. Cir. 2017).

⁴⁶⁹ *Id.* (quoting *Am. Innotek v. United States*, 128 Fed. Cl. 135, 163 (2016)).

⁴⁷⁰ *Id.*

⁴⁷¹ *Id.* (quoting *Apple Inc. v. Samsung Elcs. Co., Ltd.*, 839 F.3d 1034, 1048 (Fed. Cir. 2016) (en banc), *cert. denied*, 138 S. Ct. 420 (2017)).

⁴⁷² *In re Janssen Biotech, Inc.*, No. 2017-1257, 2018 WL 503335, at *1 (Fed. Cir. Jan. 23, 2018).

applications.⁴⁷³ Although the resulting claims of the '471 patent only related to the '413 application, the '471 patent disclosed subject matter from both the '413 and '406 applications, and more than thirty issued patents claimed priority to the '471 patent.⁴⁷⁴

The Board instituted reexamination of the '471 patent on double patenting grounds.⁴⁷⁵ During the reexamination, Janssen requested that the '471 patent be amended to (1) delete the benefit claim to the '406 application, (2) delete the portions of the '471 patent that were only present in the '406 application, and (3) designate the '471 patent as a divisional of the '413 application rather than a CIP.⁴⁷⁶ The Board ultimately affirmed the double patenting rejections, reasoning that the safe harbor provision of § 121 does not apply in this case.⁴⁷⁷ The Federal Circuit affirmed.⁴⁷⁸

The court explained that the § 121 safe harbor protects only divisional applications and patents issued on such applications, but not CIP applications.⁴⁷⁹ The court ruled that “even assuming Janssen’s amendments made during reexamination were to become effective by way of a reexamination certificate,”⁴⁸⁰ a party cannot “retroactively bring the challenged patent within the scope of the § 121 safe harbor by amending the CIP application during a reexamination proceeding to redesignate it as a divisional application.”⁴⁸¹

The court determined that the case at hand was functionally equivalent to *G.D. Searle LLC v. Lupin Pharm., Inc.*,⁴⁸² where the court determined that patent owners could not take advantage of the § 121 safe harbor by redesignating a CIP application as a divisional application during a reissue proceeding.⁴⁸³ “Here, following the reasoning in *Searle*, once the '471 patent issued on the '093 application—which, like the application in *Searle*, at the time of issuance included new matter not disclosed in the original application and so was a properly designated CIP—the '471 patent was barred from safe-harbor protections.”⁴⁸⁴

Janssen argued that because none of the '471 patent’s issued claims ever depended on the new subject matter of the '093 application, Janssen “never enjoyed, at the public’s expense, any benefit” from filing the application as a CIP rather than a divisional.⁴⁸⁵ The Federal Circuit first disagreed with Janssen’s statement, finding that “Janssen *had* benefitted because more than thirty patents issued to Janssen claiming priority to the '471 patent,” and “[d]etermining whether any of those patents rely on the deleted subject matter for support cannot be accomplished without reopening examination of each patent.”⁴⁸⁶ The Federal Circuit next explained that “[e]ven if Janssen

⁴⁷³ *Id.* at *1-2.

⁴⁷⁴ *Id.* at *2-3.

⁴⁷⁵ *Id.* at *3.

⁴⁷⁶ *Id.*

⁴⁷⁷ *Id.*

⁴⁷⁸ *Id.* at *1.

⁴⁷⁹ *Id.* at *4.

⁴⁸⁰ *Id.* at *5.

⁴⁸¹ *Id.* at *4.

⁴⁸² 790 F.3d 1349 (Fed. Cir. 2015).

⁴⁸³ *Id.* at 1354-55.

⁴⁸⁴ *In re Janssen*, 2018 WL 503335, at *5.

⁴⁸⁵ *Id.* at *6.

⁴⁸⁶ *Id.*

did not benefit from the period in which the application was designated as a CIP, we nonetheless find no reason . . . to permit Janssen now, by amendment, to acquire the benefit of the safe harbor.”⁴⁸⁷ Indeed, “Janssen voluntarily and deliberately filed an application properly designated as a CIP.”⁴⁸⁸ Importantly, the Federal Circuit made clear that it did “not decide [in this case] whether such filing practices and amendments made prior to issuance—wherein an application is designated as a divisional application by the time the challenged patent issues on that application—would be sufficient to bring the challenged patent within the scope of the safe-harbor protections.”⁴⁸⁹

The Federal Circuit further determined that Janssen was not entitled to a two-way test for obviousness-type double patenting.⁴⁹⁰ The court determined that the two-way test is “only appropriate where (1) a second-filed application issues prior to a first-filed application, and (2) ‘the PTO is solely responsible for the delay’ in the issuance of the first-filed application.”⁴⁹¹ The Federal Circuit determined that neither of these two requirements were present here, and therefore the two-part test did not apply.⁴⁹²

***UCB, Inc. v. Accord Healthcare, Inc.*, 890 F.3d 1313 (Fed. Cir. May 23, 2018)**

In this appeal from the District of Delaware, the Federal Circuit affirmed that a species patent was not invalid for obviousness nor for obviousness-type double patenting over a genus patent, even where other references each showed a different attribute of the eventually patented species.⁴⁹³

The case concerned the ’551 patent, which discloses an epilepsy treatment using lacosamide, a species of functionalized amino acids (“FAAs”).⁴⁹⁴ An earlier ’729 patent had already disclosed the genus’s use as an anticonvulsant and defined its common structure.⁴⁹⁵ Four variables in the genus specify a species: three molecules in positions R, R1, and R3, and an orientation (either R, S, or a mixture of both).⁴⁹⁶ Prior references and a continuation patent, ’301, variously “plugged in” values—but none chose more than three of the four values that the ’551 taught created an efficacious combination.⁴⁹⁷ The district court found the ’551 patent was not invalid for obviousness-type double patenting because, among other reasons, even these instances of prior art failed to provide specific

⁴⁸⁷ *Id.*

⁴⁸⁸ *Id.*

⁴⁸⁹ *Id.* at *7.

⁴⁹⁰ *Id.*

⁴⁹¹ *Id.*

⁴⁹² *Id.* at *7-8.

⁴⁹³ *UCB, Inc. v. Accord Healthcare, Inc.*, 890 F.3d 1313, 1317 (Fed. Cir. 2018); *see also id.* at 1334 (Prost, C.J., dissenting).

⁴⁹⁴ *Id.* at 1317-22 (summarizing patents, state of art).

⁴⁹⁵ *Id.* at 1318.

⁴⁹⁶ *Id.*

⁴⁹⁷ *Id.* at 1317-22. The ’551 patent disclosed the species having unsubstituted benzyl at R, unsubstituted methyl at R1, and nonaromatic methoxymethyl at R3 in the compound’s R stereoisomer. *Id.* at 1318.

data on the effect of using or not using the particular value each used⁴⁹⁸ and because each failed to motivate further modification to obtain the other values each did not use.⁴⁹⁹ For similar reasons—and because no compound across the references could even be selected as a “lead compound”—the district court found the ’551 patent not invalid for obviousness, either.⁵⁰⁰

On appeal, the Federal Circuit affirmed.⁵⁰¹ The Federal Circuit clarified that the test for obviousness-type double patenting should, as the district had observed, construe the two patents’ claims, and evaluate their differences in context.⁵⁰² Here, the court held there was substantial evidence that a skilled artisan seeing the prior references would not have had a reasonable chance of obtaining a more efficacious anti-convulsant by modifying the previously disclosed compounds towards what the ’551 later disclosed.⁵⁰³ In so holding, the court rejected appellant’s argument that because ’551 was an enabled species of ’301 it was necessarily obvious-type double-patenting, as “such a result would have a chilling effect on genus claiming”⁵⁰⁴ The court similarly assessed the district court’s obviousness findings. First, the Federal Circuit clarified that “a lead compound analysis is not required in analyzing obviousness of a chemical compound when, in the inventing process, there was no lead compound.”⁵⁰⁵ In this case, not even the prior art compound closest to the ultimate species (the 107e compound) would have appeared to be an obvious lead compound to a skilled artisan.⁵⁰⁶ The patent was not invalid.

In dissent, Chief Judge Prost wrote that she would have seen what prior art failed to state as evidence the prior art already understood much of what the species patent later taught. In his view, one study that kept R and R1 constant while modifying R3 did not fail to provide evidence that these R and R1 values were efficacious, but rather proceeded from the knowledge they were effective (the same person who did this study later patented ’551).⁵⁰⁷ Seen this way, the reference that included three of the four correct values should have provided a skilled artisan reasonable chance of success landing upon the fourth value and the combination ’551 later taught.⁵⁰⁸ The majority rejected Chief Judge Prost’s approach as “reweigh[ing] the evidence, mak[ing] credibility findings, [and] find[ing] facts” beyond what was argued and found below.⁵⁰⁹

⁴⁹⁸ *Cf. id.* at 1322. For instance, the Kohn 1987 reference held constant the correct molecules in R and R1 while testing R3, *id.* at 1318, but this failed to measure what portion of the efficacy was attributable to R and R1, *id.* at 1322.

⁴⁹⁹ *Cf. id.* at 1319. For instance, the LeGall 1987 reference selected three of the four values but taught away from one of the three it had selected, preferring “heteroaromatic groups in R3” to nonaromatics. *Id.*

⁵⁰⁰ *Id.* at 1328.

⁵⁰¹ *Id.* at 1324.

⁵⁰² *Id.* at 1329.

⁵⁰³ *Id.* at 1324-25.

⁵⁰⁴ *Id.* at 1327.

⁵⁰⁵ *Id.* at 1329 (citation omitted).

⁵⁰⁶ *Id.*

⁵⁰⁷ *Id.* at 1333 (stating also that about 75% of the inventor’s earlier experimental compounds (many published) used the correct molecules in positions R and R3).

⁵⁰⁸ *Id.* at 1335.

⁵⁰⁹ *Id.* at 1326.

CLAIM CONSTRUCTION

In re Nordt Dev. Co., LLC, 881 F.3d 1371 (Fed. Cir. Feb. 8, 2018)

The Federal Circuit disagreed with the PTAB’s claim construction of “injection molded” as a process limitation with no patentable weight and accordingly vacated the Board’s finding of anticipation and remanded the case.⁵¹⁰

The ’865 application is directed to an injection molded knee brace that is elastic to permit and assist people in flexing their knee.⁵¹¹ The court explained that “when considering the patentability of product claims that contain process limitations, claim scope is generally based on the product itself, not the process.”⁵¹² But “[i]f the process limitation connotes specific structure and may be considered a structural limitation, that structure should be considered.”⁵¹³ In fact, “words of limitation that can connote with equal force a structural characteristic of the product or a process of manufacture are commonly and by default interpreted in their structural sense, unless the patentee has demonstrated otherwise.”⁵¹⁴

In this case, contrary to the Board’s determination, the claim term is structural.⁵¹⁵ The term injection molded connotes structure because “‘there are clear structural differences’ between a knee brace made with fabric components and [the prior art] knee brace made with injection-molded components” that the PTAB determined anticipated the claims.⁵¹⁶ For instance, an injection molded parts are “integrally formed from elastomeric materials.”⁵¹⁷

Blackbird Tech LLC v. ELB Elecs., Inc., 895 F.3d 1374, (Fed. Cir. July 16, 2018)

In this appeal from the District Court of Delaware, the Federal Circuit held the district court had erred in constructing “attachment surface,” vacated the district court’s resulting non-infringement finding, and remanded the case.⁵¹⁸

The case concerned Blackbird’s ‘747 patent—which included apparatus and method claims related to an LED lighting apparatus that could be used in older fixtures—and specifically its claim 12. “Blackbird proposed construing [claim 12’s] ‘attachment surface’ as ‘layer of the housing to which the illumination surface is secured,’ and Defendants proposed ‘layer of the housing that is secured to the ballast cover and to which the illumination surface is secured.’”⁵¹⁹ The district court found “layer of the

⁵¹⁰ *In re Nordt Dev. Co., LLC*, 881 F.3d 1371 (Fed. Cir. Feb. 8, 2018).

⁵¹¹ *Id.* at 1372.

⁵¹² *Id.* at 1374.

⁵¹³ *Id.*

⁵¹⁴ *Id.* at 1375 (quoting *3M Innovative Props. Co. v. Avery Dennison Corp.*, 350 F.3d 1365, 1371-72 (Fed. Cir. 2003)).

⁵¹⁵ *Id.*

⁵¹⁶ *Id.*

⁵¹⁷ *Id.*

⁵¹⁸ *Blackbird Tech LLC v. ELB Elecs., Inc.*, 895 F.3d 1374, 1375 (Fed. Cir. 2018).

⁵¹⁹ *Id.* at 1376.

housing that is secured to the ballast cover” to be correct, which led to a swift agreement of noninfringement, and Blackbird’s appeal.⁵²⁰

The Federal Circuit held the district court erred,⁵²¹ and adopted Blackbird’s construction of “layer of the housing to which the illumination surface is secured.”⁵²² First, the court held that fastener limitations in the embodiment—related to attaching the attachment surface to the existing fixture’s ballast cover—should not be imported into the claim,⁵²³ especially because the specification included alternative fastening approaches,⁵²⁴ and no party argued the fastening method was important to the claimed invention.⁵²⁵ Second, the court found that the prosecution history showed the “applicant expressly eliminated from the claim a fastening mechanism that secures the attachment surface to the ballast cover and replaced it with a fastening mechanism that secures the attachment surface to the illumination surface,” and that a person having ordinary skill in the art would understand this supported the district court’s construction.⁵²⁶ Finally, the court rejected the argument that claim 12’s preamble—which announced “[a]n energy-efficient lighting apparatus for retrofit with an existing light fixture having a ballast cover”—required reading in the limitations on the attachment layer. The claim was a self-complete apparatus claim that was not narrowed by its method of installation.⁵²⁷

Judge Reyna dissented,⁵²⁸ reasoning that the district court’s construction better consisted with the invention’s intended function (retrofitting),⁵²⁹ the structure of the claims (“attachment layer” was only included in claims related to retrofitting),⁵³⁰ and the invention that the inventor possessed (likely one with an attachment layer appropriate to retrofitting).⁵³¹ The majority’s construction, Judge Reyna contended, risked rendering the patent invalid.⁵³² For instance, the retrofitting method claim 29 (not otherwise in dispute) relied upon the term “attachment surface” to do work that the majority’s construction would not accomplish, leaving the method unenabled.⁵³³ Judge Reyna would have downplayed “ambiguities created by ongoing negotiations” in the prosecution history.⁵³⁴

⁵²⁰ *Id.*

⁵²¹ *Id.* at 1376-77 (citing reviewing standards).

⁵²² *Id.* at 1379.

⁵²³ *Id.* at 1377.

⁵²⁴ *Id.*

⁵²⁵ *Id.* at 1378.

⁵²⁶ *Id.*

⁵²⁷ *Id.* at 1379.

⁵²⁸ *Id.* at 1379-82.

⁵²⁹ *Id.* at 1380 (citing *Medrad, Inc. v. MRI Devices Corp.*, 401 F.3d 1313, 1319 (Fed. Cir. 2005)).

⁵³⁰ *Id.* at 1380. He also argued that “attachment surface” must mean something more than surface for attaching to the illumination surface, else “illumination surface” could be called the same.

⁵³¹ *Id.* at 1381.

⁵³² *Id.* at 1381 (citing *Carman Indus., Inc. v. Wahl*, 724 F.2d 932, 937 (Fed. Cir. 1983)).

⁵³³ *Id.* at 1381-82.

⁵³⁴ *Id.* at 1382 (quoting *Grober v. Mako Prods., Inc.*, 686 F.3d 1335, 1341 (Fed. Cir. 2012)).

INFRINGEMENT

Divided Infringement

Travel Sentry, Inc. v. Tropp, 877 F.3d 1370 (Fed. Cir. Dec. 19, 2017)

In this appeal from the Eastern District of New York, the Federal Circuit vacated the district court’s entry of summary judgment of noninfringement, concluding that there are “genuine disputes of material fact regarding whether Travel Sentry directs or controls the performance of certain steps of the claimed methods.”⁵³⁵ The claims at-issue are generally directed to a method of improving Congressionally mandated airline baggage inspections by TSA, where airline passengers can utilize an identifiable special lock for which TSA has a master passkey.⁵³⁶ The method claims require action by two separate entities: (a) first, the method claim requires that some entity make the identifiable special lock available to consumers; and (b) second, the method requires that TSA identify such locks and use a master passkey to open the baggage.⁵³⁷

The Federal Circuit determined that a reasonable jury could conclude TSA’s performance of the final method steps is attributable to Travel Sentry.⁵³⁸ The court noted a “common thread” among this case, *Akamai V*,⁵³⁹ and *Eli Lilly*⁵⁴⁰: “evidence that a third party hoping to obtain access to certain benefits can only do so if it performs certain steps identified by the defendant, and does so under the terms prescribed by the defendant.”⁵⁴¹

Akamai V Prong One: Travel Sentry and TSA entered into a Memorandum of Understanding (MOU),⁵⁴² under which TSA “agreed to make good faith efforts to ‘distribute the passkeys and information provided by Travel Sentry on the use of the passkeys,’ to ‘use the passkeys to open checked baggage secured with Travel Sentry certified locks whenever practicable,’ and to have its employees ‘relock Travel Sentry locks after bags are inspected.’”⁵⁴³ The court determined that the simple “fact that TSA entered into the MOU with Travel Sentry implies that TSA believed it would receive *some* [tangible or intangible] benefit[s] from the arrangement” such as “a reduction in the number of claims submitted by aggrieved travelers,” “promotion of the public’s perception of the agency,” and increased efficiency.⁵⁴⁴

With those possible benefits in mind, it was clear to the court that a reasonable jury could conclude that Travel Sentry “conditions” TSA’s receipt of these potential benefits on TSA’s performance of the claim steps.⁵⁴⁵ Indeed, the relevant activity in the

⁵³⁵ *Travel Sentry, Inc. v. Tropp*, 877 F.3d 1370, 1372 (Fed. Cir. 2017).

⁵³⁶ *Id.* at 1372-73.

⁵³⁷ *Id.*

⁵³⁸ *Id.* at 1380.

⁵³⁹ *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020 (Fed. Cir. 2015) (en banc).

⁵⁴⁰ *Eli Lilly and Co. v. Teva Parenteral Meds., Inc.*, 845 F.3d 1357 (Fed. Cir. 2017).

⁵⁴¹ *Travel Sentry*, 877 F.3d at 1380.

⁵⁴² *Id.* at 1373-74.

⁵⁴³ *Id.* at 1381.

⁵⁴⁴ *Id.* at 1382.

⁵⁴⁵ *Id.* at 1382-83

MOU “is coextensive with the final two claim steps,” because “whatever benefits flow to TSA from [this agreement] can only be realized if TSA performs the final two claim steps.”⁵⁴⁶

Akamai V Prong Two: The Federal Circuit also concluded that a reasonable jury could find that Travel Sentry established the manner or timing of TSA’s performance.⁵⁴⁷ Although Travel Sentry did not supervise TSA’s performance of the method steps, “in order for TSA to receive the benefits that flow from inspecting luggage with Travel Sentry’s[] locks, it must use the [master passkeys] that Travel Sentry distributed . . . to open those locks, pursuant to the MOU.”⁵⁴⁸ Put differently, TSA only obtains the benefits it seeks if it “participate[s in] the very activity identified in the claim steps.”⁵⁴⁹

Importance of context: The court concluded by noting that because “Travel Sentry ‘has the right and ability to stop or limit’ TSA’s ability to practice the final two claim steps—and thus receive the benefits that flow from practicing those steps,” the context of this case is similar to the context in *Grokster*,⁵⁵⁰ which supports a finding of infringement.⁵⁵¹

⁵⁴⁶ *Id.*

⁵⁴⁷ *Id.* at 1383.

⁵⁴⁸ *Id.* at 1384.

⁵⁴⁹ *Id.*

⁵⁵⁰ *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005).

⁵⁵¹ *Travel Sentry*, 877 F.3d at 1385.

DEFENSES

Implied Waiver and Standard-Setting Organizations

Core Wireless Licensing S.A.R.L. v. Apple Inc., 899 F.3d 1356 (Fed. Cir. Aug. 16, 2018)

In this appeal from the Northern District of California, the Federal Circuit vacated the district court’s finding that a patent was not unenforceable for implied waiver and remanded for further proceedings.⁵⁵² Equitable relief may be appropriate in the standard-setting context, just as in the inequitable conduct setting under *Therasense*, where there is either a) a material unfair benefit or b) “affirmative egregious misconduct” that warrants rendering the entire patent unenforceable.⁵⁵³

This aspect of the case concerned the ’151 patent, which discloses improved methods for synchronizing mobile devices with base stations.⁵⁵⁴ The original patent owner, Nokia, proposed incorporating its improvement into a standard of the European Telecommunications Standards Institute (“ETSI”).⁵⁵⁵ ETSI policy required members to timely disclose any IP—including patent applications but excluding trade secrets “or the like”—that might become essential if a member’s proposal were adopted.⁵⁵⁶ At the time, Nokia had applied for but not received a U.S. patent (and owned a still-confidential Finnish patent).⁵⁵⁷ The Nokia proposal was not adopted, but an Ericsson proposal that made using the Nokia solution optional was adopted,⁵⁵⁸ Nokia disclosed its U.S. patent when it issued, four years later.⁵⁵⁹ Under *Hynix*, an implied waiver exists where a patentee’s “conduct was so inconsistent with an intent to enforce its rights as to induce a reasonable belief that such right has been relinquished.”⁵⁶⁰ This may occur in standards-setting where the patentee (a) owes a duty to disclose the patent and (b) breaches that duty.⁵⁶¹ The district court made three key findings: (1) the standard was never adopted, (2) Nokia’s U.S. patent issued only after the standard was rejected,⁵⁶² and (3) the other ETSI members did not view Nokia as having waived its rights.⁵⁶³ Whether the court read these facts to suggest Nokia did not breach its duty, or to suggest Nokia received no unfair gain, the court in any case ruled the patent was enforceable.⁵⁶⁴

⁵⁵² *Core Wireless Licensing S.A.R.L. v. Apple Inc.*, 899 F.3d 1356, 1358 (Fed. Cir. 2018).

