

# Patent Law Year in Review

## Federal Circuit

2021-2022

Annual Review of Patent Law  
Decisions by the Federal Circuit

A Year (or so)-In-Review  
2021 - 2022



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*We the People*

*THE FEDERALIST PAPERS*  
Jefferson Madison

*Debate over Patent Clause*

**Sec. 8. The Congress shall have power**  
*To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries*

*"Only God works from nothing. Men must work with old elements."*  
Markey, *Why Not the Statute*, 65 JPOS 331 (1983).  
Howard T. Markey, Chief Judge, U.S. Court of Customs and Patent Appeals and  
Chief Judge U.S. Court of Appeals for the Federal Circuit



Dallas Bar Association  
Intellectual Property Law Section

July 28, 2022  
Arts District Mansion  
Dallas, TX

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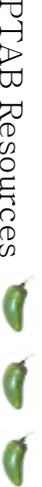
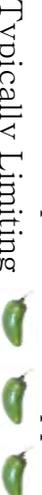
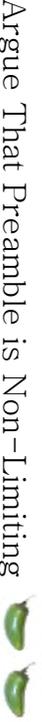
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# Patent Law Annual Review – 2022

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## Federal Circuit Patent Law

Annual Review of Patent Law Decisions by the Federal Circuit - 2021-22 (or so)

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### I. NOVELTY AND LOSS OF RIGHT TO A PATENT — § 102 (PRE-AIA)

#### A. Anticipation

##### 1. Claim Construction

Anticipation is, of course, determined with reference to the *claimed* invention.<sup>1</sup> Thus, the first step in deciding anticipation is to interpret the claims.<sup>2</sup> Claim construction is a question of law reviewed *de novo* on appeal.<sup>3</sup>

A court’s interpretation or construction of disputed terms in patent claims applies equally to the issues of infringement and validity. That is, the interpretation given patent claims to determine infringement must be the same interpretation given those claims in deciding validity.<sup>4</sup> Accordingly, the normal rules of claim construction apply.

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<sup>1</sup> See, e.g., *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360 (Fed. Cir. 1991), *cert. denied*, 506 U.S. 817 (1992)(Opinion by Circuit Judge Archer, joined by Circuit Judge Michel and Chief Judge Senter of the Northern District of Mississippi sitting by designation)(“Isolated” means “isolated”).

<sup>2</sup> See *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1574 (Fed. Cir. 1995).

<sup>3</sup> *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995)(*en banc*)(Opinion by Chief Judge Archer, joined by Circuit Judges Rich, Nies, Michel, Plager, Lourie, Clevenger and Schall, concurring opinion by Circuit Judges Mayer and Rader, dissenting opinion by Circuit Judge Newman), *aff’d*, 517 U.S. 370 (1996).

<sup>4</sup> See *Bristol-Myers Squibb Co. v. Ben Venue Labs., Inc.*, 246 F.3d 1368, 1375-76 (Fed. Cir. 2001)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Gajarsa and Dyk); *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1279 (Fed. Cir. 1988)(“Having construed the claims one way for determining their validity, it is axiomatic that the claims must be construed in the same way for infringement.”).

2. Ranges

a) Comment: Differences Between “Anticipation” and “Obviousness” in Assessing Ranges

Comment: The law, especially the distinction between anticipation and obviousness, is more nuanced than as expressed by the panel majority above.

A prior art reference that discloses an “overlapping” range does not necessarily mean that the claimed range is either “anticipated” under § 102, or rendered obvious under § 103. It depends – *inter alia*, on the nature of the disclosure of the range in both the prior art and in the patent-at-issue, the technology-at-issue, and the actual range, among others.

Beginning with the basics –

Anticipation: “A person shall be entitled to a patent unless – (a) the [claimed] invention” is subject to one or more of the disqualifying events of § 102 (pre-AIA) subsections (a) – (g).

- The disqualifying events of § 102(b) include that “the invention was patented [meaning claimed] or described in a printed publication in this or a foreign country \* \* \* more than one year prior to the date of the application for patent in the United States.”
- “A reference is anticipatory under § 102(b) when it satisfies particular requirements. First, the reference must disclose each and every element of the claimed invention, whether it does so explicitly or inherently. \* \* \* Second, the reference must ‘enable one of ordinary skill in the art to make the invention without undue experimentation.’”<sup>5</sup>
  - As an aside, a prior art reference that discloses only an overlapping range to that claimed in a patent-at-issue, cannot, on its face, be said to disclose the “claimed invention.”
  - Just as a prior generic invention does not necessarily “anticipate” a subsequent “species” invention.
  - Namely, a broad disclosure in the prior art of a “range” does not necessarily “anticipate” a later claimed narrower “range.” It depends.

Obvious: Under § 103 (post-AIA), a patent for a claimed invention may not be obtained “if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.”

- The Supreme Court in *KSR Int’l Co. v. Teleflex, Inc.*,<sup>6</sup> reiterated that the factors of *Graham v. John Deere Co. of Kansas City*,<sup>7</sup> namely 1) “the scope and content of the prior art”; 2) the “differences between the prior art and the claims”; 3) “the

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<sup>5</sup> *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

<sup>6</sup> 127 S. Ct. 1727, 1734 (2007).

<sup>7</sup> 383 U.S. 1, 17-18 (1966).

level of ordinary skill in the pertinent art”; and 4) objective evidence of nonobviousness, continue to control.

i. Comment: Disclosure of Ranges

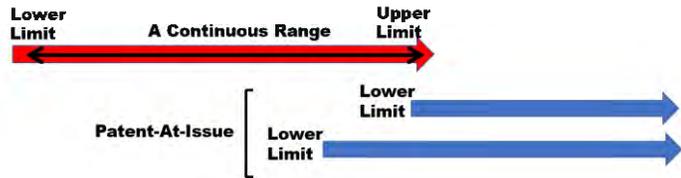
There are a number of ways in which a “range” may be disclosed in the prior art. Three principal ways are:

Beginning with a “continuous range” disclosed in the prior art –



- The range is disclosed as a continuum from the lower limit to the upper limit with no discussion of intermediate points.
- The range may be broad, narrow, or something in between. Whether a range is “broad” or “narrow” may be largely dependent on the technology, as opposed to just the actual numbers.
  - And some measurements/values such as pH, use a logarithmic scale where each whole value represents a ten-fold increase or decrease.
- The specification may or may not include examples with data from tests run using values within that range.
- Various claims, esp. dependent claims, may include narrower, and multiple different ranges.
- The lower and upper limits may be described and/or claimed as “about.” In which case it will be necessary to resolve the scope of “about.”
- In terms of “anticipation,” this is most difficult of “ranges” to deal with.
  - Strictly speaking (but anticipation has always required strict correlation between the prior art and the claimed invention), a claimed range of “1 to 10,” for example, would not be “anticipated” unless the disclosed prior art range was also “1 to 10.”
    - In general terms, but subject to exceptions based on the technology, *etc.*, a prior art reference that discloses “1 to 10” does not necessarily “describe” each value/point within that range for purposes of anticipation.
      - The underlying rationale/analysis is the same as for the “rule” that disclosure of a prior art genus does not anticipate a subsequently claimed species, but a prior art disclosure of a species anticipates a subsequently claimed genus.
      - That is especially an “issue” where any “overlap” is at the lower or upper limit – for example, a claim calling for “1-10” and the prior art disclosing “10-15.”
        - Again, in general terms, the exact end-points in a range are not necessarily “described” in a

prior art reference sufficiently to show anticipation.

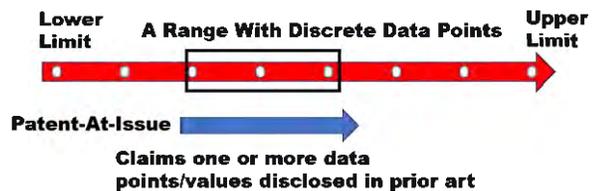


- Namely, in the foregoing example, does a slight “overlap” at the endpoint, or even more an overlap, suffice for purposes of showing that the “claim invention” was “described” in the prior art?
- And that also depends on how the claim(s) in the patent-at-issue are construed in light of the specification.
- In terms of “obviousness,” of course, that prior art may be considered. Along with any arguments opposing a finding of obviousness.

Secondly, a “range” may be disclosed as having a lower limit and an upper limit, but with discrete data points within that range –



- Namely, the “range” is disclosed as having lower and upper limits, but also discrete data points/values are disclosed within that range.
- That presents an “easier” case for anticipation if the claims of the patent-at-issue cover one or several of those expressly disclosed data points/values because each of those data points are “described” in the prior.



- Namely, each one of the one or more data points/values claimed in a “range” in the patent-at-issue is expressly disclosed in the prior art. In that instance, the “claimed invention” is truly “anticipated” by the prior art.
- Of course, in the broader “obviousness” analysis, the prior art is considered broadly for what it discloses.