⁵⁵³ *Id.* at 1368 (quoting *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1292 (Fed. Cir. 2011)).

⁵⁵⁴ *Id.* at 1358-59.

⁵⁵⁵ *Id.* at 1359.

⁵⁵⁶ *Id.* at 1366.

⁵⁵⁷ *Id.* Finish law evidently did not require the patents be disclosed for three years.

⁵⁵⁸ *Id.* at 1365.

⁵⁵⁹ *Id.*

⁵⁶⁰ *Id.* (quoting *Hynix Semiconductor Inc. v. Rambus Inc.*, 645 F.3d 1336, 1348 (Fed. Cir. 2011)).

⁵⁶¹ *Id.*

⁵⁶² *Id.* at 1366.

⁵⁶³ *Id.*

⁵⁶⁴ *Id.* at 1368 (explaining possible interpretations of the district court opinion).

On appeal, the Federal Circuit vacated this finding and remanded. Unpersuaded that (1) and (2) suggested no breach of duty, the Federal Circuit cited unrebutted testimony that the ETSI policy created a duty to disclose upon merely proposing a standard, even when only holding a patent application.⁵⁶⁵ (Other arguments about ETSI policy did not change this result.)⁵⁶⁶ As to point (3), the court held “there is no requirement under the implied waiver doctrine that a third party must interpret the patentee’s conduct as constituting a waiver of its rights to enforce the patent; such analysis is more relevant to equitable estoppel.”⁵⁶⁷ The Federal Circuit acknowledged that the lower court may have understood these points correctly and yet decided that no equitable relief was warranted.⁵⁶⁸ Still, the lower court needed to make clearer findings as to (a) whether Nokia gained an unfair benefit (given its method was not adopted as a requirement but as an option) and (b) whether Nokia’s actions amounted to “egregious misconduct”; if either were true, equitable relief could be appropriate.⁵⁶⁹

Prosecution History Estoppel

Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc., Nos. 2016-2691 & 2017-1875, 2018 WL 4501536 (Fed. Cir. July 3, 2018, modified Sept. 20, 2018)

In this appeal from the Northern District of California, the Federal Circuit affirmed a finding that prosecution history estoppel did not apply.⁵⁷⁰ The case concerned the ‘908 patent, which disclosed a power supply controller.⁵⁷¹ Whereas it used a value of current as a signal to limit current, the infringed product used a value of voltage.⁵⁷² The patent owner argued the doctrine of equivalents applied because, as Ohm’s Law states, current simply equals voltage divided by resistance.⁵⁷³ The defendant argued that this argument should be estopped by the prosecution history of the ‘971 patent, which was the parent patent for the ‘908 patent.⁵⁷⁴ There, the plaintiff had argued that the prior art monitored “*voltage* rather than current.”⁵⁷⁵ The court nonetheless found infringement.⁵⁷⁶

On appeal, the Federal Circuit affirmed. Typically, if a reasonable competitor believes a “patentee surrender[ed] certain subject matter during prosecution, the patentee is then barred from using the doctrine of equivalents to recover . . . on that same subject

⁵⁶⁵ *Id.* at 1367.

⁵⁶⁶ *Id.* at 1367-68.

⁵⁶⁷ *Id.* at 1367 (citing Hynix, 645 F.3d at 1348).

⁵⁶⁸ *Id.* at 1368 (explaining possible interpretations of the district court opinion).

⁵⁶⁹ *Id.* at 1369 (explaining remand).

⁵⁷⁰ *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc., Nos. 2016-2691 & 2017-1875, 2018 WL 4501536, at *1 (Fed. Cir. July 3, 2018, modified Sept. 20, 2018).*

⁵⁷¹ *Id.*

⁵⁷² *Id.* at *6.

⁵⁷³ *Id.*

⁵⁷⁴ *Id.* at *7.

⁵⁷⁵ *Id.* (quoting J.A. 2283 (emphasis in original)).

⁵⁷⁶ *Id.* at *6.

matter.”⁵⁷⁷ Similar terms in a patent and its parent may nonetheless be construed differently depending on language and context.⁵⁷⁸ Here, the court determined the two had different functions and that ‘971 specifically distinguished voltage from current, whereas ‘908 claim did not.⁵⁷⁹ The district court was correct.⁵⁸⁰

Inequitable Conduct

Gilead Sciences, Inc. v. Merck & Co., Inc., 888 F.3d 1231 (Fed. Cir. Apr. 25, 2018)

In this appeal from the Northern District of California, the Federal Circuit affirmed the district court’s determination that Merck’s patents were unenforceable based on unclean hands.⁵⁸¹ The court reasoned that the district court found, with adequate evidentiary support, various forms of prelitigation business conduct attributable to Merck.⁵⁸²

“Firewall” violation: First, Merck’s “Dr. Durette [the patent prosecutor] learned of Pharmasset’s PSI-6130 structure by participating, at Merck’s behest, in a conference call with Pharmasset representatives, violating a clear ‘firewall’ understanding between Pharmasset and Merck that call participants not be involved in related Merck patent prosecutions.”⁵⁸³ Dr. Durette continued to prosecute Merck’s patents after the call, which included amending Merck’s application that ultimately became the issued ‘499 patent “by canceling the broad genus claims and substituting claims that narrowed the scope to a subgenus focused on the key features of PSI-6130.”⁵⁸⁴ The district court did not clearly err in determining that Dr. Durette would not have written the claims to cover PSI-6130 had it not been for his improper participation in the earlier phone call.⁵⁸⁵ Dr. Durette’s improperly acquired knowledge of PSI-6130 “influenced Merck’s filing of narrowed claims,” and this conduct “violat[ed] clear standards of probity in the circumstances, that led to the acquisition of the less risky ‘499 patent and, thus, was immediately and necessarily related to the equity of giving Merck the relief of patent enforcement it seeks in this litigation.”⁵⁸⁶

Merck argued that the misconduct was not the “but for” cause of the claim amendments because they were not made until after Pharmasset’s patent application disclosing PSI-6130 was published.⁵⁸⁷ But Dr. Durette’s testimony at his deposition “is capable of being read as suggesting that [Pharmasset’s published a]pplication alone

⁵⁷⁷ *Id.* (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733–34 (2002)).

⁵⁷⁸ *Id.* at *6 (citing *Abtox, Inc. v. Exitron Corp.*, 122 F.3d 1019, 1027 (Fed. Cir. 1997)).

⁵⁷⁹ *Id.* at *7.

⁵⁸⁰ *Id.* at *8.

⁵⁸¹ *Gilead Scis., Inc. v. Merck & Co., Inc.*, 888 F.3d 1231, 1232–34 (Fed. Cir. 2018).

⁵⁸² *Id.* at 1240.

⁵⁸³ *Id.*

⁵⁸⁴ *Id.* at 1242.

⁵⁸⁵ *Id.* at 1242–43.

⁵⁸⁶ *Id.* at 1240.

⁵⁸⁷ *Id.* at 1243.

would not have led him to amend the claims.”⁵⁸⁸ “The timing of Merck’s February 2005 amendment, which occurred just one month after the structure of PSI-6130 was published in January 2005, [further] supports the inference, as the district court put it, that Merck was deliberately ‘wait[ing].’”⁵⁸⁹ Furthermore, although Merck stressed that even the pre-February 2005 claims included PSI-6130 and similar structures, the narrowing amendment that would not have occurred but for the misconduct still advantageously expedited prosecution and provided for reduced risk of claim rejection or future invalidation.⁵⁹⁰

Litigation misconduct: The district court also found, with adequate evidentiary support, two forms of litigation misconduct: (1) during his deposition, Dr. Durette intentionally lied when he said that he did not participate in the phone call (this was later conceded to be false); and (2) both in the deposition and at trial, Dr. Durette “gave testimony about the role the January 2005 Clark application played in Dr. Durette’s filing of the February 2005 amendment that the court found so incredible as to be intentionally false.”⁵⁹¹ These intentional testimonial falsehoods constitute misconduct that can support a determination of unclean hands because the testimony is relevant to the issues in the case and “had an immediate and necessary relation to the equity of the patent-enforcement relief Merck seeks in this litigation.”⁵⁹²

’712 patent: Although a closer call, the Federal Circuit found that the district court also did not abuse its discretion in concluding that the unclean hands defense extends to the ’712 patent as well.⁵⁹³ Dr. Durette filed the application that became the ’712 patent after breaching the firewall agreement by listening in on the phone call.⁵⁹⁴ The court highlighted the close connection between the ’499 and ’712 patents, such as how they shared the same specification.⁵⁹⁵ Most importantly, the district court reasonably concluded that Merck’s litigation misconduct “infect[ed] the entire lawsuit, including the unenforceability of the ’712 patent.”⁵⁹⁶ More specifically, Dr. Durette’s untruthful testimony was directed at Merck’s validity arguments, which were “largely the same for the two patents.”⁵⁹⁷

***Energy Heating, LLC v. Heat On-The-Fly, LLC*, 889 F.3d 1291 (Fed. Cir. May 4, 2018)**

In this appeal from the District of North Dakota, the Federal Circuit affirmed the district court’s declaratory judgment that Heat On-The-Fly’s patent was unenforceable

⁵⁸⁸ *Id.*

⁵⁸⁹ *Id.*

⁵⁹⁰ *Id.*

⁵⁹¹ *Id.* at 1244.

⁵⁹² *Id.* at 1244-46.

⁵⁹³ *Id.* at 1247.

⁵⁹⁴ *Id.*

⁵⁹⁵ *Id.*

⁵⁹⁶ *Id.*

⁵⁹⁷ *Id.*

due to inequitable conduct,⁵⁹⁸ despite the PTO having granted a continuation patent related to the same invention *after* the withheld information had been disclosed.⁵⁹⁹

The case concerned the '993 patent, a “method and apparatus for the continuous preparation of heated water flow [that is, on-the-fly,] for use in hydraulic fracturing,” or “frac[k]ing.”⁶⁰⁰ Before the critical date, Heat-On-The-Fly (“HOTF”) used this system in at least 61 frack jobs for which it collected over \$1.8 million in fees⁶⁰¹—without requiring those receiving the services to abide by confidentiality agreements and without recording test results related to the patent’s claimed limitations. HOTF did not dispute that it knew of the public-use and on-sale bars before filing its patent application; nonetheless, the company did not disclose these 61 uses to the Patent and Trademark Office (“PTO”).⁶⁰² Energy Heating sought a declaratory judgment that the '993 patent was unenforceable for inequitable conduct, invalid as obvious, and not infringed.⁶⁰³ The district court found that the failure to disclose the 61 jobs constituted a withholding of material information with intent to deceive the PTO—that is, inequitable conduct.⁶⁰⁴ After the district court’s judgment, the PTO nonetheless granted a continuation patent related to the same invention.⁶⁰⁵

On appeal, the Federal Circuit affirmed this outcome against HOTF’s three theories of the district court’s abuse of discretion.⁶⁰⁶ HOTF’s first theory was that the 61 jobs had been experimental and so had not triggered the on-sale or public use bars; the appellate court held the district court had not erred in finding that the experimentation HOTF alleged did not relate to the features claimed nor to overall workability.⁶⁰⁷ HOTF’s second theory was that the PTO’s granting of a continuation patent after the disclosure of the 61 frack jobs disproved the materiality and intent of having withheld them previously, as would be required for inequitable conduct under *Therasense*.⁶⁰⁸ The Federal Circuit held that the district court’s decision not to consider the existence of the continuation patent was not error because it was granted after the district court’s judgment and because its claims were materially different from the '993 claims—indeed, the continuation patent covered the very features HOTF said were tested in the 61 frack jobs but the court found not claimed in the original application.⁶⁰⁹ Finally, HOTF argued there was no clear and convincing evidence of intent to deceive; the Federal Circuit held the district court did not abuse its discretion when it found that the single most reasonable interpretation of the withholding of the 61 frack jobs was specific intent to deceive the PTO.⁶¹⁰ More

⁵⁹⁸ Energy Heating, LLC v. Heat On-The-Fly, LLC, 889 F.3d 1291, 1296 (Fed. Cir. 2018).

⁵⁹⁹ *Id.* at 1300.

⁶⁰⁰ *Id.* at 1296-97 (quoting '993 patent col. 1 ll. 28-30, 36-37). Prior art required preheating water that stood in large tanks, rather than heating, as it were, “on-the-fly” in the lines. *Id.* at 1297.

⁶⁰¹ *Id.* at 1297.

⁶⁰² *Id.* at 1297-98.

⁶⁰³ *Id.* at 1298.

⁶⁰⁴ *Id.* at 1298-99.

⁶⁰⁵ *Id.* at 1302.

⁶⁰⁶ *Id.* at 1299.

⁶⁰⁷ *Id.* at 1301-02.

⁶⁰⁸ *See id.* at 1302 (discussing this second defense theory); *id.* at 1299 (citing *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011) (en banc)).

⁶⁰⁹ *Id.* at 1302.

⁶¹⁰ *Id.* at 1302-03.

pointedly, the court acted within its discretion in declining to hear late-presented evidence that counsel to HOTF had been aware of the 61 jobs and advised not to disclose them; earlier in the case, HOTF had invoked attorney-client privilege to bar discovery, despite being on notice that inequitable conduct would be at issue, and HOTF “[could not] have it both ways.”⁶¹¹

⁶¹¹ *Id.* at 1303.

REMEDIES

Damages

***Promega Corp. v. Life Techs. Corp.*, 2013-1011, 2017 WL 5242434 (Fed. Cir. Nov. 13, 2017)**

On remand after the Supreme Court’s decision in *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734 (2017), the Federal Circuit affirmed the district court’s original finding that Promega waived its right to a damages award by deliberately adhering to a single damages theory that was rejected by the Supreme Court.⁶¹²

Life sold five-component genetic testing kits, which were assembled in the United Kingdom and included one component obtained from the United States.⁶¹³ Promega sued Life for infringement of its patents on genetic testing kits.⁶¹⁴ At trial, “Promega did not proffer evidence or elicit testimony intended to prove a specific amount of domestic, foreign, or any other subset of total sales. Instead, Promega relied only on the stipulated worldwide sales figure as a potential damages base.”⁶¹⁵ Although the Federal Circuit originally affirmed a jury verdict in favor of Promega for damages based on worldwide sales,⁶¹⁶ the Supreme Court found that not all of Life’s worldwide sales were infringing, because incorporating a single component obtained from the United States was itself insufficient to establish liability for patent infringement.⁶¹⁷

In light of the Supreme Court’s ruling, the Federal Circuit affirmed the district court’s original JMOL finding that Promega waived any valid measure of damages.⁶¹⁸ The court reasoned that Promega adopted an “all-or-nothing” damages strategy based on worldwide sales even after the district court “informed Promega that it needed to put forward evidence separately proving the amount of infringing acts under § 271(a) and § 271(f)(1).”⁶¹⁹ Although it was undisputed that some of Life’s sales were infringing, “Promega’s deliberate strategy to adhere to a single [invalid] damages theory had the effect of winnowing out from the case any argument about damages based on a figure other than worldwide sales.”⁶²⁰ Put differently, “when a plaintiff deliberately takes a risk by relying at trial exclusively on a damages theory that ultimately proves unsuccessful” and offers no “alternative case for damages, a district court does not abuse its discretion by declining to give that plaintiff” another chance to prove damages based on a theory it declined to assert in the first lawsuit.⁶²¹

⁶¹² *Promega Corp. v. Life Techs. Corp.*, 2013-1011, 2017 WL 5242434, at *1 (Fed. Cir. Nov. 13, 2017).

⁶¹³ *Id.*

⁶¹⁴ *Id.*

⁶¹⁵ *Id.*

⁶¹⁶ *Id.*

⁶¹⁷ *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734, 743 (2017).

⁶¹⁸ *Promega Corp. v. Life Techs. Corp.*, 2017 WL 5242434, at *1.

⁶¹⁹ *Id.* at *7.

⁶²⁰ *Id.* at *8.

⁶²¹ *Id.* at *11.

***Finjan, Inc. v. Blue Coat Systems, Inc.*, No. 2016-2520, 2018 WL 341882 (Fed. Cir. Jan. 10, 2018)**⁶²²

In this appeal from the Northern District of California, the Federal Circuit reversed the district court’s reasonable royalty reward on the ’844 patent, because Finjan failed to apportion damages to only the infringing technology.⁶²³ DRTR is the portion of the infringing product that contains the infringing functionality.⁶²⁴ Importantly, “all of the infringing functionality occurs in DRTR, but some DRTR functions infringe and some do not.”⁶²⁵

“Finjan attempted to tie the royalty base to the incremental value of the infringement by multiplying WebPulse’s total number of users by the percentage of web traffic that passes through DRTR.”⁶²⁶ Finjan erred in failing to perform any further apportionment of the royalty base, however, to account for the fact that DRTR also performs noninfringing functions.⁶²⁷

Finjan argued that further apportionment is unnecessary because DRTR is the “smallest, identifiable technical component” associated with the invention.⁶²⁸ But the mere “fact that Finjan has established a royalty base based on the ‘smallest, identifiable technical component’ does not insulate them from the ‘essential requirement’ that the ‘ultimate reasonable royalty award must be based on the incremental value that the patented invention adds to the end product.’”⁶²⁹ Indeed, “if the smallest salable unit—or smallest identifiable technical component—contains non-infringing features, additional apportionment is still required.”⁶³⁰

Blue Coat also argued that there was no basis for Finjan’s “\$8-per-user royalty rate” that was multiplied by the royalty base.⁶³¹ The Federal Circuit agreed.⁶³² The \$8 value was based on a 2008 verdict obtained by Finjan against Secure Computing.⁶³³ However, that case did not involve the ’844 patent, there was no evidence showing that the patents in the two cases are economically or technologically comparable, and there was no evidence to support the “conclusory statement” that the royalty rate in that case would even correspond to an \$8-per-user fee.⁶³⁴ “In short, the \$8-per-user fee appears to have been plucked from thin air and, as such, cannot be the basis for a reasonable royalty calculation.”⁶³⁵

⁶²² Full disclosure: Mark Lemley represented Blue Coat in this appeal.

⁶²³ *Finjan, Inc. v. Blue Coat Sys., Inc.*, No. 2016-2520, 2018 WL 341882, at *1 (Fed. Cir. Jan. 10, 2018).

⁶²⁴ *Id.*

⁶²⁵ *Id.*

⁶²⁶ *Id.* at *9.

⁶²⁷ *Id.*

⁶²⁸ *Id.*

⁶²⁹ *Id.* (citing *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1226 (Fed. Cir. 2014)).

⁶³⁰ *Id.*

⁶³¹ *Id.* at *10.

⁶³² *Id.*

⁶³³ *Id.*

⁶³⁴ *Id.*

⁶³⁵ *Id.*

The court vacated the jury verdict and remanded for further proceedings while noting that given Finjan’s failure to present any other theory, the district court could decide it was too late to generate new damages evidence, in which case there might be no damages award at all.

Exmark Manufacturing Co. Inc. v. Briggs & Stratton Power Products Group, LLC, No. 2016-2197, 2018 WL 385497 (Fed. Cir. Jan. 12, 2018)

In this appeal from the District of Nebraska, the Federal Circuit vacated the jury’s damages award and remanded for a new trial on damages.⁶³⁶

Royalty Base: Although the asserted claim is broadly directed to a lawn mower, the patented invention is clearly directed to an improvement in the mower’s flow control baffle.⁶³⁷ Briggs argued “that Exmark’s expert should have apportioned the value of the baffle from the other features of the mower through the royalty *base* rather than the royalty *rate*.”⁶³⁸ The Federal Circuit disagreed, finding that “[s]o long as Exmark adequately and reliably apportions between the improved and conventional features of the accused mower, using the accused mower as a royalty base and apportioning through the royalty rate is an acceptable methodology.”⁶³⁹ The court noted that “[u]sing the accused lawn mower sales as the royalty base is particularly appropriate in this case because the asserted claim is . . . directed to the lawn mower as a whole.”⁶⁴⁰ Moreover, using the accused lawn mower sales as the royalty based is consistent with the realities of a hypothetical negotiation, because the lawn mower is the actual commercial product.⁶⁴¹

Exmark’s Damages Expert’s Opinion: The Federal Circuit held that the district court erred by not excluding Exmark’s damages expert’s opinion because the expert simply “plucked the 5% royalty rate out of nowhere.”⁶⁴² Exmark’s expert determined “with little explanation” that the appropriate royalty rate was 5%.⁶⁴³ The expert did not tie the *Georgia-Pacific* factors to the 5% royalty rate or explain how the royalty rate was calculated.⁶⁴⁴ Rather, the expert only described the advantages of the patented invention and how those advantages were relevant to the ninth and tenth *Georgia-Pacific* factors.⁶⁴⁵ But “[t]his told the jury nothing more than that the patented technology was important and commercially successful.”⁶⁴⁶

Yet another problem was that the expert simply ignored the defendants’ relevant patented technology and “opin[ed] without support that [their patented technology] do[es]

⁶³⁶ Exmark Mfg. Co. Inc. v. Briggs & Stratton Prods. Grp., LLC, No. 2016-2197, 2018 WL 385497, at *1 (Fed. Cir. Jan. 12, 2018).