Thirdly, a “range” may be disclosed as having a lower limit and an upper limit, with a disclosure that the “invention” works “the same” at every data point/value within that range



- For purposes of “anticipation,” if that “range” is disclosed in terms that the invention works the same at every data point/value within that range, then any subsequently claimed invention within that range would be anticipated, namely, for purposes of “anticipation,” each data point/value has been “described” in the prior art.
  - However, a reference, for purposes of showing anticipation, must be “enabling” – a reference for showing obviousness does not need to be “enabling,” namely it is prior art for whatever it discloses.
  - It is entirely possible that a reference disclosing a “range” in terms that the invention works the same at every data point/value within that range, is not necessarily “enabling” for the full scope of the range.

Fourthly, the prior art may disclose a continuous range as in Fig. 1 above, but the patentee has shown that the claimed narrower range is critical to the claimed invention:



- In that instance, there can be no anticipation under the same rationale that a broadly disclosed genus does not anticipate a species, especially when the limits on the species are shown to be critical.

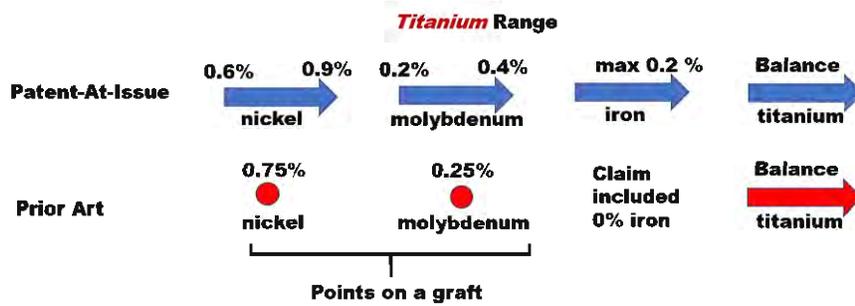
ii. Comment: Prior Cases Involving Ranges and Anticipation

In *Titanium Metals Corporation v. Banner*,<sup>8</sup> claims to a titanium base alloy were rejected as having been anticipated by a Russian article disclosing a prior art alloy. Judge Rich emphasized that “[t]he question, therefore, is whether claims 1 and 2 encompass and, if allowed, would enable plaintiff-appellee to exclude others from making, using, or selling an alloy *described* in the Russian article.”<sup>9</sup>

<sup>8</sup> 778 F.2d 775 (Fed.Cir. 1985).

<sup>9</sup> 778 F.2d at 781.

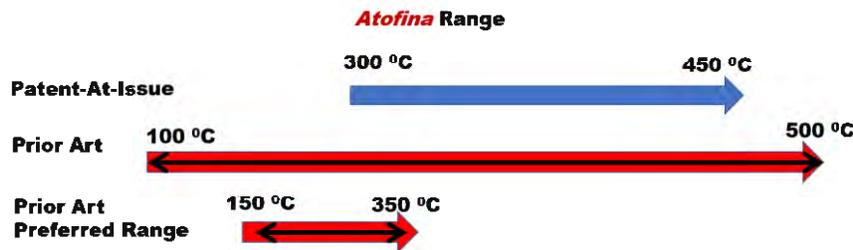
The fact scenario was:



A study of the Russian article showed an alloy having constituent elements wholly within the ranges specified in claims 1 and 2. Judge Rich wrote that “[a]s to that disclosed alloy of the prior art, there can be no question that claims 1 and 2 read on it and would be infringed by anyone making, using, or selling it. Therefore, *the statute prohibits* a patent containing them.”<sup>10</sup>

The Federal Circuit concluded that “the court below committed clear error and legal error in authorizing the issuance of a patent on claims 1 and 2 since, properly construed, they are anticipated under § 102 by the Russian article which admittedly discloses an alloy on which these claims read.”<sup>11</sup>

In *Atofina v. Great Lakes Chemical Corp.*,<sup>12</sup> the fact scenario was:



Judge Lourie, writing for the court, concluded that the district court had clearly erred in finding anticipation.

Judge Lourie explained that resolving the question of anticipation through ranges was an application of the rule that disclosure of a genus does not necessarily anticipate a later claimed species – “It is well established that the disclosure of a genus in the prior art is not necessarily a disclosure of every species that is a member of that genus. \* \* \* There may be many species encompassed within a genus that are not disclosed by a mere disclosure of the genus. On the other hand, a very small genus can be a disclosure of each species within the genus. \* \* \*.”<sup>13</sup>

<sup>10</sup> *Id.*

<sup>11</sup> 778 F.2d at 782.

<sup>12</sup> 441 F.3d 991, 1000 (Fed.Cir.2006).

<sup>13</sup> 441 F.3d at 999.

Judge Lourie explained that “*Titanium Metals* stands for the proposition that an earlier species reference anticipates a later genus claim, not that an earlier genus anticipates a narrower species.”<sup>14</sup>

Judge Lourie wrote in *Atofina* that “[h]ere, the prior art, \* \* \* discloses a temperature range of 100 to 500 °C which is broader than and fully encompasses the specific temperature range claimed in the [patent-in-suit] of 330 to 450 °C. Given the considerable difference between the claimed range and the range in the prior art, no reasonable fact finder could conclude that the prior art describes the claimed range with sufficient specificity to anticipate this limitation of the claim.”<sup>15</sup>

Judge Lourie also rejected Great Lakes’ argument that the preferred narrower range in the prior art anticipated – “[the prior art] discloses a preferred temperature range of 150 to 350 °C that slightly overlaps the temperature range claimed in the [patent-in-suit]. But that slightly overlapping range is not disclosed as such, i.e., as a species of the claimed generic range of 330 to 450 °C. Moreover, the disclosure of a range of 150 to 350 °C does not constitute a specific disclosure of the endpoints of that range, i.e., 150 °C and 350 °C, as Great Lakes asserts. The disclosure is only that of a range, not a specific temperature in that range, and the disclosure of a range is no more a disclosure of the end points of the range than it is of each of the intermediate points. Thus, [the prior art] does not disclose a specific embodiment of the claimed temperature range.”<sup>16</sup>

Important in that holding is that “the disclosure of a range \* \* \* does not constitute a specific disclosure of the endpoints of that range.” Again, the Federal Circuit explained that “[t]he disclosure is only that of a range, not a specific temperature in that range, and the disclosure of a range is no more a disclosure of the end points of the range than it is of each of the intermediate points.”<sup>17</sup>

Additionally, again, Judge Lourie emphasized that where the prior art range is completely encompassed by the claimed range, there is no anticipation if the claimed range is shown to be critical: “Here, the prior art, \* \* \* discloses a temperature range of 100 to 500 °C which is broader than and fully encompasses the specific temperature range claimed in the [patent-in-suit] of 330 to 450 °C. Given the considerable difference between the claimed range and the range in the prior art, no reasonable fact finder could conclude that the prior art describes the claimed range with sufficient specificity to anticipate this limitation of the claim.”<sup>18</sup>

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<sup>14</sup> 441 F.3d at 999.

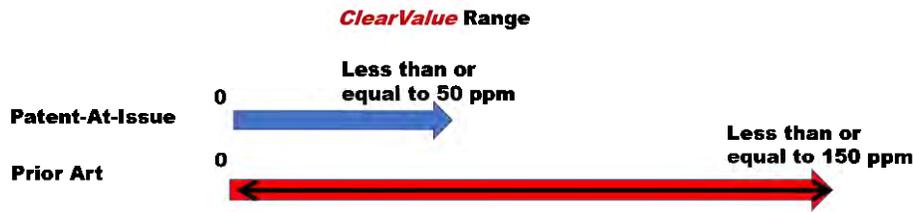
<sup>15</sup> 441 F.3d at 999.

<sup>16</sup> 441 F.3d at 1000.

<sup>17</sup> *Id.*

<sup>18</sup> 441 F.3d at 999.

In *Clear-Value, Inc. v. Pearl River Polymers, Inc.*,<sup>19</sup> the relative ranges were:



The Federal Circuit distinguishes *Atofina* on the ground that ClearValue had not argued that the claimed 50 ppm limitation was “critical” or that the invention worked differently at points within the 150 ppm range.

The Federal Circuit explained that “[t]he disclosure of 150 ppm or less is a genus disclosure as in *Atofina*. But unlike *Atofina* where there was a broad genus and evidence that different portions of the broad range would work differently, here, there is no allegation of criticality or any evidence demonstrating any difference across the range.”<sup>20</sup>

It should be noted that the prior art also gave an example using a 60-70 ppm range. The Federal Circuit concluded that “the example in [the prior art] at 60-70 ppm supports the fact that the disclosure of 150 ppm or less does teach one of skill in the art how to make and use the process at 50 ppm.”<sup>21</sup>

In *OSRAM Sylvania, Inc. v. American Induction Technologies, Inc.*,<sup>22</sup> the relative ranges were:



AITI urged that “the disclosure of a small genus may anticipate the species of that genus even if the species are not themselves recited,” and, per *Atofina*, that the prior art disclosure, which completely encompassed the claimed range, was sufficient to disclose, *i.e.*, anticipate, the claimed range. The Federal Circuit disagreed.

The Federal Circuit explained that “[w]hile it is true that an earlier disclosed genus may, in certain circumstances, anticipate a later species, this inquiry necessarily includes a factual component. \* \* \* For example, in *Atofina* we analyzed a patent claiming a method of synthesizing difluoromethane at a temperature between 330-450 degrees Celsius. \* \* \* The prior art, in contrast, disclosed a broad temperature range of 100-500 degrees Celsius. \* \* \* In *Atofina*, we reversed the district court's finding of anticipation following a bench trial and we explained that our holding was premised on the ‘considerable difference between the claimed

<sup>19</sup> 668 F.3d 1340 (Fed. Cir. 2012).

<sup>20</sup> 668 F.3d at 1345.

<sup>21</sup> *Id.*

<sup>22</sup> 701 F.3d 698 (Fed. Cir. 2012).

[temperature] range and the range in the prior art.’ \* \* \* Our decision in *Atofina* clarified that the prior art’s teaching of a broad genus does not necessarily disclose every species within that genus. \* \* \* Under the circumstances presented in *Atofina*, ‘no reasonable fact finder could conclude that the prior art describes the claimed range with sufficient specificity to anticipate this limitation of the claim.’<sup>23</sup>

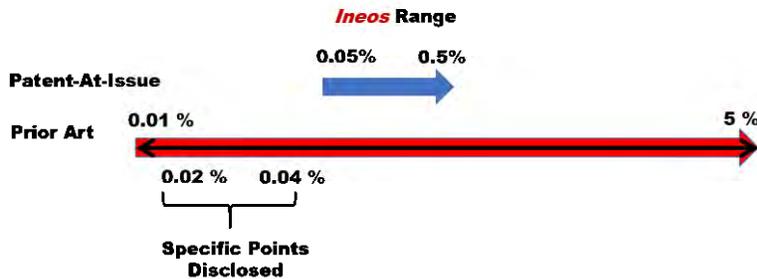
Specifically, the Federal Circuit noted that here, unlike in *Atofina*, OSRAM had presented testimony that the claimed range of less than 0.5 torr was critical to the invention, *i.e.*, lamps of the prior art were inefficient and impractical because they used higher pressures.

In *Ineos USA LLC v. Berry Plastics Corp.*,<sup>24</sup> which the panel majority in *Genentech* relied on, the Federal Circuit affirmed the district court’s decision, on summary judgment, that Ineos’ patent-at-issue was anticipated, and therefore invalid, under § 102.

The Federal Circuit in *Genentech* wrote that “[a] prior art reference that discloses an overlapping but different range than the claimed range can be anticipatory, even where the prior art range only partially or slightly overlaps with the claimed range,”<sup>25</sup> citing, but not quoting, *Ineos*.

In actuality, the Federal Circuit in *Ineos* discussed two situations. First, the court discussed the situation of Fig. 2 above where a patent claims a range, and the prior art discloses a point with that range. The court explained that “[w]hen a patent claims a range, as in this case, that range is anticipated by a prior art reference if the reference discloses a point within the range.”<sup>26</sup>

The fact scenario in *Ineos* was the following:



The specification referred to 0.01%, 0.02% and 0.04% as “at least” values, and 5% as a “does not exceed value.”

- The district court had held that the prior art disclosed points within the 0.01% to 5% range, and therefore there was anticipation.
- The Federal Circuit disagreed noting that “[t]he phrases ‘at least’ and ‘does not exceed’ set forth corresponding minimum and maximum amounts for

<sup>23</sup> 701 F.3d at 705.

<sup>24</sup> 783 F.3d 865, 870–71 (Fed. Cir. 2015).

<sup>25</sup> \_\_\_ F.3d at \_\_\_.

<sup>26</sup> 783 F.3d at 869.

the primary lubricant. This portion of the specification clearly discloses ranges, not particular individual values.”<sup>27</sup>

- The Federal Circuit there held that the district court had “erred in concluding that the [prior art] discloses particular points within the range recited in limitation 2.”<sup>28</sup>

The Federal Circuit also explained that “[i]f the prior art discloses its own range, rather than a specific point, then the prior art is only anticipatory if it describes the claimed range with sufficient specificity such that a reasonable fact finder could conclude that there is no reasonable difference in how the invention operates over the ranges.”

Namely, if the prior art discloses a range as in Fig. 1 above, there is anticipation only if the prior art also describes the claimed range such that one could reasonably conclude that there was no reasonable difference in how the invention operated over that range, *i.e.*, Fig. 3 above. Or, stated differently, there is no anticipation if the patentee establishes that the claimed range was “critical” to some facet of the invention.

In *Ineos*, the Federal Circuit explained that “[i]n *Atofina*, we reversed the district court’s finding of anticipation where the patent-in-suit claimed a temperature range that was critical to the operability of the invention and the range disclosed in the prior art was substantially different. \* \* \* Key to this conclusion was the fact that the evidence showed that a person of ordinary skill in the art would have expected the synthesis reaction to operate differently, or not all, outside of the temperature range claimed in the patent-in-suit.”<sup>29</sup>

Ineos lost because it did not bear the burden of showing criticality – “The court’s conclusion that limitation 2 was met by the [the prior art] was correct because Ineos did not raise a genuine question of fact about whether the range recited in limitation 2 is critical to the invention. \* \* \* Here, however, Ineos failed to put forth facts in opposition to summary judgment that created a genuine issue of material fact about the criticality of the range of limitation 2. There is no evidence that the operability of the bottle cap would be improved by the claimed range.”<sup>30</sup>

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<sup>27</sup> 783 F.3d at 869.

<sup>28</sup> *Id.*

<sup>29</sup> 783 F.3d at 869.

<sup>30</sup> 783 F.3d at 870-71.

- B. Loss Of Rights — § 102(b)
  - 1. Patented or Described in a Printed Publication
    - a) Documents Available Through Industry Working Group Website and Discussed at Working Group Meetings Held to Constitute Printed Publications 

In *M&K Holdings, Inc. v. Samsung Electronics Co., Ltd.*,<sup>31</sup> the Federal Circuit affirmed the PTAB’s conclusion that documents available through an industry working group website and discussed at working group meetings constituted “printed publications.”

M&K’s patent-at-issue was drawn to a method of compressing video files. Samsung petitioned for IPR asserting that claims 1, 5 and 6 were anticipated by a document known as “WD4-v3,” that claim 2 was both anticipated by “WD4-v3” and rendered obvious in combination with a paper by Park et al, and that claims 3 and 4 were rendered obvious by a combination of “WD4-v3,” Park and a paper by Zhou.

WD4-v3, Park, and Zhou were prepared as part of the work of a joint task force to establish industry standards for high-efficiency video coding (HEVC). The task force – Joint Collaborative Team on Video Coding (JCT-VC) – included representatives from technology companies, universities, and research institutions. JCT-VC held quarterly meetings where members submitted and discussed input documents that proposed changes to the HEVC standards. Agreed changes were incorporated into a working-draft document. WD4-v3 was a working-draft document – Park and Zhou were input documents. All three references were uploaded to JCT-VC’s website before the December 13, 2011, priority date of the patent-at-issue.

H&K contended that WD4-v3, Park, and Zhou were not publicly accessible and did not constituted “printed publications.”

The PTAB disagreed, finding all three to constitute “printed publications.” The PTAB reasoned that (1) those references were discussed at JCT-VC meetings and were posted on the organization’s public website, and (2) JCT-VC was a prominent standards-setting organization.

The PTAB held that claims 1, 2, 5, and 6 were anticipated by WD4-v3, and that claim 4 was rendered obvious by a combination of WD4-v3, Park, and Zhou. The PTAB also held that claim 3 was anticipated by WD4-v3, despite that Samsung’s petition had asserted only obviousness (a conclusion the Federal Circuit later vacated as impermissibly changing the basis for unpatentability without adequate notice to H&K).

The Federal Circuit noted that “[o]ne line of cases on public accessibility relates to the presentation of documents at a conference, trade show, or group meeting. \* \* \* Another line

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<sup>31</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Bryson, joined by Circuit Judges Moore and Chen)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00696).

of cases relates to documents that are available in a repository, whether on the Internet or at a brick-and-mortar location such as a library. \* \* \* ”<sup>32</sup>

The Federal Circuit added that “[o]ccasionally, those two lines of cases overlap,” citing *Mass. Inst. of Tech. v. AB Fortia*,<sup>33</sup> and explaining that there the reference at issue was presented orally at a conference to between 50 and 500 attendees, and copies were later made available to interested persons without restrictions as to confidentiality. The Federal Circuit noted that, like *MIT*, here there were both oral presentations and publicly available documents.