⁶³⁷ *Id.* at *9.

⁶³⁸ *Id.* at *10 (emphasis in original).

⁶³⁹ *Id.*

⁶⁴⁰ *Id.*

⁶⁴¹ *Id.*

⁶⁴² *Id.* at *12.

⁶⁴³ *Id.* at *11.

⁶⁴⁴ *Id.*

⁶⁴⁵ *Id.*

⁶⁴⁶ *Id.*

not relate to the quality of cut, which [is] ‘paramount’ to selling mowers.”⁶⁴⁷ The court was “skeptical that other patented components of the mower bear no relation to the overall value of the accused mowers.”⁶⁴⁸ But “[e]ven assuming, however, that they do not, the expert was required to support her opinion to that effect with sound economic reasoning.”⁶⁴⁹

The Federal Circuit also held that “the district court abused its discretion by holding that prior art is relevant to damages only to the extent the prior art was commercialized,” because uncommercialized prior art is material to determining to what extent the asserted patent provides utility over the prior art.⁶⁵⁰

Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc., Nos. 2016-2691 & 2017-1875, 2018 WL 4501536 (Fed. Cir. July 3, 2018, modified Sept. 20, 2018)

In this appeal from the Northern District of California, the Federal Circuit affirmed infringement but vacated the awarded damages, holding the entire market value rule could not be used because Power Integrations failed to show that the patented feature was the sole driver of demand for the device.⁶⁵¹

At trial, Power Integrations showed Fairchild infringed a patent related to DC power-switching regulators.⁶⁵² At the damages phase,⁶⁵³ the jury awarded a reasonable royalty of \$139.8 million based on the entire market value rule.⁶⁵⁴

On appeal, the Federal Circuit held the district court had erred in using the entire market value rule.⁶⁵⁵ Generally, a reasonable royalty must be apportioned to cover only the patented component, even where smaller than the smallest saleable unit.⁶⁵⁶ An alternative award under the “entire market value rule is appropriate only when the patented feature is the sole driver of customer demand or substantially creates the value of the component parts.”⁶⁵⁷ “[T]he patentee must prove that [other valuable] features do not cause consumers to purchase the product.”⁶⁵⁸ Here, the parties stipulated that other valuable features existed, but Power Integrations did not show that these features did not

⁶⁴⁷ *Id.* at *12.

⁶⁴⁸ *Id.*

⁶⁴⁹ *Id.*

⁶⁵⁰ *Id.*

⁶⁵¹ *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc., Nos. 2016-2691 & 2017-1875, 2018 WL 4501536, at *1 (Fed. Cir. 2018).*

⁶⁵² *Id.* at *1.

⁶⁵³ Note there were two damages trials. At the first, Power Integrations disclaimed reliance on the entire market value rule, yet did not apportion a reasonable royalty payment to the patented features. After the contemporaneous *VirnetX* decision newly required such apportionment, the district court granted a new damages trial. *Id.* at *2 (discussing *VirnetX, Inc. v. Cisco Systems, Inc., 767 F.3d 1308, 1329 (Fed. Cir. 2014)*).

⁶⁵⁴ *Id.* at *2.

⁶⁵⁵ *Id.* at *10.

⁶⁵⁶ *Id.* at *8 (citing *VirnetX, 767 F.3d at 1327*).

⁶⁵⁷ *Id.* at *10 (citing *LaserDynamics v. Quanta Computer, Inc., 694 F.3d 51, 67 (C.A. Fed. 2012)*).

⁶⁵⁸ *Id.*

drive demand—indeed, it previously had won damages related to another feature in the same device.⁶⁵⁹ The court vacated the damage award and remanded.

***WesternGeco LLC v. Ion Geophysical Corp.*, 138 S.Ct. 2129 (June 22, 2018)**

In this appeal from the Federal Circuit, the Supreme Court held that a patent owner who proves that a U.S. exporter of components infringed under § 271(f)(2) can collect lost foreign profits—including on uses outside the U.S.—as part of her damages under § 284.⁶⁶⁰

The case concerned patents related to surveying sea floors, which WesternGeco used exclusively.⁶⁶¹ ION Geophysical introduced an indistinguishable survey system by producing infringing components in the United States and exporting them for assembly.⁶⁶² WesternGeco sued under § 271(f) and was awarded “\$93.4 million in lost profits from uses in 10 foreign surveys [and] \$12.5 million in royalties for 2,500 U.S.-made products.”⁶⁶³ ION moved to set aside the verdict, arguing § 271(f) does not apply extraterritorially.⁶⁶⁴ The Southern District of Texas denied the motion; the Federal Circuit reversed on appeal; the Supreme Court vacated and remanded; the Federal Circuit reinstated its holding; and the Supreme Court granted certiorari again.⁶⁶⁵

On appeal, the Supreme Court reversed and remanded.⁶⁶⁶ Federal statutes presumptively apply only in the territorial jurisdiction of the United States.⁶⁶⁷ Courts may apply U.S. law to a case that initially appears extraterritorial if, first, a “clear indication of an extraterritorial application” in the statute rebuts the presumption,⁶⁶⁸ or, second, “the case involves a domestic application of the statute.”⁶⁶⁹ Here, the court exercised discretion to avoid the first question and only answer the second.⁶⁷⁰ To answer it, the court determines the statute’s “focus.” If “conduct relevant to [that] focus occurred in the United States, then the case involves a permissible domestic application.”⁶⁷¹ “Here, the [foreign] damages themselves are merely the means by which the statute achieves its end of remedying [domestic] infringements.”⁶⁷² That is, the focus of § 271(f)(2) is the domestic act of “suppl[y]ing in or from the United States.”⁶⁷³ And the “overriding

⁶⁵⁹ *Id.* (citing *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 843 F.3d 1315 (Fed. Cir. 2016)).

⁶⁶⁰ *Westerngeco LLC v. Ion Geophysical Corp.*, 138 S.Ct. 2129, 2134 (2018).

⁶⁶¹ *Id.*

⁶⁶² *Id.*

⁶⁶³ *Id.* at 2142 (Gorsuch, J., with Breyer, J., dissenting).

⁶⁶⁴ *Id.* at 2135.

⁶⁶⁵ *Id.* at 2135-36. A decision in *Halo Electronics* had warranted the earlier remand from the Supreme Court. *Id.* (citing *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S.Ct. 1923 (2016)).

⁶⁶⁶ *Id.* at 2136.

⁶⁶⁷ *Id.* (citing *Foley Bros., Inc. v. Filardo*, 336 U.S. 281, 285, 69 S.Ct. 575, 93 L.Ed. 680 (1949)).

⁶⁶⁸ *Id.* (citing *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247, 255 (2010)).

⁶⁶⁹ *Id.* (citing *RJR Nabisco, Inc. v. European Community*, 136 S.Ct. 2090, 2101 (2016)).

⁶⁷⁰ *Id.*

⁶⁷¹ *Id.* at 2137 (quoting *RJR Nabisco*, 136 S.Ct. at 2101).

⁶⁷² *Id.* at 2138.

⁶⁷³ *Id.*

purpose” of § 284 is to “affor[d] patent owners complete compensation” for infringements.⁶⁷⁴ Accordingly, joining the two, this “can include lost foreign profits . . . under § 271(f)(2).⁶⁷⁵

In dissent, Justice Gorsuch and Justice Breyer argued the result granted “monopoly rents abroad premised on a U.S. patent that has no legal force there.”⁶⁷⁶ The result went against the historical purpose of § 271(f)(2) to “ma[k]e clear that someone who almost makes an invention in this country [is] liable as if he made the complete invention in this country.”⁶⁷⁷ Going against all logic, the result apparently “allow[ed] greater recovery when a defendant exports a component of an invention in violation of § 271(f)(2) than when a defendant exports the entire invention in violation of § 271(a).”⁶⁷⁸ And going against policy, the result invited reciprocal assertions of foreign patent laws over the U.S. domestic economy.⁶⁷⁹ As an alternative remedy, Justice Gorsuch and Justice Breyer would have suggested plaintiffs like WesternGeco ask for higher royalties on U.S.-made components.⁶⁸⁰

Attorneys’ Fee Awards

***Gust, Inc. v. AlphaCap Ventures, LLC*, 905 F.3d 1321 (Fed. Cir. Sept. 28, 2018)**

In this appeal from the Southern District of New York, the Federal Circuit reversed and held defendants’ attorney fees should not be charged directly against plaintiff’s counsel under 28 U.S.C. § 1927,⁶⁸¹ in particular, § 1927 cannot be used to award fees stemming from the initiation of a suit, but only from its “multiplication” (at least under the Federal Circuit’s view of what the Second Circuit would have held).⁶⁸²

The plaintiff AlphaCap is a non-capitalized, non-practicing entity that hired Gutride as counsel on a contingency basis.⁶⁸³ It then sued Gust in the Eastern District of Texas for infringement of patents related to crowdfunding; the patents were newly vulnerable to a § 101 challenge after *Alice*, which another district court had applied to crowdfunding.⁶⁸⁴ Each side offered a settlement proposal and, after each rebuffed the other, each filed further papers to escalate the conflict; another round of failed settlement proposals led to further escalation and a transfer to the Southern District of New York—

⁶⁷⁴ *Id.* at 2137 (quoting *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 655 (1983)).

⁶⁷⁵ *Id.* at 2139 (quoting *General Motors Corp.*, 461 U.S. at 655).

⁶⁷⁶ *Id.* (Gorsuch, J., with Breyer, J., dissenting).

⁶⁷⁷ *Id.* at 2142.

⁶⁷⁸ *Id.*

⁶⁷⁹ *Id.* at 2139.

⁶⁸⁰ *Id.* at 2140.

⁶⁸¹ *See Gust, Inc. v. AlphaCap Ventures, LLC*, 905 F.3d 1321, 1325 (Fed. Cir. 2018).

⁶⁸² *Id.* at 1328 (“On its face, § 1927 only applies to actions that result in unreasonable and vexatious multiplication of proceedings,” thereby “exclude[ing the] filing of a baseless complaint, which is properly analyzed under Fed. R. Civ. P. 11.”).

⁶⁸³ *Id.* at 1325.

⁶⁸⁴ *Id.* at 1325 (first citing *Alice Corp. Pty. Ltd. v. 2014 CLS Bank Int’l*, 573 U.S. 208 (2014), then citing *Kickstarter, Inc. v. Fan Funded, LLC*, No. 11-cv-6909, 2015 WL 3947178 (S.D.N.Y. June 29, 2015), *aff’d* 654 F. App’x 481 (Fed. Cir. 2016)); *see also Id.* at 1326.

the site of the earlier crowdfunding case.⁶⁸⁵ Ultimately, AlphaCap provided Gust with a covenant not to sue and both parties' claims were dismissed, except that Gust sought and won attorneys fees under 35 U.S.C. § 285 and 28 U.S.C. § 1927.⁶⁸⁶ The Southern District of New York found the case "exceptional" under § 285, for three reasons: (1) the patent claims were clearly invalid under *Alice*, (2) the suit appeared to be brought for its settlement value (especially as the plaintiff settled for a mere \$50,000 on related claims with other defendants), and (3) such a finding would dissuade similar conduct.⁶⁸⁷ Furthermore, the court found plaintiff's counsel directly liable for those fees under § 1927 because counsel continued litigating unreasonably and in bad faith.⁶⁸⁸ Upon reconsideration, the district court reiterated the result.⁶⁸⁹

On appeal, the Federal Circuit held that the district court erred in finding Gutride directly liable for defendants' fees under § 1927.⁶⁹⁰ Under the Second Circuit's § 1927 case law, fees can be awarded directly against a party's attorney only when "a high degree of [factual] specificity"⁶⁹¹ shows that the claims were (1) "entirely without color" and (2) "brought in bad faith"⁶⁹² On the "without color" prong, the Federal Circuit reasoned that the implications of *Alice* for the case had not yet been settled at the time of litigation,⁶⁹³ and imposing fees directly on litigators in such cases would discourage needed doctrinal development.⁶⁹⁴ On the bad faith prong, the Federal Circuit rejected each of the district court's three bases. First, the record did not show that Gutride knew the AlphaCap patents to be invalid. Gutride's statements that the case was "not worth litigating" was not a statement about its views of patent validity but of cost-efficacy; a "finding" otherwise in the trial court's grant of Gust's motion to dismiss was not a finding but an allegation construed as fact.⁶⁹⁵ Second, Gutride was not responsible for its client's choice of corporate structure and business model (seemingly purpose-built to bring nuisance suits). To the extent Gutride was complicit in bringing frivolous litigation, such complicity should be assessed under Rule 11.⁶⁹⁶ Third, Gutride's filing and opposition to transfer from the Eastern District of Texas was not "so entirely without merit" as to signal improper purpose.⁶⁹⁷ Also, delay in settlement could not be properly

⁶⁸⁵ *Id.* at 1325-26.

⁶⁸⁶ *Id.* at 1326.

⁶⁸⁷ *Id.*

⁶⁸⁸ *Id.*

⁶⁸⁹ *Id.* at 1326-27.

⁶⁹⁰ Fee awards are reviewed under the law of the regional circuit, here the Second Circuit, which applies an abuse-of-discretion analysis. *Id.* at 1327.

⁶⁹¹ *Id.* at 1328 (quoting *Dow Chem. Pac. Ltd. v. Rascator Maritime S.A.*, 782 F.2d 329, 344 (2d Cir. 1986)).

⁶⁹² *Id.* at 1327 (quoting *Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.*, 607 F.3d 817, 833 (Fed. Cir. 2010) (citing *Eisemann v. Greene*, 204 F.3d 393, 396 (2d Cir. 2000))).

⁶⁹³ *Id.* at 1328-29. Wading into the underlying patent-eligibility questions under relevant precedents, the court found them less dispositive on the facts presented than had the district court. *Id.* at 1330.

⁶⁹⁴ *Id.* at 1329.

⁶⁹⁵ *Id.* at 1331-32. The court also reiterated that *Alice* was not yet well-understood. *Id.*

⁶⁹⁶ *Id.* at 1333.

⁶⁹⁷ *Id.*

attributed to the attorney, as such decisions are wholly committed to clients.⁶⁹⁸ Moreover, § 1927 could never apply, as the district court had supposed, to fees associated with the initial stage of a suit, as the section deals only with the “multiplication” of a suit.⁶⁹⁹ Frivolous initial filings are to be sanctioned under Rule 11.⁷⁰⁰

Judge Wallach dissented.⁷⁰¹ On the first prong, the claims⁷⁰² were “entirely without color” under then-existing § 101 precedent.⁷⁰³ The only cases Gutride cited that Judge Wallach found muddled the issue were decided after Gutride’s litigation had ended.⁷⁰⁴ Similarly, on the bad faith prong, the limited evidence Gutride cited to justify filing in and opposing transfer from the Eastern District of Texas was uncovered only after discovery.⁷⁰⁵ Judge Wallach would have reasserted that “the appetite for licensing revenue cannot overpower a litigant’s and *its counsel’s* obligation to file cases reasonably based in law and fact and to litigate those cases in good faith.”⁷⁰⁶

***Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372 (Fed. Cir. Dec. 8, 2017)**

In this appeal from the District of Delaware, the Federal Circuit affirmed the district court’s award of attorneys’ fees under § 285.⁷⁰⁷ IH sued BBB in April 2014 before the Supreme Court issued its *Alice*⁷⁰⁸ decision.⁷⁰⁹ After *Alice* was handed down, BBB moved for a judgment on the pleadings that the asserted claims were patent-ineligible under § 101 in view of *Alice*.⁷¹⁰ The district court granted the motion, and the Federal Circuit affirmed.⁷¹¹

BBB moved for attorneys’ fees, arguing that “once *Alice* issued, IH should have reevaluated its case and dismissed the action.”⁷¹² The district court granted the motion, and the Federal circuit “conclude[d] that the district court acted within the scope of its discretion in finding this case to be exceptional based on the weakness of IH’s § 101 arguments and the need to deter similarly weak arguments in the future.”⁷¹³

The Federal Circuit noted that although it “is sometimes difficult to analyze patent eligibility under the framework prescribed by the Supreme Court in *Mayo*, there is no uncertainty or difficulty in applying the principles set out in *Alice* to reach the conclusion

⁶⁹⁸ *Id.* at 1334.

⁶⁹⁹ *Id.* at 1328.

⁷⁰⁰ *Id.*

⁷⁰¹ *Id.* at 1341 (Wallach, J., dissenting).

⁷⁰² *Id.* at 1336-37 (Wallach, J., dissenting) (discussing the patent claims here under *Alice*).

⁷⁰³ *Id.* at 1337-38 (Wallach, J., dissenting) (discussing the precedent).

⁷⁰⁴ *Id.* at 1338-39 (Wallach, J., dissenting).

⁷⁰⁵ *Id.* at 1340-41 (Wallach, J., dissenting).

⁷⁰⁶ *Id.* at 1339 (Wallach, J., dissenting) (quoting *EconNet LP v. Flagstar Bancorp*, 653 F.3d 1314, 1328 (Fed. Cir. 2011) (emphasis added)).

⁷⁰⁷ *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1373 (Fed. Cir. 2017).

⁷⁰⁸ *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014).

⁷⁰⁹ *Inventor Holdings*, 876 F.3d at 1373.

⁷¹⁰ *Id.*

⁷¹¹ *Id.*

⁷¹² *Id.* at 1373-74.

⁷¹³ *Id.* at 1377-78.

that the [asserted] patent’s claims are ineligible.”⁷¹⁴ The asserted patent are “plainly invalid” and not “anywhere near[] the margins of patent-eligibility.”⁷¹⁵ The court further noted that “[i]t was IH’s responsibility to reassess its case in view of new controlling law.”⁷¹⁶

***In re Rembrandt Techs. LP Patent Litigation*, 899 F.3d 1254 (Fed. Cir. decided July 27, 2018, public opinion issued Aug. 15, 2018)**

In this appeal from the District Court of Delaware, the Federal Circuit affirmed that litigation misconduct made the case exceptional under § 285—and so awarding reasonable fees to the prevailing party was warranted—but it vacated the amount awarded and remanded for the lower court to award only fees reasonably attributable to misconduct.⁷¹⁷

The litigation related to nine patents belonging to Rembrandt, eight relating to cable modem technology and one, the ’627 patent, to over-the-air signals.⁷¹⁸ Rembrandt obtained the eight cable-modem patents from a company called Paradyne and its later acquirer, Zhone.⁷¹⁹ The district court found⁷²⁰ that 1) Rembrandt should have known that Paradyne had let lapse and then improperly revived two of those patents,⁷²¹ that 2) it knew and did not timely disclose that Zhone had destroyed documents related to the portfolio,⁷²² and that 3) it had improperly hired former Paradyne/Zhone employees as consultants with fees contingent upon the outcome of litigation in which they testified.⁷²³ But the court made no findings about misconduct related to Rembrandt’s final over-the-air patent, the ’627 patent, which did not come from Paradyne or Zhone, and which was the only patent that Rembrandt continued asserting until final judgment.⁷²⁴ Finding the case exceptional under § 285, the court awarded almost all fees to defendants.⁷²⁵

On appeal, the Federal Circuit held that the district court’s findings and legal conclusion of exceptionality under § 285 were not clearly erroneous.⁷²⁶ But it vacated the amount of fees awarded because the district court had not clearly attributed them to the misconduct.⁷²⁷ Under § 285, fee awards are “compensatory, not punitive,”⁷²⁸ covering

⁷¹⁴ *Id.* at 1379.

⁷¹⁵ *Id.*

⁷¹⁶ *Id.*

⁷¹⁷ *In re Rembrandt Techs. LP Patent Litigation*, 899 F.3d 1254, 1260, 1280 (Fed. Cir. 2018).

⁷¹⁸ *Id.* at 1260.

⁷¹⁹ *Id.* at 1260-62. It bought six from Paradyne, and later two more from Zhone.

⁷²⁰ *Id.* at 1265 (summarizing).

⁷²¹ *Id.* at 1261 (discussing revival); *id.* at 1272-75 (evaluating district court’s finding that the improper revival amounted to inequitable conduct).

⁷²² *Id.* at 1269-1271.

⁷²³ *Id.* at 1267-69.

⁷²⁴ *Id.* at 1266; *id.* at 1278 (“The district court’s order said nothing about the ’627 patent.”)

⁷²⁵ *Id.* at 1278.

⁷²⁶ *Id.* at 1266.

⁷²⁷ *Id.* at 1280.