In affirming the PTAB’s conclusion that the document constituted “printed publications,” the Federal Circuit pointed to –

- Park and Zhou, were presented at JCT-VC development meetings
- Those meetings were attended by between 200 and 300 interested persons and the conferees had discussed Park and Zhou at the meetings
- JCT-VC meeting reports summarized the Park and Zhou discussions, and there was no expectation of confidentiality
- Copies of the Park and Zhou references were made available to interested persons by no later than the time of the development meetings
- Distribution was through the public JCT-VC website, which hosted downloadable copies of the Park and Zhou references
- JCT-VC had a policy that input documents should be uploaded before development meetings
- JCT-VC meeting reports directed readers to the JCT-VC website
- The JCT-VC website had title-search functionality and that the Park and Zhou references had descriptive titles, thus enabling routine searching of those references by subject matter
- JCT-VC was prominent in the community of those skilled in video-coding technology
- skilled artisans would have learned of the JCT-VC website, whether by word of mouth or upon the endorsement of other prominent organizations, and would have been motivated to track the JCT-VC website to ensure that their products and services were consistent with the developing HEVC standards

In response to M&K’s arguments, the Federal Circuit –

- Rejected the argument that Park and Zhou were not equally as prominent as JCT-VC’s working-draft documents –<sup>34</sup>
  - “While a showing that the references themselves were prominent would likely establish public accessibility *per se*, such a showing is not required. The relevant inquiry is whether the channel through which

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<sup>32</sup> \_\_\_ F.3d at \_\_\_.

<sup>33</sup> 774 F.2d 1104 (Fed. Cir. 1985).

<sup>34</sup> \_\_\_ F.3d at \_\_\_.

- the references were publicized is prominent or well-known among persons of ordinary skill in the art.”
- Rejected the argument that navigating the JCT-VC website made it difficult to find the subject documents –
    - “The law regarding public accessibility is not as restrictive as M&K suggests—a website’s landing page is not required to have search functionality. Instead, given the prominence of JCT-VC, the dispositive question is whether interested users of the JCT-VC website could have located Park and Zhou through reasonable diligence.”
    - “A skilled artisan browsing the JCT-VC website would understand that the website is structured to serve the purpose of the JCT-VC organization, i.e., to develop HEVC standards through member meetings and communications, not to function as a passive digital library. Hence, a skilled artisan browsing the JCT-VC website would realize that documents are hosted under the meeting pages.”
  - Rejected the argument that the website’s lack of a full-content search capability precluded a finding that the documents constituted “printed publications”
    - “A factor relevant to public accessibility is whether a repository indexes its documents or otherwise categorizes them by subject matter. \* \* \* The Board found that the documents in question on the meeting pages of the JCT-VC website were effectively indexed by subject matter in light of the title-search functionality and the fact that Park and Zhou featured descriptive titles. That finding supports the Board’s conclusion that Park and Zhou were publicly accessible.”
  - Rejected argument that there was no evidence Park or Zhou could be identified using title-search queries.
    - “The Board relied on testimony from Samsung’s expert that the meeting pages on the JCT-VC web-site allowed searches of the hosted documents by title and author. \* \* \* The Board also relied on evidence demonstrating the title-search functionality with keywords relating to the WD4-v3 reference. \* \* \* And the Board cited exhibits showing the metadata fields of the Park and Zhou references on the JCT-VC website, including their ‘Title’ headers.”
  - Rejected arguments that (1) Park was uploaded to website after it was discussed at meeting, (2) Samsung introduced no evidence regarding the extent to which interested persons accessed Park and Zhou, and (3) evidence did not show that presentations of Park and Zhou at meetings disclosed substantive material relevant to the issues in this case.
    - “Contrary to M&K’s suggestion, Samsung was not re-quired to show that interested artisans actually accessed Park and Zhou on the JCT-VC website.”
    - “Nor was Samsung required to show that Park was uploaded to the website before the development meeting.”
    - “Samsung was also not required to prove that the oral presentations of Park and Zhou disclosed the exact material relating to Samsung’s obviousness theories in the circumstances of this case. The Board found that the conferees’ discussions of Park and Zhou were of

sufficient depth and duration to resolve the specific technical issues associated with those references.”

- “Yet, even if the presentations did not disclose the exact material relating to Samsung’s obviousness theories, that would not be fatal to the public accessibility of Park and Zhou, because the oral presentations were supplemented by JCT-VC’s publishing Park and Zhou in its document repository.”

The Federal Circuit concluded that substantial evidence supported the PTAB’s finding that persons of ordinary skill in video-coding technology could have accessed Park and Zhou with reasonable diligence through the JCT-VC organization.

It should be noted that in *Samsung Elec. Co. v. Infolabridge Pte. Ltd.*,<sup>35</sup> involving a similar “printed publication” issue, the PTAB had found that the evidence did not show that the reference in question was publicly accessible through a title search, and the Federal Circuit affirmed that portion of the PTAB’s decision as supported by substantial evidence.

In a footnote, the Federal Circuit distinguished *Infolabridge* – “[i]n this case, unlike in *Infolabridge*, the Board found that the disputed references were publicly accessible through a title search. As the Board explained, the record regarding the title-search issue was more developed in this case. \* \* \* For that reason, and because we review the Board’s findings on factual issues for substantial evidence, our decision in *Infolabridge*, in which we sustained the Board’s finding of no public accessibility, does not warrant our overturning the Board’s finding of public accessibility in this case.”<sup>36</sup>

## 2. “On Sale”

- a) Federal Circuit Reverses and Remands District Court Decision Finding “experimental use negation” of Alleged “On Sale” Activity Where Pre-Critical Date Agreement Had All the Earmarks of a Commercial Sale and Compensation Was a Supply Contract



In *Sunoco Partners Marketing & Terminals L.P. v. U.S. Venture, Inc.*,<sup>37</sup> the Federal Circuit, *inter alia*, reversed and remanded the district court’s decision that “experimental use negation” had overcome an alleged ‘on sale’ event.

Gasoline producers blend butane with gasoline because (1) butane makes gasoline more volatile, and (2) butane is cheaper than gasoline. However, butane contributes to air

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<sup>35</sup> 929 F.3d 1363 (Fed. Cir. 2019).

<sup>36</sup> \_\_\_ F.3d at \_\_\_ n. 4.

<sup>37</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Prost, joined by Circuit Judges Reyna and Stoll)(appeals from the United States District Court for the Northern District of Illinois in No. 1:15-cv-08178, Judge Rebecca R. Pallmeyer).

pollution in warmer climates, and the U.S. Environmental Protection Agency (EPA) regulates the volatility of gasoline.

Sunoco’s patent-in-suit was drawn to maximizing butane content while complying with those regulations, which varied depending on season and location.

In general terms, after gasoline is refined, it is transferred via pipeline to a storage facility (tank farm or terminal), where it is later distributed to gasoline stations. Butane blending could occur anywhere in the distribution system, but frequently was done close to the endpoint to ensure compliance with the EPA regulations appropriate for the season at the end location.

Sunoco sued Venture asserting that its operation of butane-blending systems infringed certain claims of four patents. The district court held a bench trial and ultimately awarded \$2 million in damages, which it trebled to \$6 million.

Venture advanced, *inter alia*, an “on sale” bar defense. If successful, that would invalidate several claims of two of the patents-in-suit.

The Federal Circuit reiterated that, under *Pfaff v. Wells Elecs., Inc.*,<sup>38</sup> “Venture needed to show that, before the critical date, Sunoco’s patented invention was both (1) ‘the subject of a commercial offer for sale’ and (2) ‘ready for patenting.’ \* \* \*. And Venture had to ‘prove the facts underlying both prongs \* \* \* by clear and convincing evidence.’ ”<sup>39</sup>

The Federal Circuit explained that “[a] patent owner like Sunoco can negate an on-sale bar by demonstrating that the sale occurred ‘primarily for purposes of experimentation.’ \* \* \* This experimental-use doctrine draws a ‘distinction between inventions put to experimental use and products sold commercially,’ in the interest of protecting both ‘the public’s right to retain knowledge already in the public domain and the inventor’s right to control whether and when he may patent his invention.’ \* \* \* As the Supreme Court explained long ago, inventors may delay patenting to engage in ‘*bona fide* effort[s] to bring his invention to perfection, or to ascertain whether it will answer the purpose intended.’ \* \* \* At the same time, ‘[a]ny attempt to use [the invention] for a profit[] and not by way of experiment’ before the critical date will ‘deprive the inventor of his right to a patent.’ \* \* \* Otherwise, patent owners could ‘acquire[] an undue advantage over the public’ by ‘preserv[ing] the[ir] monopoly \* \* \* for a longer period than is allowed.’ ”<sup>40</sup>

The district court here concluded, on summary judgment, that the first prong of *Pfaff* (commercial sale) had not been met, and therefore had not decided the second prong (“ready for patenting”). The district court had held that Sunoco had “demonstrated the requisite experimental intent.”

The critical date was February 9, 2000. Two days before that date, the inventors’ company, MCE Blending (MCE), offered to sell an automated butane-blending system to a company – Equilon Enterprise LLC (Equilon) – and install it at Equilon’s terminal in Detroit.

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<sup>38</sup> 525 U.S. 55, 57 (1998).

<sup>39</sup> \_\_\_ F.3d at \_\_\_.

<sup>40</sup> \_\_\_ F.3d at \_\_\_.

MCE offered that system “in consideration for” Equilon’s commitment to purchase at least 500,000 barrels of butane from MCE over roughly five years. The district court decided that transaction was primarily for experimental, rather than commercial, purposes. The Federal Circuit disagreed.

The Federal Circuit explained that “[w]hether the Equilon transaction was for primarily experimental or commercial purposes ‘is a question of law to be analyzed based on the totality of the surrounding circumstances.’ \* \* \* We assess the Equilon sale ‘under the law of contracts as generally understood,’ focusing on ‘those activities that would be understood to be commercial sales and offers for sale ‘in the commercial community.’”<sup>41</sup>

The district court had concluded that the agreement did not require Equilon to pay MCE anything in exchange for the system. The Federal Circuit disagreed, pointing to (1) language in the agreement referring to a “sale” without any reference to experimental purposes, and (2) Equilon’s agreement to buy a minimum of 500,000 barrels of butane. Also, the agreement plainly resulted in a transfer of title to the equipment.

Sunoco principally relied on a portion of the agreement that involved pre-installation and post-installation testing. The Federal Circuit viewed both as simply provisions for ensuring that the equipment operated properly – not experimental testing.

The Federal Circuit reasoned that “[h]ere, the testing described in the Equilon agreement occurred to effectuate the sale, rather than the sale occurring to occasion the testing. Therefore, we conclude that the Equilon agreement was an offer for sale made to commercially exploit the invention rather than primarily for experimental purposes.”<sup>42</sup>

- b) District Court Erred by Treating a Pre-Critical Date Letter as Preliminary Negotiations as Opposed to an Offer for Sale   

In *Junker v. Medical Components, Inc.*,<sup>43</sup> the Federal Circuit concluded that the district court had erred in treating a pre-critical date letter as preliminary negotiations rather than as an offer for sale. Accordingly, the Federal Circuit concluded that Junker’s patent-in-suit was invalid.

Larry Junker was the named inventor of a design patent drawn to a medical device. Junker sued MedComp for infringement. In response to cross-motions for summary judgment on whether a pre-critical date letter constituted a commercial offer for sale under § 102(b), the district court granted Junker’s motion concluding that his patent was not invalid. The district court ultimately awarded Junker a little less than \$1.25 million in damages.

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<sup>41</sup> \_\_\_ F.3d at \_\_\_.

<sup>42</sup> \_\_\_ F.3d at \_\_\_.

<sup>43</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Dyk, Reyna)(appeal from the United States District Court for the Eastern District of Pennsylvania in No. 2:13-cv-04606-MISG, Judge Mitchell S. Goldberg).

Junker's design patent, titled "Handle for Introducer Sheath," claimed "[t]he ornamental design for a handle for introducer sheath, as shown and described," as shown in Fig. 1:



The application was filed on February 7, 2000. Thus, the critical date was February 7, 1999.

Junker had been working in the medical device industry since the '70s, and had started a company purchasing and reselling catheter kits containing a needle, syringe, guidewire and introducer sheath for inserting a catheter into a patient's vein.

Junker in the mid-80s began developing a new design for an introducer sheath based on his having observed catheter insertion procedures. His new design focused on the sheath's handle having large, rounded Mickey-Mouse-shaped ears and designed such that the sheath could be peeled apart leaving the catheter in place in a patient's body.

Junker, however, did not have the capability to manufacture the product. In 1998, Junker developed a business relationship with James Eddings, founder of Galt Medical, a medical device company. The parties entered into a non-disclosure agreement. After which, Junker disclosed his design to Eddings, who enlisted a Galt engineer to sketch the proposed design. Junker modified that design to the current design.

At the same time, Eddings founded a new company, Xentek Medical, to develop, manufacture and sell tearaway introducer sheath products. In January 1999, Xentek developed and provided Junker with a prototype that included all of the features of Junker's design.

Also, in early January 1999, Eddings/Xentek began communicating with Boston Scientific Corporation regarding a peelable introducer sheath product. On January 8, 1999, roughly one month before the critical date, Xentek sent Boston Scientific a letter detailing bulk pricing information for variously sized peelable introducer sheath products. There was no dispute that letter referred to Junker's design.

The Federal Circuit concluded that the question was a simple one – whether the January 8, 1999, letter constituted a commercial offer for sale, or merely a quotation indicating that the parties were in preliminary negotiations.

The Federal Circuit pointed primarily to the language of the letter in concluding that the letter was not an unsolicited price quotation or invitation to negotiate, but rather a specific offer to Boston Scientific. The letter contained a number of terms typical for a commercial product, including delivery and payment terms, and multiple purchase options.

The Federal Circuit rejected Junker’s argument that the letter was not an offer for sale because there could be no binding contract by simple acceptance – namely, there were multiple different sized products, and prices for different quantities. The Federal Circuit reasoned that the letter contained multiple offers that could be accepted by, for example, saying “We’ll take 5,000 sets of the 4F-6F Medi-Tech Peelable Sheath.”

The Federal Circuit acknowledged that the letter used the word “quote” three times, but noted that comments to the Restatement (Second) of Contracts § 26 noted that “quote” may be used in offers.

The Federal Circuit concluded that “the specificity and completeness of the commercial terms in the letter outweigh the three references to ‘quotation’ and mention of possible future discussions. Taken as a whole, the overall language of the letter signals Xentek’s intent to make a commitment and invite Boston Scientific to act rather than merely negotiate.”<sup>44</sup>

### C. U.S. Patents as Prior Art – § 102(e)

#### 1. Federal Circuit Concludes That Statute Only Requires That a Patent be “Granted” – Not That It be Currently Valid 🍌🍌

In *Becton, Dickinson & Co. v. Baxter Corp. Englewood*,<sup>45</sup> the reversed the PTAB’s conclusion, in an IPR, that the claims Baxter’s patent-at-issue drawn to a method of telepharmacy, were not invalid as obvious. The Federal Circuit, for factual reasons, concluded that the PTAB had misconstrued the prior art. The Federal Circuit held that all claims were invalid as having been obvious.

In an alternative argument, Baxter argued that one of the prior art references, Alexander, was not prior art under § 102(e)(pre-AIA). Alexander’s filing date was February 11, 2005, which was prior to the earliest effect filing date of the patent-at-issue, October 13, 2008. The claims in Alexander were “granted” and Alexander was by “another.”

Baxter argued, however, that all claims in Alexander were cancelled on February 15, 2018, following an IPR. Baxter argued that because the “grant” of Alexander had been revoked, Alexander no longer constituted prior art under § 102(e)(2).

The Federal Circuit disagreed, reasoning that “[t]he text of the statute requires only that the patent be ‘granted,’ meaning the ‘grant[]’ has occurred. 35 U.S.C. § 102(e)(2) (pre-AIA). The statute does not require that the patent be currently valid.”<sup>46</sup>

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<sup>44</sup> \_\_\_ F.3d at \_\_\_.

<sup>45</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Prost and Clevenger)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2019-00119).

<sup>46</sup> \_\_\_ F.3d at \_\_\_.

II. NOVELTY AND LOSS OF RIGHT TO A PATENT — § 102 (POST-AIA)

A. Novelty – Prior Art – § 102(a)

1. The Revised Statute – AIA

The revised statute provides:

(a) Novelty; Prior Art.— A person shall be entitled to a patent unless—

(1) the claimed invention was 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; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

2. “patented, described in a printed publication”

a) Exhibit may be authenticated by “[a] comparison with an authenticated specimen by an expert witness or the trier of fact.” Fed. R. Evid. 901(b)(3) 

b) Comparison May be Done by “an expert witness or the trier of fact” 

c) PTAB “had an obligation to make the comparison, as Rule 901(b)(3) contemplates and as the cases require”   

d) “We have previously held that where a publication’s purpose is ‘dialogue with the intended audience,’ that purpose indicates public accessibility”   

In *Vabe Corp. v. Ironburg Inventions Ltd.*,<sup>47</sup> the Federal Circuit, *inter alia*, reversed the PTAB’s conclusion that a certain document, asserted to constitute prior art, had not been properly authenticated and did not constitute a prior art “printed publication.”

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<sup>47</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Newman and Lourie)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-00858, IPR2017-01928).

The two patents-at-issue claimed priority to provisional applications that were filed after the effective date of the AIA. Thus, the provisions of § 102, as amended by the AIA, applied.

Ironburg’s two patents-at-issue – the ’688 and ’229 patents – had the same inventors (Simon Burgess and Duncan Ironmonger) and were directed to similar subject matter, but otherwise were unrelated.

The ’688 patent was drawn to a controller for a game console that had additional controls. In response to a petition for IPR filed by Valve, the PTAB concluded that certain claims were unpatentable as anticipated by a U.S. Patent Application Publication to Uy.

The PTAB also concluded that other claims had not been shown to be unpatentable as having been obvious in view of a “Burns article” because that article had not been “authenticated.”