⁷²⁸ *Id.* at 1278 (citing *Cent. Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1578 (Fed. Cir. 1983)).

only “losses sustained” from misconduct.⁷²⁹ As a result, “the amount of the award must bear some relation to the extent of the misconduct”,⁷³⁰ a full award is rare.⁷³¹ The district court must explain this relation to the extent practicable.⁷³² Here, the district court did not.⁷³³ While it excluded some fee categories, it did not relate the fees awarded for the ’627 patent litigation—the over-the-air patent from a separate source—to the misconduct.⁷³⁴ Further, the district court had rejected the claim that Rembrandt had sued in bad faith or held untenable legal positions;⁷³⁵ this contrasted with *Monolithic Power Systems*, where the court found misconduct “pervasive enough to infect the entire litigation” and so a full award was appropriate.⁷³⁶

The Federal Circuit outlined how a district court might practicably attribute fees to misconduct.⁷³⁷ In “run-of-the-mill” cases asserting only a few patents, a court might more cursorily find that the misconduct pervades the full case and award all fees; in more complex cases (here “nine” patents and “dozens” of defendants), a link between the misconduct and the fee award (here \$51 million) becomes necessary, even if that finding amounts to a percent of fees attributable to the claims wherein misconduct occurred.⁷³⁸ What is required is a “rough justice, not . . . audit[ed] perfection.”⁷³⁹

***Stone Basket Innovations, LLC v. Cook Med. LLC*, 892 F.3d 1175 (Fed. Cir. June 11, 2018)**

In this appeal from the Southern District of Indiana, the Federal Circuit held the district court had not abused discretion by denying attorney fees under § 285.⁷⁴⁰ Because the plaintiff was not on notice that its patent was likely invalid or that defendant would move for fees, the plaintiff’s litigation was not exceptional.⁷⁴¹

The case began when Stone sued Cook in the Eastern District of Texas. Cook challenged the asserted patent’s validity, sought transfer to the Southern District of Indiana, and petitioned the U.S. Patent and Trademark Office for inter partes review (“IPR”); the case was transferred and stayed pending the IPR; once the PTAB instituted IPR proceedings, Stone attempted but failed to obtain a license from Cook, then requested and received adverse judgment in the IPR and dismissal with prejudice in the

⁷²⁹ *Id.* (quoting *Goodyear Tire & Rubber Co. v. Haeger*, 137 S.Ct. 1178, 1186 & n.5 (2017)).

⁷³⁰ *Id.* (quoting *Rambus Inc. v. Infineon Techs. AG*, 318 F.3d 1081, 1106 (Fed. Cir. 2003)).

⁷³¹ *Id.* (quoting *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 687 F.3d 1300, 1316 (Fed. Cir. 2012), vacated on other grounds, 134 S.Ct. 1744 (2014)).

⁷³² *Id.* at 1279.

⁷³³ *Id.* (citing *Monolithic Power Systems, Inc. v. O2 Micro Int’l Ltd.*, 726 F.3d 1359, 1369 (Fed. Cir. 2013)).

⁷³⁴ *Id.* at 1265 (explaining excluded categories); *id.* at 1280 (evaluating ’627-related fee awards).

⁷³⁵ *Id.* at 1279.

⁷³⁶ *Id.*

⁷³⁷ *Id.* at 1280.

⁷³⁸ *Id.*

⁷³⁹ *Id.* (quoting, in the last quote selected, *Goodyear Tire & Rubber Co. v. Haeger*, 137 S.Ct. 1178, 1187 (2017)).

⁷⁴⁰ *Stone Basket Innovations, LLC v. Cook Med. LLC*, 892 F.3d 1175, 1184 (Fed. Cir. 2018).

⁷⁴¹ *Id.* at 1181 (citing *Aten Int’l Co. v. Uni- class Tech.*, No. CV 15-04424-AG (AJWx), slip op. at 5 (C.D. Cal. Mar. 30, 2018)).

district court.⁷⁴² Finally, nearly two years after the suit began, Cook moved for fees under § 285. Cook alleged its invalidity contentions and deposition testimony put Stone on notice that its position was weak and litigation unreasonable.⁷⁴³ But the court denied the case was exceptional and so denied fees.⁷⁴⁴

On appeal, the Federal Circuit held the district court had not abused its discretion.⁷⁴⁵ *Octane* teaches that a case stands out from others as exceptional under § 285 when a party is on notice that its position is weak yet pursues litigation unreasonably.⁷⁴⁶ A party may be put on notice by being told that its position is weak (or by willfully ignoring obviously weak aspects of its position), or by being threatened with a motion for fees.⁷⁴⁷ In *Rothschild*, for example, the defendant gave plaintiff notice by moving for judgment on the pleadings and serving a Rule 11 letter with appended copies of anticipatory prior art.⁷⁴⁸ Here, nothing of the kind happened.⁷⁴⁹ The district court did not error in finding Cook failed to notify Stone that its position was weak, for three reasons. First, Cook’s invalidity contentions were inadequate notice: they buried an allegedly blatantly anticipatory reference within thirty-two others, and did not document the claims per the Eastern District’s Local Patent Rules.⁷⁵⁰ Second, Stone was entitled to presume this allegedly anticipatory reference did *not* anticipate its patent, as the reference was identified in its patent application.⁷⁵¹ Third, Cook waited too long to state these contentions clearly—and whatever strategic reasons Cook had for doing so did not excuse this failure.⁷⁵² Regarding the threat of fees, the district court again did not error in finding Stone lacked notice. Cook waited nearly a year after serving its invalidity contentions before warning Cook that it would move for fees.⁷⁵³

In sum, a defendant “cannot simply hide under a rock, quietly documenting all the ways it’s been wronged, so that it can march out its ‘parade of horrors’ after all is said and done.”⁷⁵⁴ The defendant who obfuscates cannot blame the plaintiff for prolonged litigation.

⁷⁴² *Id.* at 1177.

⁷⁴³ *Id.* at 1179.

⁷⁴⁴ *Id.* at 1178.

⁷⁴⁵ *Id.* (explaining standard of review).

⁷⁴⁶ *Id.* at 1178 (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S.Ct. 1749, 1756 (2014)).

⁷⁴⁷ *Cf. id.*

⁷⁴⁸ *Id.* at 1182 (citing *Rothschild Connected Devices Innovations, LLC v. Guardian Prot. Servs., Inc.*, 858 F.3d 1383, 1386 (Fed. Cir. 2017)).

⁷⁴⁹ *Id.* at 1181 (quoting *Aten Int’l Co.*, slip op. at 5).

⁷⁵⁰ *Id.* at 1179.

⁷⁵¹ *Id.* at 1179-80.

⁷⁵² *Id.* at 1181.

⁷⁵³ *Id.* at 1182 (citing *Rothschild Connected Devices Innovations*, 858 F.3d at 1386).

⁷⁵⁴ *Id.* at 1181 (quoting *Aten Int’l Co.*, slip op. at 5).

***NantKwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. July 27, 2018) (en banc)**

In this appeal from the Eastern District of Virginia, the Federal Circuit held that the Patent and Trademark Office (“PTO”) must pay its own attorney fees for appeals brought by applicants to district courts under § 145.⁷⁵⁵

At the PTO, an examiner found NantKwest’s method to treat cancer unpatentable as obvious, which the Patent Trial and Appeals Board affirmed.⁷⁵⁶ NantKwest appealed under § 145. Whereas appeals under § 141 review PTO records and decisions per the Administrative Procedure Act, appeals under § 145 are *de novo* inquiries that may use new evidence to challenge PTO decisions.⁷⁵⁷ In exchange for robust review, the applicant must pay “[a]ll the expenses” of both parties.⁷⁵⁸ At the § 145 appeal, the PTO won on summary judgment, then moved for expenses; for the first time in history, the PTO requested that attorney fees be included.⁷⁵⁹ The district court found attorney fees were not covered under § 145.⁷⁶⁰

On appeal, a divided panel of the Federal Circuit reversed, but—voting *sua sponte* to rehear the matter *en banc*—a majority of the full court affirmed the district decision.⁷⁶¹ The opinions can be read to turn first on whether a system wherein the appealing party always pays both sides’ attorneys’ fees contradicts the American Rule, and second, if so, whether Congress was sufficiently “clear and explicit” in drafting § 145 to create and permit such a system here.

On the first point, the *en banc* decision held that the American Rule is violated whenever a party does not pay its own legal fees. The American Rule that each litigant pays its own fees, win or lose, is a “bedrock principle” that “the Supreme Court has held . . . presumptively applies and any statutory deviations from it must be ‘specific and explicit.’”⁷⁶² In contrast, the dissent (and the earlier panel’s majority) would have held that the American Rule is only broken when a statute requires the losing party to pay, as the Fourth Circuit had reasoned when interpreting a trademark statute in *Shammas*.⁷⁶³ On the second point, given the American Rule applied and was violated, the Federal Circuit held that the statute did not meet the stringent “specific and explicit” standard to be a congressionally permitted exception. While no “magic words” are needed,⁷⁶⁴ the Supreme Court has rejected “statutory language that might, to a layperson, seem broad enough to cover attorneys’ fees”⁷⁶⁵ One permitted exception, for example, is a

⁷⁵⁵ *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1180 (Fed. Cir. 2018) (en banc).

⁷⁵⁶ *Id.* at 1183.

⁷⁵⁷ *Id.* at 1180.

⁷⁵⁸ *Id.* (quoting 35 U.S.C. § 145 (1180)).

⁷⁵⁹ *Id.* at 1183.

⁷⁶⁰ *Id.*

⁷⁶¹ *Id.*

⁷⁶² *Id.* at 1181 (citing *Alyeska Pipeline [Serv. Co. v. Wilderness Soc’y]*, 421 U.S. [240,] 260–62, 269 [(1975)]).

⁷⁶³ *Id.* at 1196 (Prost, C.J., dissenting) (citing 784 F.3d 219, 223–24 (4th Cir. 2015), cert. denied *sub nom.* *Shammas v. Hirshfeld*, 136 S.Ct. 1376 (2016)); see also *id.* at 1183, 1185.

⁷⁶⁴ *Id.* at 1182 (citing *Summit Valley Indus., Inc. v. Local 112, United Bhd. of Carpenters*, 456 U.S. 717, 721–22 (1982)).

⁷⁶⁵ *Id.* at 1192 (citing cases interpreting various statutes).

statute directing a court to “award[] to a prevailing party . . . fees and other expenses.”⁷⁶⁶ Here, the term “expenses” was held to be insufficiently explicit to cover “attorneys’ fees.” The majority supported this decision by drawing upon 170 years of understanding and practice,⁷⁶⁷ historic dictionaries,⁷⁶⁸ comparisons between this and other areas of the Patent Act,⁷⁶⁹ comparisons between this and other statutes (which again treat attorneys’ fees as distinct from expenses or else as a component of expenses deserving explicit mention),⁷⁷⁰ and other judicial decisions.⁷⁷¹ It said the dissent’s reading of past decisions failed to appreciate distinguishing details,⁷⁷² and that its reading of legislative history was not only inaccurate but inappropriate, given the standard requires clear intent on the statute’s face.⁷⁷³

Finally, the majority rejected policy arguments that § 145 suits create costs that all patent applicants bear, determining these costs to be small and the fairness of allocating them better left to Congress, which recently rebuffed a § 145 repeal effort.⁷⁷⁴

⁷⁶⁶ *Id.* at 1182 (citing *Baker Botts L.L.P. v. ASARCO LLC*, 135 S.Ct. 2158, 2164 (2015) (quoting 28 U.S.C. § 2412(d)(1)(A)).

⁷⁶⁷ *Id.* at 1180, 1181.

⁷⁶⁸ *Id.* at 1187.

⁷⁶⁹ *Id.* at 1190.

⁷⁷⁰ *Id.* at 1188-89.

⁷⁷¹ *Id.* at 1191-92.

⁷⁷² *Id.* at 1192-93.

⁷⁷³ *Id.* at 1194; *see also id.* at 1195 (rejecting the dissent’s arguments comparing text with another part of the Patent Act that specifies that “expenses” covers the salaries of some PTO employees).

⁷⁷⁴ *Id.* at 1195.

PRACTICE AND PROCEDURE

Exclusive Jurisdiction

***Xitronix Corp. v. KLA-Tencor Corp.*, 882 F.3d 1075 (Fed. Cir. Feb. 9, 2018), rehearing en banc denied 892 F.3d 1194 (Fed. Cir. June 15, 2018)**

Xitronix brought against KLA a *Walker Process* monopolization claim under § 2 of the Sherman Act and §§ 4 and 6 of the Clayton Act based on the alleged fraudulent prosecution of a patent.⁷⁷⁵ Acting *sua sponte*, the Federal Circuit determined that it did not have jurisdiction over the case and transferred the case to the Fifth Circuit.⁷⁷⁶

The court explained that “[t]here is nothing unique to patent law about allegations of false statements.”⁷⁷⁷ The court “acknowledge[d] that a determination of the alleged misrepresentations to the PTO will almost certainly require some application of patent law,” and possibly even “analysis of the claims and specifications” in the present case.⁷⁷⁸ But the Supreme Court’s recent decision in *Gunn v. Minton* made clear that “consistency with the federal question jurisdiction statute requires more than a mere resolution of a patent issue in a ‘case within a case.’”⁷⁷⁹ “The underlying patent issue in this case, while important to the parties and necessary for resolution of the claims, does not present a substantial issue of patent law.”⁷⁸⁰ For instance, “[t]here is no dispute over the validity of the claims—patent law is only relevant to determine if KLA intentionally made misrepresentations.”⁷⁸¹ Furthermore, “[b]ecause Federal Circuit law applies to substantive questions involving our exclusive jurisdiction, the fact that at least some *Walker Process* claims may be appealed to the regional circuits will not undermine our uniform body of patent law.”⁷⁸²

Although the court previously determined that it had jurisdiction over *Walker Process* claims in *In re Ciprofloxacin Hydrochloride Antitrust Litigation* decision, in that case the court was “merely accepting a transfer from another circuit court” and only analyzed jurisdiction in a single footnote.⁷⁸³ Moreover, “[t]o the extent our prior precedent could be interpreted contrary to *Gunn*, the Supreme court rendered that interpretation invalid.”⁷⁸⁴

After a Federal Circuit panel decided to transfer this matter to the Fifth Circuit, the Federal Circuit denied an *en banc* rehearing.⁷⁸⁵

⁷⁷⁵ *Xitronix Corp. v. KLA-Tencor Corp.*, 882 F.3d 1075, 1075-76 (Fed. Cir. 2018).

⁷⁷⁶ *Id.* at 1076.

⁷⁷⁷ *Id.* at 1077.

⁷⁷⁸ *Id.* at 1078.

⁷⁷⁹ *Id.* (quoting *Gunn v. Minton*, 568 U.S. 251, 259 (2013)).

⁷⁸⁰ *Id.*

⁷⁸¹ *Id.*

⁷⁸² *Id.*

⁷⁸³ *Id.* (citing *In re Ciprofloxacin Hydrochloride Antitrust Litigation*, 544 F.3d 1323 (Fed. Cir. 2008)).

⁷⁸⁴ *Id.*

⁷⁸⁵ *Xitronix Corp. v. KLA-Tencor Corp.*, 892 F.3d 1194, 1195 (Fed. Cir. 2018).

Judge Newman, dissenting from denial of rehearing en banc, gave four reasons the case should have been reheard.⁷⁸⁶ First, she argued that raising this question *sua sponte* and deciding it by panel was inappropriate for a question that should have been sharply presented by the adversaries and decided by a full panel.⁷⁸⁷ Second, she argued *Gunn* did not require the decision.⁷⁸⁸ That case held that an attorney malpractice claim under state law did not raise a substantial federal question despite turning on whether, as a hypothetical, a patent would have been held valid if the attorney had litigated the prior case differently.⁷⁸⁹ Judge Newman doubted *Gunn* “silently divest[ed]” the Federal Circuit of statutory authority to hear civil action arising under patent-related acts of Congress.⁷⁹⁰ This led to the third ground: Judge Newman argued transfer would contradict Congress’ policy⁷⁹¹—and the Supreme Court’s analogous reasoning in *Gunn*⁷⁹²—to create consistent patent law nationally by directing patent cases improperly into regional circuits.⁷⁹³ Fourth and finally: federal and regional circuit precedent required the opposite result. The panel appeared to hold that a patent issue heard as a case-within-a-case does not suffice to invoke Federal Circuit jurisdiction.⁷⁹⁴ Judge Newman, however, found that the precedent supported a different rule: that a patent issue heard as a case-within-a-case suffices for Federal Circuit jurisdiction so long as (1) actual patent-related rights turn uniquely on the question⁷⁹⁵ and (2) no non-patent theory of the larger case (e.g., here, no non-patent theory supporting the antitrust claim) is presented.⁷⁹⁶

Real Party in Interest

***Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336 (Fed. Cir. July 9, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit vacated the PTAB’s final written decisions on three inter partes reviews (“IPRs”) and remanded so the PTAB could reconsider institution according to the correct legal test

⁷⁸⁶ *Id.* at 1202 (listing four reasons). For clarity and completeness, the summary’s listed reasons have been reordered and expanded with others stated throughout the dissent.

⁷⁸⁷ *Id.* at 1199 (citing *South Corp. v. United States*, 690 F.2d 1368, 1370 n.2 (Fed. Cir. 1982) (en banc)).

⁷⁸⁸ *Id.* at 1196 (citing *Gunn*, 568 U.S. at 251 (2013)).

⁷⁸⁹ *Id.* at 1198 (citing *Gunn*, 568 U.S. at 251 (2013)).

⁷⁹⁰ *Id.* at 1202.

⁷⁹¹ *Id.* at 1196-97 (discussing 28 U.S.C. § 1295(a)(1)).

⁷⁹² *Id.* at 1198-99 (discussing reasoning in *Madtad Eng’g, Inc. v. USPTO*, 756 F.3d 1366, 1370 (Fed. Cir. 2014)).

⁷⁹³ *Id.* at 1202.

⁷⁹⁴ *Cf. id.* at 1197-98 (citing *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 803 (1988)).

⁷⁹⁵ *See id.* at 1195 (citing Transfer order at 1078); *id.* at 1198 (citing *Gunn*, 568 U.S. at 251); *id.* at 1201-02 (discussing cases).

⁷⁹⁶ *See id.* at 1200-01 (discussing *In re Lipitor Antitrust Litigation*, 855 F.3d 126 (3d Cir. 2017), which held that because other antitrust theories besides the Walker Process claim were presented the case should be litigated in the Third Circuit).

for § 315(b), which bars petitions where a privy of the petitioner or real party in interest—expansively defined—has received an infringement complaint more than one year before the petition.⁷⁹⁷

More than a year before RPX filed its petition, Applications in Internet Time (“AIT”) asserted two patents against Salesforce.com, Inc. (“Salesforce”) in district court.⁷⁹⁸ Salesforce then petitioned for *inter partes* review but was rejected as time-barred by § 315(b).⁷⁹⁹ Salesforce next renewed its contract with RPX, a company that “cost-effectively extricate[s]” clients from suits.⁸⁰⁰ Shortly thereafter, RPX petitioned for IPRs on the same patents.⁸⁰¹ The PTAB allowed discovery as to whether Salesforce was a real party in interest or whether RPX was in privy with Salesforce.⁸⁰² On the one hand, RPX advertised it was “100% aligned with [the interests of its] clients” and that it “help[ed] after a litigation has begun”;⁸⁰³ on the other, RPX apparently followed its “best practices” to avoid implicating its clients as real parties; it spoke with Salesforce about the AIT litigation, yet stopped short of discussing a decision to challenge validity.⁸⁰⁴ The PTAB determined RPX had independently and self-interestedly petitioned for IPR, and that this made Salesforce not a real party in interest and not in privy with RPX under § 315(b); to reach this, the PTAB rejected a theory that RPX had been “willfully blind” to Salesforce’s interests.⁸⁰⁵

On appeal, the Federal Circuit held that the PTAB’s “determination that Salesforce was not a real party in interest under § 315(b) relied on an impermissibly narrow understanding of . . . the term, was not based on consideration of the entirety of the administrative record, and seemingly misallocated the burden of proof.”⁸⁰⁶ The court began by applying *Chevron*.⁸⁰⁷ Where the statute speaks directly to an issue, the reviewing court gives effect to its intent and not to the agency’s interpretation.⁸⁰⁸ Here, Congress spoke directly.⁸⁰⁹ It used the words “real party in interest” and “privy of the petitioner” in § 315(b) in order to *expansively* “bar[] petitions where proxies or privies [unable to petition for IPR for themselves⁸¹⁰] would benefit from an instituted IPR, *even*

⁷⁹⁷ Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336, 1338 (Fed. Cir. 2018).

⁷⁹⁸ *Id.* at 1339 (citing Compl., Applications in Internet Time, LLC v. Salesforce.com, Inc., No. 3:13-cv-00628 (D. Nev. Nov. 8, 2013), ECF No. 1).

⁷⁹⁹ *Id.*

⁸⁰⁰ *Id.*

⁸⁰¹ *Id.*

⁸⁰² *Id.* at 1340.

⁸⁰³ *Id.* (quoting J.A. 71, 72).

⁸⁰⁴ *Id.* at 1340-41 (quoting J.A. 80-81, 1229 ¶ 20).

⁸⁰⁵ *Id.* at 1343.

⁸⁰⁶ *Id.* at 1356; *see also id.* at 1346. Note that only recently did the Federal Circuit rule that it could review determinations of time bars under § 315(b). *Id.* at 1344 (citation omitted).

⁸⁰⁷ *Id.* at 1345 (citing *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984)).

⁸⁰⁸ *Id.* at 1345 (citing *Chevron*, 467 U.S. at 842-43).

⁸⁰⁹ *Id.* at 1351 (explaining this was “dictated by the language, structure, purpose, and legislative history of § 315(b)”); *id.* at 1350 (citing statements by Senators Kyl and Schumer).