In a second IPR, Valve asserted that all claims of the ’229 patent, similarly drawn to additional controls on a game controller, had not been shown to be unpatentable as anticipated by Uy, and because Valve had failed to show that a copy of the “Burns article” that Valve relied on constituted prior art.

At issue was an “Exhibit” to Valve’s petition for IPR which Valve asserted was a printed copy of an online review of an Xbox 360 controller, “Review: Scuf Xbox 360 Controller” by Dave Burns, published on October 20, 2010. The Exhibit disclosed a “controller” with additional controls which were relevant to various claim limitations.

Valve asserted that the Exhibit constituted “prior art” because it was a printout of the same online article by Dave Burns (the Burns article) that was cited in the prosecution histories of both the ’688 and ’229 patents.

The PTAB concluded that Valve had not shown that the Exhibit was the same as the asserted prior art documents in the prosecution histories – namely, that Valve had failed to “authenticate” the Exhibit pursuant to Fed. R. Evid. 901(a) (“To satisfy the requirement of authenticating or identifying an item of evidence, the proponent must produce evidence sufficient to support a finding that the item is what the proponent claims it is.”).

Ironburg also contended on appeal that the documents in the prosecution history did not constitute prior art because they were not publicly accessible.

With respect to the authentication issue, the Federal Circuit explained that “[t]he Exhibit may be authenticated by [a] comparison with an authenticated specimen by an expert witness or the trier of fact,’ here, the article by Dave Burns in the certified ’525 patent prosecution history (“the ’525 Burns article”) [another of Ironburg’s patents]. Fed. R. Evid. 901(b)(3). Authentication by comparison is routine.”<sup>48</sup>

The Federal Circuit concluded that the Exhibit and the prosecution documents were virtually identical. The Federal Circuit discounted a difference in dates on the documents, concluding that “[t]he difference in dates does not bear on the subject matter being disclosed, which is identical in each document. Moreover, the difference in dates is consistent with a date

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<sup>48</sup> \_\_\_ F.3d at \_\_\_.

of access for the Exhibit that is later than the '525 Burns article and does not suggest that the Exhibit is materially different. Ironburg identifies no other substantive difference between the two."<sup>49</sup>

The Federal Circuit noted that the PTAB had declined to compare the '525 Burns article with the Exhibit, reasoning that it was not obligated to compare the two because Valve had provided no testimony that the two were identical.

The Federal Circuit concluded that was error – “There is no requirement that such testimony be supplied. Rule 901(b)(3) of the Federal Rules of Evidence contemplates comparison by the ‘trier of fact,’ and, as noted, that is done routinely. A comparison of the '525 Burns article with the Exhibit is not burdensome. The '525 Burns article is nine pages long, and the Exhibit is ten pages long. The article in each document is twelve paragraphs long, and has 23 images. The Board had an obligation to make the comparison, as Rule 901(b)(3) contemplates and as the cases require.”<sup>50</sup>

The Federal Circuit concluded that, despite some minor differences, “the Exhibit is substantively the same as the copies of the Burns article in the prosecution histories of the '525 patent and the '688 and '229 patents.”<sup>51</sup>

The PTAB did not determine whether the copies of the Burns article constituted “printed publications.” Ironburg argued that Valve had failed to show that the copies of the Burns article in the prosecution histories were prior art because they were not shown to be publicly accessible before the priority date. The Federal Circuit disagreed.

The Federal Circuit concluded that “[t]here is overwhelming evidence that at least the '525 Burns article is prior art, and thus, the Exhibit, which is substantively the same, is also prior art.”<sup>52</sup>

The earliest priority date for the '688 patent was April 14, 2014. The earliest priority date for the '229 patent was May 22, 2013. Thus, the Exhibit would constitute “prior art” for both patents if that Exhibit was publicly accessible before May 22, 2013, shown by establishing that the '525 Burns article (same as the Exhibit) was “prior art.”

The Federal Circuit concluded that “[t]here is overwhelming evidence that the '525 Burns article was publicly accessible on October 20, 2010, more than two years before the critical date.”<sup>53</sup>

The Federal Circuit pointed to a declaration by Burgess explaining that he had facilitated publication of the Burns article in an effort to reach the general public to promote his business. According to Burgess’ deposition testimony, Burns had worked for an on-line magazine, Xboxer 360, and at the time of publication of the Burns article, Burgess was an

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<sup>49</sup> \_\_\_ F.3d at \_\_\_.

<sup>50</sup> \_\_\_ F.3d at \_\_\_.

<sup>51</sup> \_\_\_ F.3d at \_\_\_.

<sup>52</sup> \_\_\_ F.3d at \_\_\_.

<sup>53</sup> \_\_\_ F.3d at \_\_\_.

owner of business known as “Scuf Control.” According to Burgess’ testimony, Scuf Control had sent Burns a controller, and Burns had written an online review, which was the Burns article. Burgess had “given it away” to promote the business.

The Federal Circuit found that “[t]he promotional purpose of the Burns article is clear from its last sentence, which reads, ‘For more info and to buy visit <http://www.scufcontrol.com/>.’”<sup>54</sup>

The Federal Circuit explained that “[w]e have previously held that where a publication’s purpose is ‘dialogue with the intended audience,’ that purpose indicates public accessibility. \* \* \* Here, the Burns article ‘was intended to reach the general public,’ \* \* \*, so that the review could ‘promote’ Mr. Burgess’s business. \* \* \* That is strong evidence that the online review was publicly accessible.”<sup>55</sup>

The Federal Circuit also noted that PTO examiners had found that the Burns article had been published on October 20, 2010, more than two years before the critical date. The Federal Circuit also noted that the ’525 Burns article had been retrieved from the “Wayback Machine,” a source used by PTO examiners. The Federal Circuit’s opinion seems to lend credence to using to “Wayback Machine” as a source for determining a date of publication.

The Federal Circuit concluded that “[t]he confirmation of the ’525 Burns article’s publication date of October 20, 2010, by the ’525 patent examiner is highly persuasive evidence of public accessibility of the ’525 Burns article, and therefore, the Exhibit, by that date.”<sup>56</sup>

The Federal Circuit concluded that “Valve established by overwhelming evidence that the Exhibit is a copy of an online article that was publicly accessible on October 20, 2010, that the Board could not find otherwise, and therefore the Exhibit is prior art. We reverse the Board’s determination that the Exhibit was not prior art, vacate the Board’s determination that claims 18, 19, 21, 26, and 29 of the ’688 patent and claims 1, 2, 9–17, and 21–24 of the ’229 patent were not shown to be unpatentable, and remand for the Board to consider Valve’s arguments that relied on the Exhibit as to those claims.”<sup>57</sup>

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<sup>54</sup> \_\_\_ F.3d at \_\_\_.

<sup>55</sup> \_\_\_ F.3d at \_\_\_.

<sup>56</sup> \_\_\_ F.3d at \_\_\_.

<sup>57</sup> \_\_\_ F.3d at \_\_\_.

### III. OBVIOUSNESS/NON-OBVIOUSNESS — § 103

#### A. The Obviousness/Non-Obviousness Analysis – Post *KSR*

##### 1. In General

- a) In a Fact-Based Lengthy Opinion, Federal Circuit Panel Majority, Over a Dissent by Circuit Judge Newman, Affirms District Court's Conclusion That Asserted Claims of Four Patents-in-Suit Drawn to Commercially Successful NARCAN® Nasal Spray Would Have Been Obvious 

In *Adapt Pharma Operations Ltd. v. Teva Pharmaceuticals USA, Inc.*,<sup>58</sup> the Federal Circuit panel majority affirmed the district court's judgment that the asserted claims in Adapt's four patents-in-suit were invalid as having been obvious.

The majority and dissenting opinions are lengthy – roughly 50 pages. The opinions are entirely fact-based, and contain no “new law.” Thus, the case will be addressed summarily.

Adapt's four patents-in-suit were drawn to methods of treating opioid overdose by intranasal administration of a naloxone formulation, and devices for such intranasal administration. Naloxone was the active ingredient in Adapt's commercially successful NARCAN® Nasal Spray. Naloxone was an opioid receptor antagonist that blocked opioids from reaching opioid receptors, thus reversing the effects of an overdose.

Numerous naloxone products for treating opioid overdose were known. But, those required an injection. Also, it was known to administer naloxone intranasally, using a so-called MAD Kit that included a naloxone injection product with a device known as the Mucosal Atomization Device. The injection products required administration by trained medical personnel, which precluded many first responders. The MAD kit could be used by first responders, but required assembly prior to use and delivered too much fluid into the nose.

Adapt was the current holder of the New Drug Application for NARCAN® which had received FDA approval. The asserted patents were listed in the FDA Orange Book for that product.

Teva submitted an ANDA to produce a generic version of NARCAN® along with a Paragraph IV certification that the patents-in-suit were invalid, unenforceable or not infringed. Adapt responded with a suit for infringement. Before trial, Teva stipulated to infringement.