⁸¹⁰ Proxies and privies would be unable to petition directly for IPR under § 315(a) if they had already initiated district court action, under § 315(b) if they had already declined to petition for

where the petitioning party might separately have its own interest in initiating an IPR.⁸¹¹ Fleshing out Congress’s intent,⁸¹² the Federal Circuit held that whether a party is a proxy or privy is a fact-specific inquiry that turns on “whether a non-party ‘desires review of the patent’ and whether a petition has been filed at a non[-]party’s ‘behest.’”⁸¹³ This inquiry should address the factors explained in the Office Patent Trial Practice Guide,⁸¹⁴ which incorporates common law principles of estoppel and preclusion,⁸¹⁵ and those explained by sources the guide cites, including the treatise by Wright & Miller⁸¹⁶ on agency.⁸¹⁷ As for who bears the burden, a petition is presumed to identify all real-parties-in-interest,⁸¹⁸ but when “a patent owner provides sufficient evidence prior to institution that reasonably brings into question the accuracy of a petitioner’s identification,” the burden shifts to the petitioner⁸¹⁹

Comparing this standard to that used below, the Federal Circuit held the PTAB stated parts of the test correctly but misapplied them. The PTAB focused on whether RPX had an interest in the IPR, but failed to consider whether RPX was also acting on behalf of Salesforce’s interest.⁸²⁰ Similarly, the PTAB failed to consider Wright & Miller’s agency theories, including RPX’s possible implied or apparent authority to act for Salesforce.⁸²¹ Finally, the PTAB was too quick to reject the theory that RPX was “willfully blind” to Salesforce’s interests; it may have worked to understand them with “a strong degree of confidence” before “taking last-minute efforts to avoid obtaining an express statement”⁸²² Beyond failing to consider these legal theories, the PTAB erred by failing to substantiate its legal conclusions with evidence; the relationship and conversations between Salesforce and RPX appeared to support contrary conclusions.⁸²³ In sum, even had RPX followed its “best practices,” those practices may not have insulated Salesforce from being a real party in interest.⁸²⁴ Accordingly, the Federal Circuit vacated and remanded.

In a concurrence, Judge Reyna discussed the meaning of privity under § 315(b)⁸²⁵ and how that section differed from the pleading requirements under § 315(a)(2).⁸²⁶ Judge

IPR for more than a year since receiving an infringement complaint, or under § 315(e) if they had already reached a final written decision. *See id.* at 1348.

⁸¹¹ *Id.* at 1346-47 (emphasis added).

⁸¹² In other words, the court did not proceed to *Chevron*’s second step. *Id.* at 1351.

⁸¹³ *Id.* at 1351 (quoting Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012)). *See also id.* at 1342 (citing similar criteria).

⁸¹⁴ *See, e.g., id.* at 1342-43 (citing Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,759).

⁸¹⁵ *Id.* at 1342 (citing Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,759-60).

⁸¹⁶ *Id.* at 1356-57 (discussing here and throughout Charles Alan Wright, Arthur R. Miller, & Mary Kay Kane, Federal Practice & Procedure §§ 1541, 1543, 1545 (3d ed. 2018)).

⁸¹⁷ *Id.* at 1357-58.

⁸¹⁸ *Id.* at 1343 (citing *Zerto, Inc. v. EMC Corp.*, Case IPR2014-01295, slip op. at 6-7 (PTAB Mar. 3, 2015) (Paper 34)).

⁸¹⁹ *Id.* (citation omitted).

⁸²⁰ *Id.* at 1351.

⁸²¹ *Id.* at 1357-58

⁸²² *Id.* at 1355 (citing *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 769 (2011)).

⁸²³ *Id.* at 1353.

⁸²⁴ *Id.* at 1352-53 (discussing this and treating trade associations under the Trial Practice Guide).

⁸²⁵ *Id.* at 1358-61.

Reyna would hold that “if the extent of the legal obligations between the parties (i.e., RPX and Salesforce) is such that the parties share a high degree of commonality of proprietary or financial interest, privity is established and § 315(b) bars the institution of the IPR petitions.”⁸²⁷

Sovereign Immunity

***Saint Regis Mohawk Tribe v. Mylan Pharms. Inc.*, 896 F.3d 1322 (Fed. Cir. July 20, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit affirmed the PTAB’s denial of the Saint Regis Mohawk Tribe’s (“Tribe”) motion invoking tribal sovereign immunity to terminate the *inter partes* review (“IPR”) of patents it obtained from a drug company.⁸²⁸ The court addressed tribal sovereign immunity but not state sovereign immunity.⁸²⁹

The Federal Circuit affirmed the PTAB decision.⁸³⁰ The common law grants Indian tribes “inherent sovereign immunity” from suits “absent a clear waiver by the tribe or congressional abrogation.”⁸³¹ Federal agencies may pierce this immunity when they investigate or adjudicate matters on behalf of the federal government—but not when they do so upon the complaints of private parties, as in *Federal Maritime Commission* (“FMC”).⁸³² Mylan argued that in IPR the government is “reconsidering a grant of a government franchise” and so pierces sovereign immunity, while the Tribe argued that in IPR a private party pursues its own claims and so can be blocked by tribal sovereign immunity.⁸³³ Two recent Supreme Court decisions provided equivocal guidance: *Oil States Energy Services* emphasized IPR protects the public interest by reviewing the grant of government franchises,⁸³⁴ while *SAS Institute* emphasized IPR adjudicates private interests.⁸³⁵ Ultimately, the Federal Circuit held that IPR, while a “hybrid,”⁸³⁶ was ultimately “more like an agency enforcement action than a civil suit brought by a private party,” and so tribal sovereign immunity was pierced by the government agency.⁸³⁷

Four reasons supported this result. First, the Director of the United States Patent and Trademark Office (“PTO”) exercises discretion to decline to institute IPRs, unlike

⁸²⁶ *Id.* at 1364-65.

⁸²⁷ *Id.* at 1363.

⁸²⁸ *St. Regis Mohawk Tribe v. Mylan Pharms. Inc.*, 896 F.3d 1322, 1325 (Fed. Cir. 2018).

⁸²⁹ *Id.* at 1329.

⁸³⁰ *Id.* at 1325 (citing 5 U.S.C. § 706).

⁸³¹ *Id.* at 1325 (citation omitted).

⁸³² *Id.* at 1325-26 (citing cases).

⁸³³ *Id.* at 1326. Mylan also presented alternative grounds. *Id.*

⁸³⁴ *Id.* at 1327 (citing *Oil States Energy Services v. Greene’s Energy Group, LLC*, 138 S.Ct. 1365 (2018)).

⁸³⁵ *Id.* (citing *SAS Institute Inc. v. Iancu*, 138 S.Ct. 1348 (2018)).

⁸³⁶ *Id.* at 1326.

⁸³⁷ *Id.* at 1327.

the agency in *FMC*.⁸³⁸ Second, the Director can continue an IPR even if a party wishes to end it.⁸³⁹ Third, the rules and substantive outcomes of an IPR do not mirror those of civil proceedings, again unlike in *FMC*.⁸⁴⁰ Finally, the court declined to recognize the distinction the Tribe wanted to draw between IPR and the more inquisitorial *ex parte* or *inter partes* reexamination proceedings, which the Tribe conceded would pierce sovereign immunity.⁸⁴¹

Judge Dyk wrote separately to explain that the policy history of IPR supported this result: IPR is “an executive proceeding that enlists third-party assistance” to improve the patent system in light of the PTO’s finite resources.⁸⁴²

Piercing the Corporate Veil

Mercasia USA, Ltd. v. Zhu, No. 3:17-CV-718 JD, 2018 WL 3833520 (N.D. Ind. Aug. 13, 2018)

In this district court decision, the court dismissed infringement claims against a company’s president for failure to allege grounds to pierce the corporate veil and hold him liable.⁸⁴³ The court clarified that federal law requires a plaintiff bringing *direct* infringement claims against an officer to pierce the corporate veil (though this is not required for indirect infringement); federal law then defers to state law as to what it takes to pierce the veil.⁸⁴⁴

The plaintiff alleged that 3BTech’s president directly infringed its patent.⁸⁴⁵ Under federal patent law stated in *Wordtech*, “the corporate veil shields a company’s officers from personal liability for *direct* infringement that the officers commit in the name of the corporation, unless the corporation is the officers’ alter ego.”⁸⁴⁶ Here, the plaintiff was wrong to rely on an Indiana statute that allows plaintiffs to bring tort claims against officers without piercing this corporate veil.⁸⁴⁷ Once determining whether a plaintiff has succeeded in piercing the corporate veil, however, federal patent law defers to the law of the state of incorporation.⁸⁴⁸ In this corporation’s state, Indiana, the veil is pierced where the corporation is (1) a mere instrumentality of another and (2) its misuse

⁸³⁸ *Id.* at 1327-28 (citing *Fed. Maritime Comm’n v. S.C. State Ports Auth.*, 535 U.S. 743, 764 (2002))

⁸³⁹ *Id.* at 1328.

⁸⁴⁰ *Id.* at 1329 (citation omitted).

⁸⁴¹ *Id.*

⁸⁴² *Id.* at 1335 (Dyk, J., concurring).

⁸⁴³ *Mercasia USA, Ltd. v. Zhu, No. 3:17-CV-718 JD, 2018 WL 3833520, at *1 (N.D. Ind. Aug. 13, 2018).*

⁸⁴⁴ *Id.*

⁸⁴⁵ *Id.* at *2.

⁸⁴⁶ *Id.* (quoting *Wordtech Sys., Inc. v. Integrated Networks Solutions, Inc.*, 609 F.3d 1308, 1313 (Fed. Cir. 2010)).

⁸⁴⁷ *Id.* at *3.

⁸⁴⁸ *Id.* (citing *Secon Serv. Sys. v. St. Joseph Bank & Trust Co.*, 855 F.2d 406, 413 (7th Cir. 1988)).

constitutes a fraud or promotes injustice.⁸⁴⁹ Here, the plaintiff did not allege facts supporting either prong.⁸⁵⁰ On the first, for example, the plaintiff did not allege that Zhu had commingled his assets with the company's.⁸⁵¹ On the second, for example, the plaintiff did not allege that Zhu was hiding behind an undercapitalized corporation to commit wrongs without accountability; even if the corporation infringed patents or trademarks, those wrongs were not connected to a misuse of the corporate form, and plaintiff could still seek relief from the corporation itself.⁸⁵² The claim was dismissed.

The plaintiff also alleged *indirect* infringement.⁸⁵³ Under *Wordtech*, officers can be held liable for indirect infringement without piercing the corporate veil.⁸⁵⁴ Here, Mercasia also failed to allege sufficient facts—"boilerplate" wasn't enough.⁸⁵⁵

Venue

In re Google Inc., No. 2018-152, 2018 WL 5536478 (Fed. Cir. Oct. 29, 2018)

In this petition for a writ of mandamus, the Federal Circuit declined to direct the Eastern District of Texas to dismiss or transfer the case for improper venue under 28 U.S.C. § 1400(b).⁸⁵⁶

SEVEN had asserted that Google "committed acts of infringement in this District and has a regular and established place of business in this District."⁸⁵⁷ After discovery on venue, however, Google moved for dismissal under Federal Rule of Civil Procedure 12(b)(2) or transfer under 28 U.S.C. § 1406(a).⁸⁵⁸ The court first found that Google's content-delivery Edge Network included servers housed at various Internet Service Providers in the district, and that (1) these constituted a place of business per *In Re Cray*.⁸⁵⁹ The court furthermore found that, even if Google's infringement did not directly relate to that place of business, (2) venue remained proper because § 1400(b) does not require that the alleged misconduct directly relate to the place of business.⁸⁶⁰ Google petitioned for a writ of mandamus, objecting to points (1) and (2).⁸⁶¹

Hearing the petition, the Federal Circuit evaluated each argument against the three prongs of a petition review: (i) whether other adequate means to attain relief exist, (ii)

⁸⁴⁹ *Id.* (citing *Escobedo v. BHM Health Assocs., Inc.*, 818 N.E.2d 930, 933 (Ind. 2004)).

⁸⁵⁰ *Id.* (summarizing factors for finding either prong according to Indiana's law).

⁸⁵¹ *Id.*

⁸⁵² *Id.* at *4 (citing *CBR Event Decorators, Inc. v. Gates*, 962 N.E.2d 1276, 1282–83 (Ind. Ct. App. 2012)).

⁸⁵³ *Id.*

⁸⁵⁴ *Id.*

⁸⁵⁵ *Id.* at *4 & n.4.

⁸⁵⁶ *In re Google Inc., No. 2018-152, 2018 WL 5536478*, at *1 (Fed. Cir. Oct. 29, 2018).

⁸⁵⁷ *Id.* (quoting Amended Complaint at 2–3, *SEVEN Networks, LLC v. Google LLC*, 2:17-CV-00442 (E.D. Tex. Aug. 22, 2017), ECF No. 34).

⁸⁵⁸ *Id.* at *1.

⁸⁵⁹ *Id.* at *1 (citing *In re Cray Inc.*, 871 F.3d 1355 (Fed. Cir. 2017)).

⁸⁶⁰ *Id.* at *1.

⁸⁶¹ *Id.*

whether the right of issuance is “clear and indisputable,” and (iii) appropriateness.⁸⁶² Addressing (1) whether servers constitute a place of business, the court reiterated that appeal upon final judgment is (i) typically adequate relief for wrongly denied § 1406 motions challenging § 1400(b) venue, and these circumstances were unexceptional.⁸⁶³ Furthermore, the right of issuance was (ii) not clear because Google failed to show the server question raised “basic, unsettled, recurring legal issues over which there is considerable litigation producing disparate results.”⁸⁶⁴ Accordingly, the court denied the petition for the first issue.⁸⁶⁵

Addressing (2) whether venue remained proper even where alleged misconduct was not immediately related to the asserted place of business, the court emphasized factor (ii), stating that the question “is not one on which there is currently a substantial degree of disagreement or a demonstrated need for immediate appellate resolution.”⁸⁶⁶ The court briefly assessed the statutory language, finding that the “and” connecting the requirements (acts of infringement *and* place of business) does not necessarily suggest a “tight[] linkage” between them; the court also briefly assessed the case law, finding no clear disagreement across circuits.⁸⁶⁷ While denying the petition, the court suggested questions (1) and (2) remain open for resolution upon appeal.⁸⁶⁸

In dissent, Judge Reyna reasoned that the petition presented a novel and important question for internet businesses⁸⁶⁹ and that granting petition was warranted for the same reasons given for granting other venue-related petitions after *TC Heartland*.⁸⁷⁰ Reciting *In Re Cray*, Judge Reyna stated that § 1400(b) requires a physical “place” and “cannot be read to refer . . . merely to a virtual space or to electronic communications from one person to another”;⁸⁷¹ further, Congress intended a more restrictive test for venue in patent than in other cases.⁸⁷² In light of this, the district court’s reading of § 1400(b) to allow server ownership to suffice for a place of business seemed broader than even the reading *In Re Cray* rejected.⁸⁷³ That case denied venue where a company employee used a home office in the district—an outcome that should hardly rest, Judge Reyna reasoned, on whether the employee used a company-owned computer.⁸⁷⁴ Judge Reyna cited conflicting case law across circuits⁸⁷⁵ as to whether a company should be “subject to

⁸⁶² *Id.*

⁸⁶³ *Id.* at *2.

⁸⁶⁴ *See Id.* at *2 (quoting *In re Micron Tech., Inc.*, 875 F.3d 1091, 1095 (Fed. Cir. 2017)). Indeed, the court said that any lack of clarity in the district decision counseled waiting until clear contrasting decisions in multiple circuits forced reassessment. *Id.*

⁸⁶⁵ *Id.* at *3.

⁸⁶⁶ *Id.*

⁸⁶⁷ *Id.*

⁸⁶⁸ *Id.*

⁸⁶⁹ *See id.* at *4 (Reyna, J., dissenting)

⁸⁷⁰ *Id.* at *4 (Reyna, J., dissenting) (citing *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017)).

⁸⁷¹ *Id.* at *5 (Reyna, J., dissenting) (quoting *In re Cray Inc.*, 871 F.3d 1355, 1362 (Fed. Cir. 2017)).

⁸⁷² *Id.* at *5 (Reyna, J., dissenting) (citing *In re Cray Inc.*, 871 F.3d at 1361).

⁸⁷³ *Id.* at *5 (Reyna, J. dissenting).

⁸⁷⁴ *Id.*

⁸⁷⁵ *Id.*

venue in any judicial district in which a [server or a] physical object belonging to the company [like a vending machine] was located”⁸⁷⁶—and urged judicial clarification.

***In re Micron Technologies Inc.*, No. 2017-138, 2017 WL 5474215 (Fed. Cir. Nov. 15, 2017)**

In this appeal from the District of Massachusetts, the Federal Circuit granted Micron’s petition for writ of mandamus to set aside the district court’s denial of Micron’s motion to dismiss or transfer the case for improper venue.⁸⁷⁷ Federal Rules of Civil Procedure 12(h)(1)(A) and 12(g)(2) together provide that a defendant waives all *available* venue defenses not raised in an initial motion to dismiss.⁸⁷⁸ The district court concluded that the Supreme Court’s decision in *TC Heartland* was not a change of law and therefore that venue was an available defense under the statutes even before that decision.⁸⁷⁹

The Federal Circuit disagreed.⁸⁸⁰ The Federal Circuit found that “[t]he venue objection [under *TC Heartland*] was not available until the Supreme Court decided *TC Heartland* because, before then, it would have been improper, given controlling precedent, for the district court to dismiss or transfer for lack of venue.”⁸⁸¹ Accordingly, the defense could generally be raised for the first time in the wake of *TC Heartland*. Nonetheless, “Rule 12(h)(1) is not the sole basis on which a district court might, in various circumstances, rule that a defendant can no longer present a venue defense that might have succeeded on the merits.”⁸⁸² For instance, the Supreme Court has held that “a district court possesses inherent powers that are ‘governed not by rule or statute but by the control necessarily vested in courts to manage their own affairs so as to achieve the orderly and expeditious disposition of cases.’”⁸⁸³ To properly exercise such inherent power, the exercise must be a “reasonable response to the problems and needs” confronting the court’s fair administration of justice,⁸⁸⁴ and cannot be contrary to any express grants or limitations on such power.⁸⁸⁵

The court concluded by making a few “limit[ed]” observations on this inherent power. Regarding timeliness, the court admitted that it “has not provided a precedential answer to the question of whether the timeliness determination may take account of factors other than the sheer time from when the defense becomes available to when it is asserted, including factors such as how near is the trial, which may implicate efficiency or other interests of the judicial system and of other participants in the case.”⁸⁸⁶ But the court highlighted that it has denied mandamus in “several cases involving venue

⁸⁷⁶ *Id.* at *6 (Reyha, J., dissenting).

⁸⁷⁷ *In re Micron Techs. Inc.*, No 2017-138, 2017 WL 5474215, at *1 (Fed. Cir. Nov. 15, 2017).

⁸⁷⁸ *Id.*

⁸⁷⁹ *Id.*

⁸⁸⁰ *Id.*

⁸⁸¹ *Id.* at *3.

⁸⁸² *Id.* at *6.

⁸⁸³ *Id.* (quoting *Link v. Wabash R. Co.*, 370 U.S. 626, 630-31 (1962)).

⁸⁸⁴ *Id.* at *7 (quoting *Degen v. United States*, 517 U.S. 820, 823-24 (1996)).

⁸⁸⁵ *Id.*

⁸⁸⁶ *Id.* at *8.

objections based on *TC Heartland* that were presented close to trial.”⁸⁸⁷ Second, the court noted “a scenario that presents at least an obvious starting point for a claim of forfeiture, whether based on timeliness or consent or distinct grounds: a defendant’s tactical wait-and-see bypassing of an opportunity to declare a desire for a different forum, where the course of proceedings might well have been altered by such a declaration.”⁸⁸⁸

***In re BigCommerce, Inc.*, No. 2018-120, 2018 WL 2207265 (Fed. Cir. May 15, 2018)**⁸⁸⁹

The Federal Circuit granted the petitions for a writ of mandamus challenging the District of Texas’s orders denying motions to dismiss and transfer the case for improper venue.⁸⁹⁰ The respondents each filed patent infringement suits against BigCommerce in the Eastern District of Texas.⁸⁹¹ BigCommerce is incorporated in the state of Texas, and its headquarters and registered office is in the Western District of Texas.⁸⁹² All parties agreed that BigCommerce had no place of business in the Eastern District of Texas.⁸⁹³

BigCommerce challenged venue in the Eastern District.⁸⁹⁴ The district court determined that venue in the Eastern District was proper.⁸⁹⁵ The court argued that, in its view, a corporation resides for venue purposes in every judicial district of the corporation’s state of incorporation.⁸⁹⁶ BigCommerce filed a petition for a writ of mandamus.⁸⁹⁷

The Federal Circuit determined that this case presented a “basic” and “undecided” issue relating to proper venue—whether a corporation resides in every judicial district within its state of incorporation—and that this basic question warranted mandamus review.⁸⁹⁸ The Federal Circuit held that the venue statute’s “language, history, purpose, and precedent” make clear that domestic corporations do not reside in every judicial district within its state of incorporation.⁸⁹⁹

The court reasoned that the venue statute clearly states that patent infringement lawsuits “may be brought in *the judicial district* where the defendant *resides*,”⁹⁰⁰ which “speaks to venue in only one particular judicial district in the state.”⁹⁰¹ The court noted that Congress expanded the definition of where a corporation resides in some areas of

⁸⁸⁷ *Id.*

⁸⁸⁸ *Id.*

⁸⁸⁹ Full disclosure: Mark Lemley represented BigCommerce in this appeal.

⁸⁹⁰ *In re BigCommerce, Inc.*, No. 2018-120, 2018 WL 2207265, at *1 (Fed. Cir. May 15, 2018).

⁸⁹¹ *Id.*

⁸⁹² *Id.*

⁸⁹³ *Id.*

⁸⁹⁴ *Id.*

⁸⁹⁵ *Id.* The district court also determined that BigCommerce waived its right to challenge venue against one of the two respondents, but the Federal Circuit determined that the waiver determination was clearly incorrect. *Id.* at *1-2.

⁸⁹⁶ *Id.*

⁸⁹⁷ *Id.* at *1.

⁸⁹⁸ *Id.* at *2.

⁸⁹⁹ *Id.* at *3.

⁹⁰⁰ *Id.* (quoting 28 U.S.C. § 1400(b) (emphasis added)).

⁹⁰¹ *Id.*

law, but did so using different language from that in § 1400(b), which suggests that Congress did not intend for § 1400(b) to be read so expansively.⁹⁰² Furthermore, the Supreme Court has cited, and applied with respect to § 1400(b)'s predecessor statute, authority holding that for venue purposes, a corporation is only a resident in the judicial district within its state of incorporation where the corporation kept its principal office and transacted its business.⁹⁰³ This is particularly notable given Congress intended § 1400(b) to maintain the substance of the law as defined by its predecessor statute.⁹⁰⁴

The respondents argued that the Supreme Court in *Fourco* stated that residence is synonymous with state of incorporation.⁹⁰⁵ But that statement alone, the court explained, implies nothing about whether venue is proper in every district within the state of incorporation.⁹⁰⁶ Moreover, the *Fourco* court “simply did not address the corporate venue at the district level of granularity.”⁹⁰⁷ For these reasons, the court held that “for purposes of determining venue under § 1400(b) in a state having multiple judicial districts, a corporate defendant shall be considered to ‘reside’ only in the single judicial district within that state where it maintains a principal place of business, or, failing that, the judicial district in which its registered office is located.”⁹⁰⁸

***In re ZTE (USA) Inc.*, No. 2018-113, 2018 WL 2187782 (Fed. Cir. May 14, 2018)**

The Federal Circuit granted ZTE’s petition for a writ of mandamus directing the District of Texas to dismiss the case for improper venue.⁹⁰⁹ The Federal Circuit began by noting that this the type of case where mandamus relief might be appropriate because it presented two “basic” and “undecided” issues relating to proper venue in the wake of *TC Heartland*: (1) does Federal Circuit or regional circuit law govern who bears the burden of persuasion for determining the propriety of venue under § 1400(b); and (2) which party bears the burden?⁹¹⁰

(1) does Federal Circuit or regional circuit law govern: The court explained that whether venue is proper under § 1400(b) is governed by Federal Circuit law because it is an issue unique to patent law.⁹¹¹ Because the issue of which party bears the burden of persuasion in establishing venue under § 1400(b) is “intimately related to the substantive determination,” and because who bears the burden of persuasion “is treated across many contexts as a substantive aspect of a legal rule,” the question of who bears the burden of persuasion under § 1400(b) is likewise governed by Federal Circuit law.⁹¹²

⁹⁰² *Id.*

⁹⁰³ *Id.* at *4.

⁹⁰⁴ *Id.* at *3.

⁹⁰⁵ *Id.* at *4.

⁹⁰⁶ *Id.*

⁹⁰⁷ *Id.*

⁹⁰⁸ *Id.* at *6.

⁹⁰⁹ *In re ZTE (USA) Inc.*, No. 2018-113, 2018 WL 2187782, at *1 (Fed. Cir. May 14, 2018).

⁹¹⁰ *Id.* at *2.

⁹¹¹ *Id.*

⁹¹² *Id.*

(2) who bears the burden on venue: Turning to its own law, the Federal Circuit that the plaintiff bears the burden of establishing proper venue.⁹¹³ The court found persuasive that “[p]rior to the formation of the Federal Circuit, regional circuits uniformly placed the burden to show proper venue in patent cases on the Plaintiff following a motion by the Defendant challenging venue.”⁹¹⁴ The court also reasoned that “[s]ection 1400(b)’s intentional narrowness supports placing the burden of establishing proper venue on the Plaintiff.”⁹¹⁵ Thus, placing the burden on the plaintiff “best aligns with the weight of historical authority among the circuits and best furthers public policy.”⁹¹⁶

***In re HTC Corp.*, No. 2018-130, 2018 WL 2123357 (Fed. Cir. May 9, 2018)**

The Federal Circuit denied HTC’s petition for writ of mandamus seeking dismissal from the District of Delaware for improper venue.⁹¹⁷ First, the Federal Circuit explained that “[g]iven the availability of adequate relief on appeal, mandamus review of improper-venue decisions is generally inappropriate.”⁹¹⁸ HTC can assert improper venue on appeal to try to get the judgment vacated, and there was no reason to think that this remedy would be inadequate in this case.⁹¹⁹

In addition, HTC could not show that it had a clear and indisputable right to issuance of the writ.⁹²⁰ HTC, an alien defendant, argued that the district court erred first by applying § 1391(c)(3) in a patent case rather than only § 1400(b), and second by failing to reinterpret § 1391(c)(3) in view of its 2011 amendment.⁹²¹ The Federal Circuit disagreed.⁹²² The court noted that there is a “centuries-old understanding that the venue laws (as opposed to requirements of personal jurisdiction) do not restrict the location of suits against alien defendants, unless Congress has specifically provided otherwise.”⁹²³ The Supreme Court in *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.* made clear that § 1400(b) was not intended to apply to alien defendants.⁹²⁴ The 2011 amendments to § 1391 did not change this long-standing fact.⁹²⁵

HTC’s argument that § 1400(b) applies “would make some foreign corporations that infringe a U.S. patent unamenable to domestic suit even though personal jurisdiction exists—a gap we cannot conclude Congress created.”⁹²⁶ Moreover, finding that the 2011 amendments “discarded the alien-venue rule would extend far beyond patent law and

⁹¹³ *Id.* at *4.

⁹¹⁴ *Id.*

⁹¹⁵ *Id.*

⁹¹⁶ *Id.*

⁹¹⁷ *In re HTC Corp.*, No. 2018-130, 2018 WL 2123357, at *1 (Fed. Cir. May 9, 2018).

⁹¹⁸ *Id.* at *2.

⁹¹⁹ *Id.*

⁹²⁰ *Id.* at *3.

⁹²¹ *Id.*

⁹²² *Id.*

⁹²³ *Id.* at *4.

⁹²⁴ *Id.* (citing *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.* 406 U.S. 706, (1972)).

⁹²⁵ *Id.*

⁹²⁶ *Id.*

would impact other types of civil cases. Given that this would be a sea change in federal venue law, we expect Congress would make its intent clear, if indeed this was its intent.”⁹²⁷

Privilege

In re Silver, 540 S.W.3d 530 (Tex. Sup. Ct. Feb. 13, 2018)

The Texas Supreme Court granted Silver’s petition for mandamus relief, determining that “a client’s communications with his registered patent agent, made to facilitate the agent’s provision of authorized legal services to the client, are privileged under Rule 503,” Texas’s lawyer-client privilege rule modeled after the Federal Rules of Evidence.⁹²⁸

Under Texas’s Rule of Evidence 503, a “lawyer” is “a person authorized, or who the client reasonably believes is authorized, to practice law in any state or nation.”⁹²⁹ The USPTO permits patent agents to prepare patent applications, which constitutes the practice of law according to Black’s Law Dictionary because patent are “paper[s] necessary to bring about a transaction—and a highly involved one at that.”⁹³⁰ The USPTO also expressly permits patent agents to represent clients, “which is the equivalent of conducting a case in court in the administrative context.”⁹³¹ Furthermore, “practice before the Patent and Trademark Office entails giving advice to clients, including ‘the advisability of relying upon alternative forms of protection which may be available under state law.’”⁹³² In short, “[p]atent agents participate in many activities that make up the practice of law” and therefore attorney-client privilege extends to communications with patent agents.⁹³³ The Texas Supreme Court found unpersuasive Tabletop’s argument that attorney-client privilege only applies to attorneys who are *licensed* to practice law, because patent agents are properly “authorized” to practice law before the USPTO, and that authorization is all Rule 503 requires.⁹³⁴

The Texas Supreme Court also found two cases persuasive: first, *In re Queen’s University at Kingston*,⁹³⁵ where the Federal Circuit extended the attorney-client privilege to communication with patent agents;⁹³⁶ and second *Sperry v. State of Florida ex rel. Florida Bar*,⁹³⁷ where the Supreme Court remarked that “patent agents are not simply engaging in law-like activity, they are engaging in the practice of law itself.”⁹³⁸

⁹²⁷ *Id.* at *9.

⁹²⁸ *In re Silver*, 540 S.W.3d 530, 532 (Tex. 2018).

⁹²⁹ *Id.* at 533 (quoting Tex. R. Evid. 503(a)(3)).

⁹³⁰ *Id.* at 535-36.

⁹³¹ *Id.* at 536.

⁹³² *Id.* (quoting 37 C.F.R. § 11.5(b)(1)(i) (2017)).

⁹³³ *Id.*

⁹³⁴ *Id.* at 536-38.

⁹³⁵ 820 F.3d 1287 (Fed. Cir. 2016).

⁹³⁶ *Id.*

⁹³⁷ 373 U.S. 379 (1963).

⁹³⁸ *Id.* at 1296.

PLEADING

Declaratory Judgment Standing

***AIDS Healthcare Foundation, Inc. v. Gilead Sciences, Inc.*, No. 2016-2425, 2018 WL 2168658 (Fed. Cir. May 11, 2018)**

In this appeal from the District of California, the Federal Circuit affirmed the district court's determination that this action did not meet the requirements of the Declaratory Judgment Act.⁹³⁹ Defendants in the case sell several patented and FDA-approved TAF-containing drug products used to treat AIDS.⁹⁴⁰ Plaintiff Healthcare provides medical care to persons with AIDS, which includes providing TAF-containing drugs bought from Defendants.⁹⁴¹ Healthcare brought this declaratory judgment action to "clear out the invalid patents" so that it could then purchase the drug products from generic makers upon expiration of the five-year New Chemical Entity exclusivity set forth in 21 U.S.C. § 355(j)(5)(F)(ii).⁹⁴²

The Federal Circuit affirmed the district court's determination that Healthcare did not establish a case of actual controversy as defined by the Constitution and the Declaratory Judgment Act.⁹⁴³ The Federal Circuit began by noting that the mere "existence of a patent, without more, does not create a case of actual controversy."⁹⁴⁴ The Federal Circuit then explained that the requirement of "immediacy and reality" was not met in this case.⁹⁴⁵ Healthcare argued that because patent litigation takes so long, it had to start litigation long before the five-year exclusivity period ran out so that generic companies could immediately enter the market once this five-year period ran out.⁹⁴⁶ But "the time consumed by litigation of a speculative future controversy does not provide the 'immediacy and reality' required for declaratory judgment actions."⁹⁴⁷ Here, because there was no infringement, no threat of infringement litigation, and "no meaningful preparation to infringe," the requirement of "immediacy and reality" was not met.⁹⁴⁸

Healthcare presented four additional arguments on appeal for why a case of actual controversy existed, each of which was rejected by the court.⁹⁴⁹ First, Healthcare argued that it was presently liable for inducing infringement by requesting generic makers to provide the patented products.⁹⁵⁰ But there was no evidence of any direct infringement,

⁹³⁹ *AIDS Healthcare Found., Inc. v. Gilead Scis., Inc.*, No. 2016-2425, 2018 WL 2168658, at *1 (Fed. Cir. May 11, 2018).

⁹⁴⁰ *Id.*

⁹⁴¹ *Id.*

⁹⁴² *Id.*

⁹⁴³ *Id.* at *6.

⁹⁴⁴ *Id.* at *2.

⁹⁴⁵ *Id.*

⁹⁴⁶ *Id.* at *3.

⁹⁴⁷ *Id.*

⁹⁴⁸ *Id.*

⁹⁴⁹ *Id.* at *2.

⁹⁵⁰ *Id.* at *4.

which is a requirement for a finding of induced infringement.⁹⁵¹ Second, Healthcare argued that its interest in buying infringing products constituted an adverse legal interest for declaratory jurisdiction purposes.⁹⁵² However, the court noted that a general interest in a patented product does not create declaratory standing.⁹⁵³ Furthermore, Healthcare argued that Defendants' failure to agree to a covenant not to sue supported declaratory jurisdiction.⁹⁵⁴ However, "[u]nder the circumstances here, there was no affirmative act by the patentee to assert patent rights against Healthcare for any present or planned activity."⁹⁵⁵ Finally, the Federal Circuit opined that Healthcare's policy arguments were best addressed to Congress, not the courts.⁹⁵⁶

Twombly/Iqbal

Nalco Co. v. Chem-Mod, LLC, 883 F.3d 1337 (Fed. Cir. Feb. 27, 2018)

In this appeal from the Northern District of Illinois, the Federal Circuit reversed the district court's dismissal of Nalco's infringement claims.⁹⁵⁷ The '692 patent is directed to a method for removing elemental mercury from the flue gas created by combustion in coal-fired power plants.⁹⁵⁸ More specifically, the method recites injecting a halide precursor into the flue gas.⁹⁵⁹ The halide precursor reacts in the heat of the flue gas to create a molecular halide, which then reacts with the mercury in the flue gas to form solid particles that can be filtered out.⁹⁶⁰ The patent explains that the halide precursor is preferably injected directly into a region of the flow path of the flue gas downstream from the combustion zone.⁹⁶¹

The allegedly infringing Chem-Mod solution consists of the injection of two precursors (MerSorb and S-Sorb) "on the coal feed belts of coal burning power generation stations *before the coal is fed into a coal combustion process.*"⁹⁶²

Nalco ultimately filed five successive complaints alleging that Defendants' Chem-Mod process infringes Nalco's patent.⁹⁶³ The district court ultimately dismissed Nalco's first and third amended complaints without prejudice and Nalco's fourth amended complaint with prejudice, leading to this appeal.⁹⁶⁴ The district court generally reasoned that the Chem-Mod process did not infringe the patent because the process mixed the precursor with cold coal before the coal is burned, while the patent required

⁹⁵¹ *Id.*

⁹⁵² *Id.*

⁹⁵³ *Id.*

⁹⁵⁴ *Id.* at *5.

⁹⁵⁵ *Id.*

⁹⁵⁶ *Id.*

⁹⁵⁷ *Nalco Co. v. Chem-Mod, LLC*, 883 F.3d 1337, 1342 (Fed. Cir. 2018).

⁹⁵⁸ *Id.*

⁹⁵⁹ *Id.*

⁹⁶⁰ *Id.*

⁹⁶¹ *Id.*

⁹⁶² *Id.* at 1344 (emphasis added).

⁹⁶³ *Id.* at 1343.

⁹⁶⁴ *Id.*

injecting the precursor into the flue gas after the coal is burned.⁹⁶⁵ The district court was unpersuaded by Nalco’s arguments that although a preferred embodiment described in the patent described injecting the precursor into the flue gas, “the claims of the ’692 patent do not restrict when, where, or how the ‘injecting’ step is performed.”⁹⁶⁶ The district court also rejected Nalco’s argument that even if the claim’s “injecting” requirement was restricted to a specific time or location, the defendants still infringed under the doctrine of equivalents.⁹⁶⁷ Furthermore, the district court rejected Nalco’s claims for induced and contributory infringement because it failed to plead direct infringement.⁹⁶⁸

The Federal Circuit reversed and remanded.⁹⁶⁹ The court determined that “Nalco pled that the ’692 claims do not restrict when injection occurs, whether injection can occur through injecting the bromine precursor alone or mixed with other compounds such as coal, or the specific mechanism for injection.”⁹⁷⁰ And “Nalco is entitled to all inferences in its favor on its theory that, when treated coal is injected into the furnace, this constitutes the required injection of the bromine precursor.”⁹⁷¹ The defendants’ “objections to this theory of infringement read like classic *Markman* arguments.”⁹⁷² “Defendants’ arguments boil down to objections to Nalco’s proposed claim construction for ‘flue gas,’ a dispute not suitable for resolution on a motion to dismiss.”⁹⁷³ Nalco and the defendants also debated whether one of Nalco’s admissions during inter partes reexamination foreclosed Nalco’s interpretation of the claims, but “[r]esolution of [this] dispute, even if part of the record that can be considered, is particularly inappropriate in the Rule 12(b)(6) context.”⁹⁷⁴ Finally, although the defendants argued that Nalco’s theory was implausible because their precursor could not survive the heat of the combustion area without decomposing, the defendants “have not explained why we should—or could—make such a finding at this stage in light of Nalco’s explicit pleadings to the contrary.”⁹⁷⁵

⁹⁶⁵ *Id.* at 1343-46.

⁹⁶⁶ *Id.* at 1344.

⁹⁶⁷ *Id.* at 1346.

⁹⁶⁸ *Id.*

⁹⁶⁹ *Id.* at 1342.

⁹⁷⁰ *Id.* at 1349.

⁹⁷¹ *Id.*

⁹⁷² *Id.*

⁹⁷³ *Id.*

⁹⁷⁴ *Id.*

⁹⁷⁵ *Id.* at 1350.

PATENT TRIAL AND APPEAL BOARD

Oil States Energy Services, LLC v. Greene’s Energy Group, LLC, 2018 WL 1914662 (U.S. Apr. 24, 2018)

The Supreme Court ruled 7-2 that IPR proceedings do not violate Article III or the Seventh Amendment of the Constitution.⁹⁷⁶ The Court noted that Supreme Court “precedents have given Congress significant latitude to assign adjudication of public rights to entities other than Article III courts.”⁹⁷⁷ “Our precedents have recognized that [this public-rights] doctrine covers matters ‘which arise between the Government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments.’”⁹⁷⁸ And “[i]nter partes review involves one such matter: reconsideration of the Government’s decision to grant a public franchise.”⁹⁷⁹

The Court explained that it has long recognized the grant of a patent as being a “matte[r] involving public rights.”⁹⁸⁰ The grant of a patent is a matter between the public and the patentee because by issuing a patent, the PTO takes valuable rights from the public and gives them to the patentee.⁹⁸¹ More specifically, patents are “public franchises.”⁹⁸²

Furthermore, patents are public rights because granting patents is a constitutional function that can be carried out by the executive and legislative branches without judicial determination.⁹⁸³ For example, Article I gives Congress the power to promote the sciences and useful arts, “Congress can grant patents itself by statute,” and “from the founding to today, Congress has authorized the Executive Branch to grant patents that meet the statutory requirements for patentability.”⁹⁸⁴

Because “[i]nter partes review involves the same basic matter as the grant of a patent[,] . . . it, too, falls on the public-rights side of the line.”⁹⁸⁵ Inter partes review is nothing more than a second look at a previous administrative grant of a patent.⁹⁸⁶ And “inter partes review involves the same [public] interests as the determination to grant a patent in the first instance.”⁹⁸⁷ It does not matter that inter partes review takes place after a patent has issued because “[p]atent claims are granted subject to the qualification that the PTO has ‘the authority to reexamine—and perhaps cancel—a patent claim.’”⁹⁸⁸

⁹⁷⁶ *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 2018 WL 1914662, at *3 (U.S. Apr. 24, 2018).

⁹⁷⁷ *Id.* at *5.

⁹⁷⁸ *Id.* (quoting *Crowell v. Benson*, 285 U.S. 22, 50 (1932)).

⁹⁷⁹ *Id.*

⁹⁸⁰ *Id.* at *6 (quoting *United States v. Duell*, 172 U.S. 576, 582-83 (1899)).

⁹⁸¹ *Id.* (citing *United States v. Am. Bell Tel. Co.*, 128 U.S. 315 (1888)).

⁹⁸² *Id.* (quoting *Seymour v. Osborne*, 11 Wall. 516, 533 (1871)).

⁹⁸³ *Id.* at *6.

⁹⁸⁴ *Id.*

⁹⁸⁵ *Id.* at *7.

⁹⁸⁶ *Id.*

⁹⁸⁷ *Id.*

⁹⁸⁸ *Id.* (quoting *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016)).

Indeed, “[t]his Court has recognized that franchises can be qualified in this manner.”⁹⁸⁹ Accordingly, “the public-rights doctrine covers the matter resolved in inter partes review.”⁹⁹⁰

Oil States and the dissent argued that inter partes review violates the “general” principle that “Congress may not ‘withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.’”⁹⁹¹ They reason that “patent validity was often decided in English courts of law in the 18th century.”⁹⁹² Yet “there was another means of canceling a patent in 18th-Century England, which more closely resembles inter partes review: a petition to the Privy Council to vacate a patent.”⁹⁹³ The Privy Council “had exclusive authority to revoke patents until 1753, and after that, it had concurrent jurisdiction with the courts.”⁹⁹⁴ Thus, “it was well understood at the founding that a patent system could include a practice of granting patents subject to potential cancellation in the executive proceeding of the Privy Council.”⁹⁹⁵

The Court emphasized that it did “not address whether other patent matters, such as infringement actions, can be heard in a non-Article III forum,” and “our decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause.”⁹⁹⁶ In addition, the Court determined that “[b]ecause inter partes review is a matter that Congress can properly assign to the PTO, a jury is not necessary in these proceedings.”⁹⁹⁷

Justice Breyer, joined by Justices Ginsburg and Sotomayor, concurred in the judgment (although all three Justices joined the majority opinion in full) to make clear that “the Court’s opinion should not be read to say that matters involving private rights may never be adjudicated other than by Article III courts.”⁹⁹⁸

Justice Gorsuch, joined by Justice Roberts, dissented.⁹⁹⁹ The dissent noted that the founders “went to great lengths to guarantee a degree of judicial independence for future generations that they themselves had not experienced.”¹⁰⁰⁰ The dissent acknowledged that supporters of inter partes review believe that it offers an efficient solution to weed out bad patents.¹⁰⁰¹ “And, no doubt, dispensing with constitutionally prescribed procedures is often expedient;” however, “economy supplies no license for ignoring these—often vitally inefficient—[Constitutional] protections.”¹⁰⁰²

⁹⁸⁹ *Id.*

⁹⁹⁰ *Id.* at *8.