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<sup>58</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Stoll, joined by Circuit Judge Prost, dissenting opinion by Circuit Judge Newman)(appeal from the United States District Court for the District of New Jersey in Nos. 2:16-cv-07721-BRM-JAD, 2:17-cv-00864-JLL-JAD, 2:17-cv-02877-JLL-JAD, 2:17-cv-05100-JLL-JAD, 2:18-cv-09880-JLL-JAD, Judge Brian R. Martinotti).

After a two-week bench trial, the district court issued a nearly 100-page “comprehensive” (Federal Circuit’s characterization) concluded that Teva had proven, by clear and convincing evidence, that the asserted claims would have been obvious.

Adapt asserted on appeal that the district court’s factual findings were clearly erroneous, specifically (1) the district court’s finding that a skilled artisan would have been motivated to combine the prior art references to arrive at the claimed invention, (2) the district court’s finding that the prior, as a whole, did not teach away from the claimed invention, and (3) the district court’s findings related to Adapt’s proffered objective indicia of non-obviousness.

The Federal Circuit panel majority characterized the case as a “close case,” “with facts supporting both parties’ arguments,” but concluded that there was “no basis” to disturb the district court’s ultimate legal conclusion of obviousness.

Circuit Judge Newman, in dissent, noted Adapt’s argument that “Narcan became ‘the first and only’ FDA-approved naloxone intranasal spray,” and it “captured over 95% of the retail market.” Judge Newman urged that there was no teaching or suggestion in the prior art for the claimed invention.

## 2. Enablement

- a) Despite Prior Case Law Suggesting That a Prior Art Reference Need Not Have an Enabling Disclosure, Federal Circuit Reverses PTAB’s Conclusion of Obviousness Where Prior Art Reference Did Not Have an Enabling Disclosure 

In *Raytheon Technologies Corp. v. General Electric Co.*,<sup>59</sup> the Federal Circuit, in a panel opinion, departed somewhat from prior case law suggesting that a prior art reference need not contain an enabling disclosure to serve as a reference under § 103.

The Federal Circuit noted that “[w]e have explained that there is no absolute requirement for a relied-upon reference to be self-enabling in the § 103 context, so long as the overall evidence of what was known at the time of invention establishes that a skilled artisan could have made and used the claimed invention.”<sup>60</sup>

The Federal Circuit also noted that “[w]e have also previously expounded the principle that if an obviousness case is based on a non-self-enabled reference, and no other prior art reference or evidence would have enabled a skilled artisan to make the claimed invention, then the invention cannot be said to have been obvious.”<sup>61</sup>

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<sup>59</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Chen, joined by Circuit Judges Lourie and Hughes)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-01442).

<sup>60</sup> \_\_\_ F.3d at \_\_\_.

<sup>61</sup> \_\_\_ F.3d at \_\_\_.

Raytheon appealed the FWD of the PTAB that claims 3 and 16 of its patent-at-issue were unpatentable in view of a Knip reference.

The PTAB found that Knip disclosed a claimed power density limitation for a geared gas turbine engine. Raytheon submitted un rebutted evidence that Knip’s disclosure of highly aggressive performance parameters for a futuristic turbine engine was based on the use of nonexistent composite materials.

GE, the petitioner, did not provide any evidence suggesting that a skilled artisan could have made a turbine engine with the power density recited in the claims.

The Federal Circuit concluded that “[b]ecause the relied-upon prior art fails to enable a skilled artisan to make and use the claimed invention, we *reverse*.”<sup>62</sup>

Raytheon’s patent was drawn to gas turbine engines, with two turbines and a specific number of fan blades and turbine rotors and/or stages. The key distinguishing feature of the claims was the recitation of a “power density” range that the patent describes as being “much higher than in the prior art.” The patent referred to power density as the “sea-level-takeoff thrust” (SLTO thrust) divided by the engine turbine volume.

GE petitioned for IPR of certain claims relying on, *inter alia*, Knip in an assertion of obviousness.

Knip was a 1987 NASA technical memorandum that envisioned superior performance characteristics for an imagined “advanced [turbofan] engine” “incorporating all composite materials.”

The Federal Circuit noted that “[a]lthough the construction of a turbofan engine incorporating such composite materials was undisputedly unattainable at that time (and, according to the record, continues to this day to be beyond reality), an imagined application of these ‘revolutionary’ composite materials to a turbofan engine allowed the author of Knip to assume aggressive performance parameters for an ‘advanced engine,’ including then-unachievable pressure ratios and turbine temperatures. \* \* \* Knip predicts that the use of these composite materials would permit the resulting advanced engine to achieve significant reductions in engine volume and weight leading to ‘improvement in engine performance and thrust-to-weight-ratios.’ \* \* \* Although Knip discloses numerous performance parameters associated with its futuristic engine, it does not explicitly disclose SLTO [Sea Level Takeoff] thrust, turbine volume, or power density.”<sup>63</sup>

GE contended that the prior art, including Knip, disclosed “power densities [that] render[ed] obvious or anticipate the claimed power density range, proving the challenged claims unpatentable. In the alternative, GE argued that because power density is a ‘result effective variable,’ \* \* \* ‘even if Knip did not disclose a turbine section volume and/or SLTO thrust that resulted in a power density within the claimed range, it would have nevertheless

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<sup>62</sup> \_\_\_ F.3d at \_\_\_.

<sup>63</sup> \_\_\_ F.3d at \_\_\_.

been obvious to a [skilled artisan] to modify the thrust and/or turbine volume for Knip’s engine to optimize the power density.’ ”<sup>64</sup>

After a disclaimer, Raytheon relied on the limitations in the subject claims regarding power density to argue patentability over Knip.

The PTAB in its FWD concluded that GE had met its burden of showing that claims 3 and 16 were unpatentable as having been obvious. The PTAB treated enablement as a threshold issue, and concluded that Knip was “enabling” because it provided enough information to allow a skilled artisan to “determine a power density as defined in claim 1, and within the range pro-scribed in claim 1.”<sup>65</sup> The PTAB found that Knip rendered claims 3 and 16 unpatentable as being obvious.

The Federal Circuit noted that “Raytheon’s appeal presents a single issue: whether the Board erred in finding Knip ‘enabling’ of the claimed invention. According to Raytheon, the Board improperly focused only on whether Knip enables a skilled artisan to calculate the power density of Knip’s contemplated, futuristic engine, rather than also considering whether Knip enables a skilled artisan to make the claimed invention. Raytheon argues that, when viewed under the proper legal standard, nothing in the record demonstrates that Knip enables a skilled artisan to make the claimed invention. We agree.”<sup>66</sup>

The Federal Circuit reiterated that “[t]o render a claim obvious, the prior art, taken as a whole, must enable a skilled artisan to make and use the claimed invention. \* \* \* In general, a prior art reference asserted under § 103 does not necessarily have to enable its own disclosure, i.e., be ‘self-enabling,’ to be relevant to the obviousness inquiry. \* \* \* For example, a reference that does not provide an enabling disclosure for a particular claim limitation may nonetheless furnish the motivation to combine, and be combined with, another reference in which that limitation is enabled. \* \* \* Alternatively, such a reference may be used to supply claim elements enabled by other prior art or evidence of record. \* \* \*.”<sup>67</sup>

The Federal Circuit added that “[b]ut even though a non-enabling reference can play a role in an obviousness analysis, the evidence of record must still establish that a skilled artisan could have made the claimed invention.”<sup>68</sup>

And the Federal Circuit turned to a footnote in a 1982 Sixth Circuit decision, *Minn. Mining & Mfg. Co. v. Blume*,<sup>69</sup> concluding, *inter alia*, that “[t]he enabling disclosure concept [for a prior art reference] is a commonsense factor in making a determination of obviousness, for if neither any item of prior art, nor the background knowledge of one with ordinary skill in the art, would enable one to arrive at an invention, that invention would not be obvious. But to argue, as does [the patentee], that the sufficiency of each prior art teaching must be tested

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<sup>64</sup> \_\_\_ F.3d at \_\_\_.

<sup>65</sup> \_\_\_ F.3d at \_\_\_.

<sup>66</sup> \_\_\_ F.3d at \_\_\_.

<sup>67</sup> \_\_\_ F.3d at \_\_\_.

<sup>68</sup> \_\_\_ F.3d at \_\_\_.

<sup>69</sup> 684 F.2d 1166, 1173 n.10 (6th Cir. 1982).

under the strict standard requiring an enabling disclosure is to shift the emphasis from obviousness in light of the prior art, taken as a whole, to the sufficiency of each prior art teaching separately considered.”

The Federal Circuit panel, citing, at best, questionable prior opinion support, concluded that “[i]n the absence of such other supporting evidence to enable a skilled artisan to make the claimed invention, a standalone § 103 reference must enable the portions of its disclosure being relied upon. \* \* \* In this context the reference must necessarily enable the relied-upon portion of its own disclosure—the same standard applied to anticipatory references.”<sup>70</sup>

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Comment: It is understood why the Federal Circuit panel concluded as it did. The Knip reference was plainly directed to “the future” and was non-enabling in present day technology. However, the consummate “rule” since inauguration of the Federal Circuit is that (1) prior decisions by the U.S. Court of Customs and Patent Appeals and the U.S. Court of Claims constitute the body of precedential law for the Federal Circuit,<sup>71</sup> and (2) decisions by prior panels of the Federal Circuit (or its predecessor courts) prevail until overturned by an *en banc* court.<sup>72</sup>

This opinion seems to fully cast a blind eye to the Federal Circuit’s (and the Federal Circuit’s governing law), and write as if the panel had a blank page.