⁹⁹¹ *Id.* at *9 (quoting *Stern v. Marshall*, 564 U.S. 462 (2011)).

⁹⁹² *Id.*

⁹⁹³ *Id.*

⁹⁹⁴ *Id.*

⁹⁹⁵ *Id.* at *10.

⁹⁹⁶ *Id.* at *11.

⁹⁹⁷ *Id.* at *11.

⁹⁹⁸ *Id.* at *12.

⁹⁹⁹ *Id.* (Gorsuch, J., dissenting).

¹⁰⁰⁰ *Id.*

¹⁰⁰¹ *Id.*

¹⁰⁰² *Id.*

The dissent argued that “[t]he Constitution cannot secure the people’s liberty any less today than it did the day it was ratified.”¹⁰⁰³ The dissent explained that “[t]he last time an executive body (the King’s Privy Council) invalidated an invention patent on an ordinary application was in 1746,” and “the last time the Privy Council even *considered* doing so was in 1753.”¹⁰⁰⁴ Although the majority pointed to three cases filed between 1779 and 1810 before the Privy Council, these cases “involved an effort to override a patent on munitions during wartime.”¹⁰⁰⁵ “At most, [these cases] suggest that the Privy Council might have possessed some residual power to revoke patents to address wartime necessities.”¹⁰⁰⁶ But they do not prove “that patent disputes were routinely permitted to proceed outside a court of law.”¹⁰⁰⁷

The dissent also pointed out that “[a]ny lingering doubt about English law is resolved for me by looking to our own.”¹⁰⁰⁸ American patent holders were thought to hold property in their inventions “as the farmer holds his farm and flock.”¹⁰⁰⁹ And just like with farm and flock, “it was widely accepted [in the United States] that the government could divest patent owners of their rights only through proceedings before independent judges.”¹⁰¹⁰ Furthermore, in the 1800s, the dissent pointed out that the Supreme Court rejected the Executive’s effort to cancel a patent.¹⁰¹¹ The dissent was unpersuaded by the majority’s response that the case only interpreted statutes that were in force in 1898 and was inapplicable today.¹⁰¹²

***SAS Institute Inc. v. Iancu*, No. 16-969, 2018 WL 1914661 (U.S. Apr. 24, 2018)**

The Supreme Court ruled 5-4 that when the Patent Office elects to institute an inter partes review, it must institute review on all the claims in the petition and cannot selectively choose to limit its review to only some of the challenged claims.¹⁰¹³ Section 318(a) provides that the Patent Office must “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.”¹⁰¹⁴ The Court determined that this statute provided a “clear answer” to the case: “[i]n this context, as in so many others, ‘any’ means ‘every.’ The agency cannot curate the claims at issue but must decide them all.”¹⁰¹⁵ “Where a statute’s language carries a plain meaning, the duty

¹⁰⁰³ *Id.* at *13.

¹⁰⁰⁴ *Id.* (emphasis in original)

¹⁰⁰⁵ *Id.* at *14.

¹⁰⁰⁶ *Id.*

¹⁰⁰⁷ *Id.*

¹⁰⁰⁸ *Id.* at *15.

¹⁰⁰⁹ *Id.* (quoting *Hovey v. Henry*, 12 F.Cas. 603, 604 (No. 6,742) (C.C.D.Mass. 1846) (Woodbury, J.)).

¹⁰¹⁰ *Id.*

¹⁰¹¹ *Id.* at *16 (citing *McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606 (1898)).

¹⁰¹² *Id.*

¹⁰¹³ *SAS Inst. Inc. v. Iancu*, No. 16-969, 2018 WL 1914661, at *2 (U.S. Apr. 24, 2018).

¹⁰¹⁴ 35 U.S.C. § 318(a).

¹⁰¹⁵ *SAS*, 2018 WL 1914661, at *2.

of an administrative agency is to follow its commands as written, not to supplant those commands with others it may prefer.”¹⁰¹⁶

The Director argued that although the Board must decide every challenged claim, not every challenged claim has to gain admission to the review process.¹⁰¹⁷ But “[t]he trouble is, nothing in the statute says anything like that.”¹⁰¹⁸ Petitions for review are filed by parties, not the Director, which means “the petitioner, not the Director,[] gets to define the contours of the proceeding.”¹⁰¹⁹ Section 314 permits the Director to do nothing more than make the “binary choice” as to whether to institute review.¹⁰²⁰

The Director argued that because § 314(a) says the Director must focus on the claims “in the petition” but § 318(a) says the Board must resolve the claims challenged “by the petitioner,” this “[s]light[] linguistic discrepancy” means that the Director can selectively institute review on only some challenged claims.¹⁰²¹ The Court disagreed because both § 314(a) and § 318(a) focus on the petitioner’s contentions, not the Director’s discretion.¹⁰²² The discrepancy in language is more likely because the patent owner can cancel patent claims during the proceedings.¹⁰²³

Finally, the Director argued that the Court cannot second-guess this practice because under Section 314(d) the Director’s decisions to institute inter partes review are final and nonappealable.¹⁰²⁴ But section 314(d) does not inhibit courts from determining whether the agency is exceeding its statutory bounds, but only from reviewing the Director’s binary decision to institute review at all.¹⁰²⁵

Justice Ginsburg, joined by Justices Breyer, Sotomayor, and Kagan, wrote the first dissenting opinion.¹⁰²⁶ Justice Ginsburg explained that the Board can always deny a petition while noting that some of the specified claims warrant reexamination, and then institute review on a subsequent petition “shorn of challenges the Board finds unworthy of inter partes review. Why should the statute be read to preclude the Board’s more rational way to weed out insubstantial challenges?”¹⁰²⁷

Justice Breyer also wrote a second dissenting opinion, which was joined by Justices Ginsburg and Sotomayor, and by Justice Kagan except as to Part III-A.¹⁰²⁸ In Justice Breyer’s view, the agency’s view constitutes a reasonable interpretation of an ambiguous phrase and is thus entitled to *Chevron* deference.¹⁰²⁹ Justice Breyer argued that “it is more than reasonable to think that the phrase ‘patent claim challenged by the

¹⁰¹⁶ *Id.* at *4.

¹⁰¹⁷ *Id.* at *5.

¹⁰¹⁸ *Id.*

¹⁰¹⁹ *Id.*

¹⁰²⁰ *Id.*

¹⁰²¹ *Id.* at *7.

¹⁰²² *Id.*

¹⁰²³ *Id.*

¹⁰²⁴ *Id.* at *8.

¹⁰²⁵ *Id.* at *9.

¹⁰²⁶ *Id.* at *9-10 (Ginsburg, J., dissenting).

¹⁰²⁷ *Id.* at *10.

¹⁰²⁸ *Id.* at *10 (Breyer, J., dissenting).

¹⁰²⁹ *Id.*

petitioner’ refers to challenges made in the proceeding, not challenges made in the petition but never made a part of the proceeding.”¹⁰³⁰

In addition, Justice Breyer noted that “when we, as judges, face a difficult text, it is often helpful to ask not just ‘whether’ or ‘what’ but also ‘why.’”¹⁰³¹ More specifically, why “would Congress have intended to require the Board to proceed with an *inter partes* review, take evidence, and hear argument in respect to challenges to claims that the Board had previously determined has no ‘reasonable likelihood’ of success?”¹⁰³² Rather, “[t]he statute would seem to give the Director discretion to achieve the opposite, namely, to avoid wasting the Board’s time and effort.”¹⁰³³

Inter Partes Review Procedure: Interpreting SAS Institute

***Adidas AG v. Nike, Inc.*, 894 F.3d 1256 (Fed. Cir. July 2, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit granted appellant’s motion and remanded the matter for additional proceedings to consider and issue a decision not only on all claims challenged but also on all grounds raised for those challenges.¹⁰³⁴

Adidas petitioned the U.S. Patent and Trademark Office to initiate *inter partes* review (“IPR”) of several of Nike’s claims in two patents.¹⁰³⁵ Adidas challenged the claims as obvious based on two possible grounds: (1) a set of two references or, (2) a set of three references.¹⁰³⁶ The PTO granted IPR based on ground (1), and ultimately found that ground not persuasive; it declined to consider ground (2) or say why its decision on ground (1) determined the outcome on ground (2).¹⁰³⁷

On appeal, the Federal Circuit held that *SAS Institute*. requires that the PTAB consider and decide not only each claim challenged but also each ground for each challenge.¹⁰³⁸ Nike had argued that *SAS Institute* was limited to requiring that a decision be made on all claims petitioned, but not on all grounds.¹⁰³⁹ But under *SAS Institute*, “[e]ach claim” and “the grounds to the challenge to each claim,” are to be set by “the petitioner’s petition, not the Director’s discretion.”¹⁰⁴⁰ The Federal Circuit also cited its post-*SAS Institute* decision in *PGS Geophysical AS*.¹⁰⁴¹ It remanded to the PTAB to decide all grounds.

¹⁰³⁰ *Id.* at *13.

¹⁰³¹ *Id.* at *14.

¹⁰³² *Id.*

¹⁰³³ *Id.*

¹⁰³⁴ *Adidas AG v. Nike, Inc.*, 894 F.3d 1256, 1258 (Fed. Cir. 2018).

¹⁰³⁵ Specifically, claims 1-13 of the ’598 patent and claims 1-9 of the ’749 patent. *Id.* at 1257.

¹⁰³⁶ Specifically, (1) Reed and Nishida, and (2) Castello, Fujiwara, and Nishida. *Id.*

¹⁰³⁷ *Id.* at 1257.

¹⁰³⁸ *Id.* at 1258 (quoting *SAS Institute*, 138 S.Ct. at 1355-56).

¹⁰³⁹ *Id.* at 1257.

¹⁰⁴⁰ *Id.* (quoting *SAS Institute*, 138 S.Ct. at 1355, 1356).

¹⁰⁴¹ *Id.* at 1258 (citing *PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1360 (Fed. Cir. June 7, 2018)).

***Alcatel-Lucent USA Inc. v. Oyster Optics, LLC*, No. IPR2018-00070, 2018 WL 4191599 (P.T.A.B. Aug. 31, 2018)**

In this *inter partes* review (“IPR”) institution decision, the Patent Trial and Appeal Board (“PTAB”) denied a request for rehearing by panel, holding that an institution decision need not analyze every challenged claim nor every asserted ground in the petition, despite *SAS Institute*.¹⁰⁴²

The PTAB first decided to institute review but did not address in its decision every claim and every ground petitioned.¹⁰⁴³ The patent owner claimed the administrative patent judges had thereby erred, citing the recent Supreme Court case interpreting § 314, *SAS Institute*, and the regulation written to implement it, 37 C.F.R. § 42.108(c).¹⁰⁴⁴

The PTAB denied rehearing by panel by distinguishing the issue in *SAS Institute* from the issue here. *SAS Institute* requires the PTAB to institute IPR for all claims challenged when at least one claim has a reasonable likelihood of being found unpatentable, and it requires that the PTAB’s *final* written decision address all claims and all grounds.¹⁰⁴⁵ But it does not require that the PTAB’s *institution* decision address them—indeed, the PTAB can institute review without surveying any other claim once it believes at least one claim is likely unpatentable.¹⁰⁴⁶

Inter Partes Review Procedure: Other

***Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 905 F.3d 1311 (Fed. Cir. Sept. 28, 2018)**

In this appeal from an *inter partes* review (“IPR”) at the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit held the proceeding had been time-barred under § 315(b) because petitioner filed it more than a year after having been served with a complaint, even though a district court dismissed that complaint involuntarily and without prejudice in the interim.¹⁰⁴⁷

In 2012, Bennett served Atlanta Gas with an infringement complaint; in 2015, after that complaint was dismissed, Atlanta gas petitioned for IPR.¹⁰⁴⁸ Section 315(b) prohibits institution “if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.”¹⁰⁴⁹ The PTAB found that the court’s decision to dismiss the case without prejudice and against plaintiff’s wishes nullified the initial complaint.¹⁰⁵⁰

¹⁰⁴² *Alcatel-Lucent USA Inc. v. Oyster Optics, LLC*, No. IPR2018-00070, 2018 WL 4191599 at *1 & n.1 (P.T.A.B. Aug. 31, 2018) (citing *SAS Institute Inc. v. Iancu*, 138 S.Ct. 1348 (2018)).

¹⁰⁴³ *Id.* at *1.

¹⁰⁴⁴ *Id.* at *1-2.

¹⁰⁴⁵ *Id.* at *2.

¹⁰⁴⁶ *Id.* at *1.

¹⁰⁴⁷ *Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co.*, 905 F.3d 1311, 1313 (Fed. Cir. 2018).

¹⁰⁴⁸ *Id.*

¹⁰⁴⁹ *Id.* (quoting statute).

¹⁰⁵⁰ *Id.* It also reached substantive issues and applied sanctions not at issue here. *Id.* at 1314.

On appeal, the Federal Circuit held the IPR time-barred, extending its holding in *Click-to-Call Techs.*¹⁰⁵¹ There, the court had held that § 315(b) applied even when the complaint that started the clock was dismissed voluntarily and without prejudice.¹⁰⁵² Here, the court held that “[j]ust as the statute includes no exception for a voluntarily dismissed complaint, it includes no exception for an involuntarily dismissed complaint.”¹⁰⁵³ The “service of a complaint starts § 315(b)’s clock.”¹⁰⁵⁴

***Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. Jan. 8, 2018) (en banc)**

The Federal Circuit *en banc* overruled a prior panel decision in *Achates Reference Publishing, Inc. v. Apple Inc.*¹⁰⁵⁵ holding that the PTAB’s § 315(b) time-bar determination is final and nonappealable under § 314(d).¹⁰⁵⁶ Section 314(d) provides that “[t]he determination by the Director whether to institute an inter partes review *under this section* shall be final and nonappealable.”¹⁰⁵⁷ Section 315(b) provides that “[a]n inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”¹⁰⁵⁸ The *Achates* panel determined that § 314(d) prohibited the court from reviewing the PTAB’s determination to initiate IPR proceedings over the patent owner’s objection that the proceedings were time-barred under § 315(b).¹⁰⁵⁹

Subsequent to the original *Achates* panel decision, the Supreme Court in *Cuozzo Speed Technologies, LLC v. Lee*¹⁰⁶⁰ addressed whether § 314(d) bars judicial review of the Director’s § 312(a)(3) determinations on whether the petition identified with sufficient particularity “each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.”¹⁰⁶¹ The Supreme Court determined that § 314(d) forbids judicial review of § 312(a)(3) determinations because the 312(a)(3) “question of whether a petition was pleaded with particularity amounted to ‘little more than a challenge to the Patent Office’s conclusion, under § 314(a), that the ‘information presented in the petition’ warranted review.”¹⁰⁶² In the majority’s view, the Supreme Court “expressly left open the potential for review, under certain circumstances, of decisions to institute IPR.”¹⁰⁶³

¹⁰⁵¹ *Id.* at 1315 (citing *Click-to-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1329–32 (Fed. Cir. 2018)).

¹⁰⁵² *Id.*

¹⁰⁵³ *Id.* at 1315.

¹⁰⁵⁴ *Id.*

¹⁰⁵⁵ 803 F.3d 652 (Fed. Cir. 2015).

¹⁰⁵⁶ *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1367 (Fed. Cir. 2018).

¹⁰⁵⁷ *Id.* at 1368 (quoting 35 U.S.C. § 314(d)) (emphasis in original).

¹⁰⁵⁸ 35 U.S.C. § 315(b).

¹⁰⁵⁹ *Wi-Fi One*, 878 F.3d at 1368-69.

¹⁰⁶⁰ 136 S. Ct. 2131 (2016).

¹⁰⁶¹ *Wi-Fi One*, 878 F.3d at 1369 (quoting 35 U.S.C. § 312(a)(3)).

¹⁰⁶² *Id.* at 1369 (quoting *Cuozzo*, 136 S. Ct. at 2142).

¹⁰⁶³ *Id.* at 1369-70.

The *en banc* Federal Circuit panel found that “[w]e find no clear and convincing indication in the specific statutory language in the AIA, the specific legislative history of the AIA, or the statutory scheme as a whole that demonstrates Congress’s intent to bar judicial review of § 315(b) time-bar determinations.”¹⁰⁶⁴ Because § 314(d) states that determinations made by the Director “under this section” shall be unappealable, the Federal Circuit explained that “[t]he natural reading of the statute limits the reach of § 314(d) to the determination by the Director whether to institute IPR as set forth in § 314.”¹⁰⁶⁵

Section 314(a)—“the only subsection addressing substantive issues that are part of the Director’s determination ‘under this section’”—“does only two things: it identifies a threshold requirement for institution” and “grants the Director discretion not to institute.”¹⁰⁶⁶ In contrast, because “§ 315(b) controls the Director’s authority to institute IPR[, which] is unrelated” to the Director’s authority under § 314(a), § 315 time-bar determination is appealable.¹⁰⁶⁷ The court added that their interpretation “is consistent with the overall statutory scheme as understood through the lens of *Cuozzo*’s directive to examine the statutory scheme in terms of what is ‘closely related’ to the § 314(a) determination.”¹⁰⁶⁸

Judge O’Malley concurred.¹⁰⁶⁹ In Judge O’Malley’s view, § 314(d)’s bar is “directed to the substantive adequacy of a timely filed petition. Because § 315(b)’s time bar has nothing to do with the substantive adequacy of the petition,” § 314(d) does not apply.¹⁰⁷⁰

Judge Hughes, joined by three other judges, dissented.¹⁰⁷¹ In the dissent’s view, “§ 314(d) is not limited to the merits of the petition, but8. also bars judicial review of closely related issues such as the petition’s timeliness.”¹⁰⁷² This is because, *inter alia*, the statute clearly indicates that the Director’s determination whether to institute an inter partes review shall be nonappealable.¹⁰⁷³ The dissent further argued that, in addition to the plain language of the statute, the *Cuozzo* court made clear that § 314(d) “prohibits judicial review of ‘questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.’”¹⁰⁷⁴ “The petition’s timeliness under § 315(b) is part of the Board’s institution decision, and is therefore barred from judicial review.”¹⁰⁷⁵

¹⁰⁶⁴ *Id.* at 1372.

¹⁰⁶⁵ *Id.*

¹⁰⁶⁶ *Id.*

¹⁰⁶⁷ *Id.* at 1373.

¹⁰⁶⁸ *Id.*

¹⁰⁶⁹ *Id.* at 1375 (O’Malley, J., concurring).

¹⁰⁷⁰ *Id.* at 1376.

¹⁰⁷¹ *Id.* at 1377 (Hughes, J., dissenting).

¹⁰⁷² *Id.* at 1378.

¹⁰⁷³ *Id.*

¹⁰⁷⁴ *Id.* (quoting *Cuozzo*, 136 S. Ct. at 2141).

¹⁰⁷⁵ *Id.*

***CRFD Research, Inc. v. Matal*, 876 F.3d 1330 (Fed. Cir. Dec. 5, 2017)**

The Federal Circuit determined that the PTAB erred in barring Hulu from arguing that the Bates prior art reference rendered obvious the “transmitting” claim element of the ’233 patent.¹⁰⁷⁶ Hulu initially raised several grounds for challenging the validity of the ’233 patent in its IPR petition, including that (1) the ’233 patent was obvious in view of Bates, in part because Bates alone rendered obvious the “transmitting” claim limitation; and (2) the ’233 patent was obvious in view of Bates and Chan.¹⁰⁷⁷ The Board instituted review on the second listed ground—obviousness in view of Bates with Chan—but not on the first listed ground—obviousness in view of Bates alone—“due to [the Board’s] finding that such institution would be redundant.”¹⁰⁷⁸

The Board determined that Hulu had not shown under any of the instituted grounds for review that the prior art taught or rendered obvious the “transmitting” claim limitation.¹⁰⁷⁹ The Board reasoned that Hulu was barred from arguing that Bates rendered the transmitting limitation obvious because that ground for review was denied institution.¹⁰⁸⁰

The Federal Circuit disagreed.¹⁰⁸¹ The court noted that “Hulu expressly incorporated this argument as part of other grounds of unpatentability on which the Board instituted trial.”¹⁰⁸² The court further reasoned that barring “Hulu from pressing an argument it raised in a ground the Board found ‘redundant’ and that it expressly incorporated into other proposed grounds of unpatentability on which the Board instituted would not only unfairly prejudice Hulu, but would also raise questions about the propriety of the Board’s redundancy determination.”¹⁰⁸³

***Knowles Electronics LLC v. Iancu*, 886 F.3d 1369 (Fed. Cir. Apr. 6, 2018)**

A divided Federal Circuit panel affirmed the Board’s inter partes reexamination decision that certain claims of the ’049 patent are invalid.¹⁰⁸⁴ The petitioner, Analog Devices, declined to appear for the appeal, filed no brief, and offered no argument.¹⁰⁸⁵ The PTO Director, on the other hand, chose to intervene in the appeal.¹⁰⁸⁶ The majority stated that the case could proceed anyway, because “[t]he Director of the USPTO has an unconditional statutory ‘right to intervene in an appeal from a [PTAB] decision.’”¹⁰⁸⁷ The majority further cited the Supreme Court in *Cuozzo*: “the [USPTO] may intervene in a

¹⁰⁷⁶ *CRFD Research, Inc. v. Matal*, 876 F.3d 1330, 1344-46 (Fed. Cir. Dec. 5, 2017).

¹⁰⁷⁷ *Id.* at 1344.

¹⁰⁷⁸ *Id.* at 1346.

¹⁰⁷⁹ *Id.* at 1344.

¹⁰⁸⁰ *Id.* at 1344-45.

¹⁰⁸¹ *Id.* at 1346.

¹⁰⁸² *Id.*

¹⁰⁸³ *Id.*

¹⁰⁸⁴ *Knowles Elecs. LLC v. Iancu*, 886 F.3d 1369, 1371 (Fed. Cir. Apr. 6, 2018).

¹⁰⁸⁵ *Id.* at 1378 (Newman, J., dissenting).

¹⁰⁸⁶ *Id.*

¹⁰⁸⁷ *Id.* at 1372 n.2 (quoting 35 U.S.C. § 143).

later Judicial proceeding to defend its decision—even if the private challengers drop out.”¹⁰⁸⁸

Judge Newman dissented.¹⁰⁸⁹ Judge Newman argued that “in the rare situation where there is no remaining appellee and the [PTO Director] intervenor has asserted no injury to itself, the intervenor of right does not have independent standing to continue the litigation.”¹⁰⁹⁰ Judge Newman was unpersuaded by the majority’s analysis, because “[t]he AIA, in authorizing intervention, did not and could not create Article III jurisdiction in circumstances where Article III jurisdiction is absent.”¹⁰⁹¹

The “silence in the legislative record suggests that the intervenor proposal was not viewed as controversial, or as changing the intervenor’s role.”¹⁰⁹² Judge Newman doubted that Congress intended to silently “cast aside Constitution-based precedent.”¹⁰⁹³ One such precedent was *Diamond v. Charles*, where the Supreme Court found that “an intervenor’s right to continue a suit in the absence of the party on whose side intervention was permitted is contingent upon a showing by the intervenor that he fulfills the requirements of Article III.”¹⁰⁹⁴ In Judge Newman’s view, to establish this, the PTO would have to show an interest sufficient to satisfy Article III, such as “a challenge to PTO jurisdiction or procedure.”¹⁰⁹⁵

***Ericsson Inc. v. Intellectual Ventures I LLC*, No. 2017-1521, 2018 WL 4055815 (Fed. Cir. Aug. 27, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit held that the PTAB had erred when it declined to consider portions of Ericsson’s reply that were not beyond the scope of a proper reply under 37 C.F.R. § 42.23(b).¹⁰⁹⁶

The case concerned Intellectual Ventures’ ‘831 patent, which discloses a method of improving the reliability of wireless communications by interleaving not only data within packets but packets within blocks—and of varying the number of packets interleaved.¹⁰⁹⁷ In its petition, Ericsson challenged the invention as obvious over prior art that taught interleaving data within packets (the patent itself referenced this), and also obvious over this art in combination with other references that taught varying the amount of data sent.¹⁰⁹⁸ Ericsson proposed constructions for the claims under their broadest reasonable interpretation, and the PTAB instituted inter partes review (“IPR”) after construing claims on this same basis.¹⁰⁹⁹ Following institution, Intellectual Ventures

¹⁰⁸⁸ *Id.* (quoting *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016)).

¹⁰⁸⁹ *Id.* at 1378 (Newman, J., dissenting).

¹⁰⁹⁰ *Id.*

¹⁰⁹¹ *Id.* at 1380.

¹⁰⁹² *Id.*

¹⁰⁹³ *Id.*

¹⁰⁹⁴ *Id.* (quoting *Diamond v. Charles*, 476 U.S. 54, 68 (1986)).

¹⁰⁹⁵ *Id.* at 1381.

¹⁰⁹⁶ *Ericsson Inc. v. Intellectual Ventures I LLC*, No. 2017-1521, 2018 WL 4055815, at *6 (Fed. Cir. Aug. 27, 2018).

¹⁰⁹⁷ *Id.* at *1, *5.

¹⁰⁹⁸ *Id.* at *2 (summarizing prior art).

¹⁰⁹⁹ *Id.* at *3.

newly argued in its response that because its patent had expired its claims should actually be constructed under the *Phillips* standard, and the court obliged.¹¹⁰⁰ While in its petition Ericsson had argued that “interleaving . . . packets into blocks” was disclosed by prior art,¹¹⁰¹ in its reply Ericsson now used tighter language; adjusting to the court’s new *Phillips*-compliant constructions, Ericsson stated that “interleaving R-blocks together [(e.g., data within packets)] and interleaving S-blocks together [(e.g., packets within “blocks”)] is insubstantial at best.”¹¹⁰² The PTAB declined to consider this portion of the reply on the grounds it raised new prior art elements and so was improper under 37 C.F.R. § 42.23(b).¹¹⁰³

On appeal, the Federal Circuit vacated and remanded.¹¹⁰⁴ Section 42.23(b) allows the PTAB to strike arguments improperly raised for the first time in a reply.¹¹⁰⁵ A reply raises arguments for the first time when it raises new portions of prior art (even to support a previously stated theory),¹¹⁰⁶ and when it cites new theories of unpatentability (even to explain the significance of previously cited prior art).¹¹⁰⁷ Here, the Federal Circuit found that Ericsson’s reply was not improper. It raised no new portions of prior art nor developed any new theory—it simply stated in more specific terms what it had contended in its petition.¹¹⁰⁸ Furthermore, because the PTAB developed new claim constructions in light of Intellectual Ventures’ response, Ericsson deserved an opportunity to reply in a way specific to these constructions, under 5 U.S.C. § 554(b)(3).¹¹⁰⁹

***In re Hodges*, 882 F.3d 1107 (Fed. Cir. Feb. 12, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit reversed an anticipation finding, and suggested remand was inappropriate when the PTAB does not meet its burden on a § 102 challenge.¹¹¹⁰

The case concerned the ’222 patent, which discloses an assembly for draining contaminants that disturb a pressurized system.¹¹¹¹ In relevant part, the ’222 application claimed “a valve body, wherein said valve body defines an inlet seat.”¹¹¹² The Rasmussen reference showed an inlet seat either within or touching a valve body.¹¹¹³ The PTAB found the similarly “similar[ly]” positioned seat in ’222 anticipated Rasmussen.¹¹¹⁴

¹¹⁰⁰ *Id.* (citing standard in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc)).

¹¹⁰¹ *Id.* at *5.

¹¹⁰² *Id.* at *4.

¹¹⁰³ *Id.*

¹¹⁰⁴ *Id.* (explaining review standard).

¹¹⁰⁵ *Id.* at *5.

¹¹⁰⁶ *Id.* at *6 (citing *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359 (Fed. Cir. 2015)).

¹¹⁰⁷ *Id.* (citing *Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1370 (Fed. Cir. 2016)).

¹¹⁰⁸ *Id.*

¹¹⁰⁹ *Id.* at *5.

¹¹¹⁰ *In re Hodges*, 882 F.3d 1107, 1111, 1113-14 (Fed. Cir. 2018).

¹¹¹¹ *Id.* at 1110.

¹¹¹² *Id.* (quoting J.A. 56).

¹¹¹³ *Id.* at 1119-20 (Wallach, J., dissenting) (summarizing dispute).

¹¹¹⁴ *Id.* at 1113.

On appeal, the Federal Circuit reversed this anticipation determination.¹¹¹⁵ The court held the PTAB failed to show what made the inlet seat position in Rasmussen “similar” to its position in ’222, and failed to show that a skilled artisan could practice ’222 without undue experimentation.¹¹¹⁶ The court reversed rather than remanded because it found the evidence only supported a lack of anticipation.¹¹¹⁷ As a secondary reason, it suggested that reversal was appropriate when the PTAB has failed to meet its burden to establish invalidity under § 102; otherwise—the argument seems to go—it could endlessly bite at the apple.¹¹¹⁸

Dissenting on this point, Judge Wallach stated that “[b]y reversing the PTAB’s determination, the majority departs from the default rule that deficient agency decisions should be vacated and remanded. In doing so, the majority improperly acts as the fact-finder and dramatically over-reads § 102.”¹¹¹⁹ Judge Wallach underscored that reversal is only appropriate for 1) legal error on established facts or 2) fact-finding error where only one reasonable view exists.¹¹²⁰ The majority characterized its reversal as falling into the second category, but Judge Wallach criticized that it did so by marshaling facts not present at the PTAB—the annotated copy of the Rasmussen figure.¹¹²¹ Further, Judge Wallach cited the Supreme Court’s dictate that patent procedure should comport with the wider statutory scheme for administrative law under Title 5 and for judicial review under Title 28 of the U.S. Code, with which the majority’s view of procedure conflicted.¹¹²²

Effect of PTAB Ruling

***Exmark Manufacturing Co. Inc. v. Briggs & Stratton Power Products Group, LLC*, No. 2016-2197, 2018 WL 385497 (Fed. Cir. Jan. 12, 2018)**

In this appeal from the District of Nebraska, the Federal Circuit ruled that the “district court erred by basing its summary judgment of no invalidity solely on the fact that claim 1 [of the ’863 patent] survived multiple reexaminations.”¹¹²³ The district court’s decision on validity was “limited to a single paragraph.”¹¹²⁴ The district court determined that no reasonable jury could find the asserted claims invalid because (1) the claims had been upheld four different times by the PTO on reexamination, and (2) all of

¹¹¹⁵ *Id.* at 1109.

¹¹¹⁶ *Id.* at 1113.

¹¹¹⁷ *Id.* at 1113-14.

¹¹¹⁸ *Id.*

¹¹¹⁹ *Id.* at 1121.

¹¹²⁰ *Id.* at 1118 (citing cases).

¹¹²¹ *Id.* at 1119.

¹¹²² *Id.* at 1121 (citing *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S.Ct. 954, 964 (2017)).

¹¹²³ *Exmark Mfg. Co. Inc. v. Briggs & Stratton Prods. Grp., LLC*, No. 2016-2197, 2018 WL 385497, at *1 (Fed. Cir. Jan. 12, 2018).

¹¹²⁴ *Id.*

the arguments presented by the defendants have been considered by the PTO and rejected.¹¹²⁵

The Federal Circuit determined that although the district court stated that it only gave the reexaminations *some* weight, “it appears from [the district court’s] cursory decision that, in fact, the court granted summary judgment based on the claim surviving multiple reexaminations.”¹¹²⁶ The Federal Circuit ruled “[s]urviving a reexamination does not warrant *ipso facto* summary judgment that a patent is not invalid. Holding otherwise would improperly give complete deference and preclusive effect to the PTO’s patentability determination, foreclosing challenges to patent validity in district court based on the same prior art.”¹¹²⁷ Rather, the deference owed to PTO decisions, even following PTO reexaminations, “takes the form of the *presumption of validity* under 35 U.S.C. § 282.”¹¹²⁸

Exmark cited *SRI International, Inc. v. Advanced Technology Laboratories, Inc.*¹¹²⁹ to support the district court’s ruling.¹¹³⁰ But although the *SRI* court noted that “when a party attacking validity relies only on prior art that was before the PTO examiner during prosecution, that party has [the] added burden of overcoming the deference due a qualified governmental agency,” in that case the court properly “considered all the record evidence” in making its validity decision.¹¹³¹

Exmark further argued that because “Briggs was unable to invalidate the claims under a lower standard of patentability and a broader claim construction standard” at the PTO on reexamination, “Briggs cannot establish invalidity by clear and convincing evidence” in district court.¹¹³² The Federal Circuit disagreed.¹¹³³ The court explained that the district court construed the claims more broadly than the PTO, and thus the PTO’s determinations on a narrower claim construction “does not foreclose the possibility that a jury may find otherwise under a broader claim construction.”¹¹³⁴

Standing

***E.I. DuPont de Nemours & Co. v. Synvina C.V.*, No. 2017-1977, 2018 WL 4390796 (Fed. Cir. Sept. 17, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit recognized that DuPont had standing.

¹¹²⁵ *Id.*

¹¹²⁶ *Id.* at *4.

¹¹²⁷ *Id.*

¹¹²⁸ *Id.* (quoting *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1359 (Fed. Cir. 2007)).

¹¹²⁹ No. 93-1074, 1994 WL 712487 (Fed. Cir. 1994) (non-precedential).

¹¹³⁰ Exmark, 2018 WL 385497, at *5.

¹¹³¹ *Id.*

¹¹³² *Id.*

¹¹³³ *Id.*

¹¹³⁴ *Id.*

Concluding *inter partes* review (“IPR”) on the claims at issue, the PTAB found them not unpatentable for obviousness.¹¹³⁵ DuPont appealed; Synvina asserted that, because Synvina had not asserted infringement claims against DuPont, DuPont lacked “an actual or imminent injury” for Article III standing.¹¹³⁶

The Federal Circuit held DuPont had standing.¹¹³⁷ Even though the PTAB does not require such standing to initiate IPR,¹¹³⁸ appellants from the PTAB to the Federal Circuit must meet the Article III test, informed in the IPR appeals context by 28 U.S.C. § 1295(a)(4)(A).¹¹³⁹ Article III standing requires an appellant to show she has “(1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable judicial decision.”¹¹⁴⁰ According to case law interpreting 28 U.S.C. § 1295(a)(4)(A), an IPR appellant meets these requirements when facing controversy of “sufficient immediacy and reality,” even if not yet facing “a specific threat of infringement litigation.”¹¹⁴¹ Here, sufficiently immediate controversy existed because DuPont (a) operated a plant capable of producing the reaction under the patented conditions, (b) was accused by Synvina in the PTAB of copying, and (c) was denied a covenant not to sue by Synvina.¹¹⁴²

***JTEKT Corp. v. GKN Automotive Ltd.*, 898 F.3d 1217 (Fed. Cir. Aug. 3, 2018)**

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit dismissed the appeal for lack of standing because “JTEKT has not established . . . a concrete and substantial risk of infringement or . . . claims of infringement.”¹¹⁴³

The case concerned the ’440 patent, which disclosed drive-train improvements for four-wheel drive vehicles.¹¹⁴⁴ JTEKT petitioned the PTAB for *inter partes* review; when the PTAB found that two of the claims were not obvious over prior art, JTEKT appealed.¹¹⁴⁵

The Federal Circuit dismissed the appeal for lack of standing. Standing for IPR before the PTAB is granted by 35 U.S.C. § 311(a) and extends to all-comers; standing for appeals from the PTAB to the Federal Circuit, however, is granted only by Article III and extends only to those with concrete injuries, though IPR appellants face a softer standard for showing redressability and immediacy because 35 U.S.C. § 141(c) promotes their

¹¹³⁵ *Id.* at *4. The trial court “reason[ed] that our decisions in *In re Magnum Oil Tools International, Ltd.*, 829 F.3d 1364, 1375 (Fed. Cir. 2016), and *Dynamic Drinkware, LLC v. National Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015), foreclosed such a framework in an IPR.” *Id.*

¹¹³⁶ *Id.* at *5.

¹¹³⁷ *Id.* at *5-*6.

¹¹³⁸ *Cf. id.* at *5 (citing *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014)).

¹¹³⁹ *Id.* (citing U.S. Const. Art. III, § 2).

¹¹⁴⁰ *Id.* (quoting *Spokeo, Inc. v. Robins*, 136 S.Ct. 1540, 1547 (2016)).

¹¹⁴¹ *Id.* at *6 (quoting *ABB Inc. v. Cooper Indus., LLC*, 635 F.3d 1345, 1348 (Fed. Cir. 2011)).

¹¹⁴² *Id.* at *5-*6.

¹¹⁴³ *JTEKT Corp. v. GKN Automotive Ltd.*, 898 F.3d 1217, 1221 (Fed. Cir. Aug. 3, 2018).

¹¹⁴⁴ *Id.* at 1219.

¹¹⁴⁵ *Id.*

right to appeal.¹¹⁴⁶ The appellant bears this burden.¹¹⁴⁷ An IPR appellant meets her burden by showing she is likely to infringe or face infringement suits, or is likely to have contractual relationships affected by infringement or infringement claims; she does not meet her burden merely by showing an economic injury from competition.¹¹⁴⁸ Here, JTEKT planned a product to compete with GKN’s—but, in its words, the concepts remained unfixed and “there [was] nothing that c[ould] be analyzed for infringement.”¹¹⁴⁹ The Federal Circuit held this insufficient to show standing. While conceding infringement was not necessary to gain standing, demonstrating a more concrete risk of infringement, of infringement suits, or of rights thereby affected was necessary.¹¹⁵⁰

***Return Mail, Inc. v. U.S. Postal Service*, No. 1-1594, 2018 WL 2364663 (U.S. Oct. 26, 2018)**

The Supreme Court granted certiorari¹¹⁵¹ as to “whether the government is a ‘person’ who may petition to institute review proceedings under the AIA.”¹¹⁵²

The case concerns a patent that Return Mail alleges the U.S. Postal Office used.¹¹⁵³ Because the federal government cannot be sued for patent infringement under the Patent Act, Return Mail sued for compensation under 28 U.S.C. § 1498(a) at the U.S. Court of Federal Claims.¹¹⁵⁴ The U.S. Postal Office petitioned for a covered business method (“CBM”) review at the Patent Trial and Appeal Board (“PTAB”).¹¹⁵⁵ The PTAB initiated the CBM, and invalidated Return Mail’s patent.¹¹⁵⁶ On appeal, the Federal Circuit affirmed, holding the PTAB had authority to initiate the proceeding.¹¹⁵⁷

Return Mail petitioned for review on two questions. Its second question—“whether a § 1498(a) action for the eminent domain taking of a patent license by the government is a suit for patent ‘infringement’ under the AIA”¹¹⁵⁸—was not granted certiorari.¹¹⁵⁹

¹¹⁴⁶ *Id.* (citing *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1172 n.2 (Fed. Cir. 2017)).

¹¹⁴⁷ *Id.* at 1221 (citing *DaimlerChrysler Corp. v. Cuno*, 547 U.S. 332, 342 (2006)).

¹¹⁴⁸ *Id.* at 1220 (citation omitted).

¹¹⁴⁹ *Id.* at 1221 (citing *J.A.* 1644 at ¶ 23).

¹¹⁵⁰ *Id.* (citing *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 134 (2007)).

¹¹⁵¹ *Return Mail, Inc. v. U.S. Postal Service*, No. 1-1594, 2018 WL 2364663 (U.S. Oct. 26, 2018).

¹¹⁵² Petition for a Writ of Certiorari for Appellant, *Return Mail, Inc. v. U.S. Postal Service*, 2018 WL 2412130, at *1 (U.S. May 14, 2018) (No. 17-1594).

¹¹⁵³ *Id.*

¹¹⁵⁴ *Id.*

¹¹⁵⁵ *Id.*

¹¹⁵⁶ *Id.*

¹¹⁵⁷ *Id.*

¹¹⁵⁸ *Id.*

¹¹⁵⁹ *See Return Mail, Inc.*, 2018 WL 2364663, at *1.

DESIGN PATENTS

Design Patent Claim Construction

In re Maatita, No. 2017-2013, 2018 WL 3965892 (Fed. Cir. Aug. 20, 2018)

In this appeal from the Patent Trial and Appeal Board (“PTAB”), the Federal Circuit held that the PTAB had misapplied § 112 in rejecting a design patent; a two-dimensional disclosure can cover multiple three-dimensional embodiments so long as a skilled artisan viewing the drawing can reasonably ascertain the scope of the claim.¹¹⁶⁰

The ’677 design patent disclosed a shoe sole pattern using only a plan view; that is, it disclosed a two-dimensional design related to a three-dimensional object. The examiner showed that, fixing the depth of that pattern according to different elevation views, at least four different designs could be enabled in three dimensions; the designer argued the “three-dimensional implementations of [the] design are simply differences in unclaimed subject matter.”¹¹⁶¹ Nonetheless, the examiner rejected the patent for lack of enablement and indefiniteness, and the PTAB affirmed.¹¹⁶²

On appeal, the Federal Circuit reversed. The court clarified that “a design patent is indefinite under § 112 if one skilled in the art, viewing the design as would an ordinary observer, would not understand the scope of the design with reasonable certainty based on the claim and visual disclosure.”¹¹⁶³ So long as such reasonable certainty holds, “a design patent can disclose multiple embodiments within its single claim”¹¹⁶⁴ To illustrate the rule, the court said a two-dimensional, plan-only disclosure would suffice for claiming an ornamental design on rugs because any rug’s thickness would be irrelevant to this infringement, but such a plan-only disclosure would not suffice for claiming a teapot because “[t]he article would be infringing from one perspective but not from another.”¹¹⁶⁵ Applying the rule to this case, the court found “an infringer is not left in doubt,” because “Maatita’s two-dimensional drawing clearly demonstrates the perspective from which the shoe bottom should be viewed,”¹¹⁶⁶ and a skilled artisan could craft the design and assess infringement with reasonable certainty.¹¹⁶⁷

¹¹⁶⁰ See *In re Maatita*, 2017-2013, 2018 WL 3965892, at *3-4 (Fed. Cir. 2018).

¹¹⁶¹ *Id.* at *4 (paraphrasing).

¹¹⁶² *Id.* at *1.

¹¹⁶³ *Id.* at *3.

¹¹⁶⁴ *Id.* at *4.

¹¹⁶⁵ *Id.* at *5.

¹¹⁶⁶ *Id.*

¹¹⁶⁷ *Id.* at *3 (citing *Carnegie Steel Co. v. Cambria Iron Co.*, 185 U.S. 403, 437 (1902)). The court discussed the relationship between enablement and definiteness. *Id.* at *3. Both have parallels in the relationship between anticipation and infringement analysis. *Id.* at *4.