In the author’s view, this case will subsequently likely be limited to the specific facts of the case. Accordingly, the Federal Circuit’s holding should be taken with a grain of salt.

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The Federal Circuit agreed with Raytheon that the PTAB had erred in its enablement analysis – “Here, the only prior art or other evidence GE relied on to establish that one of skill in the art would have been able to make a turbofan engine with the claimed power density was the Knip reference. But rather than determining whether Knip enabled a skilled artisan to make and use the claimed invention \* \* \* the Board focused only on ‘whether [a skilled artisan] is provided with sufficient parameters in Knip to determine, without undue experimentation, a power density \* \* \*.’ \* \* \* This error propagates throughout the Board’s enablement analysis, \* \* \* which fails to address whether Knip enables the claimed invention.”<sup>73</sup>

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<sup>70</sup> \_\_\_ F.3d at \_\_\_.

<sup>71</sup> *South Corp. v. Unites States*, 690 F.2d 1368, 1369 (Fed. Cir. 1982)(“We hold that the holdings of our predecessor courts, the United States Court of Claims and the United States Court of Customs and Patent Appeals, announced by those courts before the close of business September 30, 1982, shall be binding as precedent in this court.”).

<sup>72</sup> *Kimberly Clark Corp. v. Fort Howard Paper Co.*, 772 F.2d 860, 863 (Fed.Cir. 1985)(“This court has adopted the rule that prior decisions of a panel of the court are binding precedent on subsequent panels unless and until overturned in banc.” *Newell Companies, Inc. v. Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988), *UMC Electronics Co. v. U.S.*, 816 F.2d 847 n. 6 (Fed. Cir. 1987)(“ A panel of this court is bound by prior precedential decisions unless and until overturned in banc.”), *Kimberly Clark Corp. v. Fort Howard Paper Co.*, 772 F.2d 860, 863 (Fed.Cir.1985)(“Counsel is apparently unaware that a panel of this court is bound by prior precedential decisions unless and until overturned *in banc*. Thus, statements in opinions of this court must be read harmoniously with prior precedent, not in isolation.”).

<sup>73</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit concluded that “[i]n sum, we conclude that GE failed to provide an evidence-based case for how the turbofan engine claimed in the ’751 patent having a particular power density is enabled by Knip’s disclosure. Thus, the Board’s finding that Knip is ‘enabling’ is legal error.”<sup>74</sup>

3. “Range” Cases

- a) Federal Circuit Reiterates That It Has Never Applied a Presumption of Obviousness Where the Prior Art Disclosed Overlapping Ranges Unless an Overlapping Range Was “Expressly” Disclosed in the Prior Art 
- b) Federal Circuit Declines to Address Whether Presumption “Could” Apply 
- c) Alleged Overlap of Ranges in Prior Art Require That the General Working Conditions Disclosed in the Prior Art Encompass the Claimed Invention 

*See ModernaTx, Inc. v. Arbutus Biopharma Corporation*,<sup>75</sup> discussed below in conjunction with Art. III standing to appeal an adverse PTAB judgment in an IPR.

In *Teva Pharmaceuticals USA, Inc. v. Corcept Therapeutics, Inc.*,<sup>76</sup> the Federal Circuit affirmed the PTAB’s conclusion that Teva had failed to show that the claims of Corcept’s patent-at-issue were unpatentable as having been obvious.

Corcept’s patent-at-issue claimed a method of treating Cushing’s syndrome who was taking an original once-daily dose of 1200 mg or 900 mg of mifepristone by reducing the original once-daily dose to an adjusted once-daily dose of 600 mg mifepristone, and administering the same with a strong CYP3A inhibitor.

Corcept sued Teva for infringement, and Teva sought post-grant review (PGR) urging that the claims would have been obvious in view of the label for Kortlym, a 300 mg mifepristone tablet, and Lee. Teva relied on an expert declaration asserting that “it was reasonably likely that 600 mg [per day of mifepristone] would be well tolerated and therapeutically effective when co-administered with a strong CYP3A inhibitor.”

The PTAB concluded that Teva had failed to prove that the claims would have been obvious.

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<sup>74</sup> \_\_\_ F.3d at \_\_\_.

<sup>75</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges O’Malley and Stoll)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2019-00554).

<sup>76</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Newman and Reyna)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. PGR2019-00048).

The Federal Circuit agreed with the PTAB that there was no showing of an expectation of success for any dosage over 300 mg per day, and therefore was no expectation of success for the specific 600 mg per day dosage.

The Federal Circuit also agreed with the PTAB that the overlapping range cases did not apply because Teva had failed to prove the general working conditions in the prior art encompassed the claimed invention.

The Federal Circuit concluded that “[s]ubstantial evidence supports the Board’s finding that the general working conditions disclosed in the prior art did not encompass the claimed invention, i.e., there was no overlap in ranges. In the Board’s view, ‘the evidence of record support[ed] that the general working conditions limited co-administration of mifepristone with a strong CYP3A inhibitor to just 300 mg/day.’”<sup>77</sup>

- d) “A *prima facie* case of obviousness typically exists when the ranges of a claimed composition overlap the ranges disclosed in the prior art.” 

In *Almirall, LLC v. Amneal Pharmaceuticals LLC*,<sup>78</sup> the Federal Circuit affirmed the PTAB’s conclusion that the challenged claims of Almirall’s patent-at-issue would have been obvious over the asserted prior art.

Almirall’s patent-at-issue was drawn to methods of treating acne or rosacea with dapson formulations that included an acrylamide/sodium acryloyldimethyl taurate copolymer (A/SA) thickening agent and the solvent diethylene glycol monoethyl ether (DGME).

The claims called for either a certain amount or a range of A/SA. The PTAB concluded that the combined prior art taught or suggested every claim limitation, and that a POSITA would have been motivated, with a reasonable expectation of success, to incorporate an A/SA gelling taught in one reference into dapson formulations taught in another reference.

Almirall, on appeal, urged, *inter alia*, that the PTAB had erred in presuming obviousness based on overlapping ranges. The Federal Circuit disagreed.

The Federal Circuit reiterated that “ ‘A *prima facie* case of obviousness typically exists when the ranges of a claimed composition overlap the ranges disclosed in the prior art.’ \* \* \* ‘The point of our overlapping range cases is that, in the absence of evidence indicating that there is something special or critical about the claimed range, an overlap suffices to show that the claimed range was disclosed in—and therefore obvious in light of—the prior art.’ \* \* \* A presumption of obviousness does not shift the burden of persuasion to the patentee to prove non-obviousness, but a presumption establishes that, ‘absent a reason to conclude otherwise,

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<sup>77</sup> \_\_\_ F.3d at \_\_\_.

<sup>78</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Chen and Cunningham)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2019-00207, IPR2019-01095).

a factfinder is justified in concluding that a disclosed range does just that—discloses the entire range.”<sup>79</sup>

The Federal Circuit concluded that the PTAB had not erred in applying a presumption of obviousness based on overlapping ranges.

However, the Federal Circuit concluded that even if such a “presumption” did not apply, the outcome would be the same because the case involved simply substituting one known gelling agent for another.

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**Comment:** Here, the primary reference disclosed a gelling agent entirely encompassing the claimed amount/range. That, as the Federal Circuit noted, leads to a “*prima facie*” case of obviousness where the claimed gelling agent was widely known.

The sue of a “*prima facie*” case analysis arose, and is most usually associated with *ex parte* prosecution before the PTO. In that analysis, the question is whether the examiner, in the first instance, has made a *prima facie* case of obviousness, which puts a burden of going forward/response (but not the burden of persuasion) on the patent applicant. Namely, in response to a rejection, a patent applicant has a choice to argue either (1) the examiner had not made a *prima facie* case, or (2) introduce rebuttal argument.

In this opinion, the Federal Circuit seems to equate a “*prima facie*” case with a “presumption.” Those are two separate (and not equal) legal concepts. It would have been better for the Federal Circuit to keep those concepts separate, and not use the terms interchangeably. Contrary to what the Federal Circuit wrote, a true “legal presumption” in *inter parte* settings, actually does shift the burden of persuasion – and sometimes the standard of proof, as in the presumption of validity under § 282.

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- 4. Reason or Motivation for Combination
  - a) Industry Skepticism
    - i. Generic Industry Skepticism Cannot, Standing Alone, Preclude a Finding of Motivation to Combine 

In *Auris Health, Inc. v. Intuitive Surgical Operations, Inc.*,<sup>80</sup> the Federal Circuit reversed the PTAB’s conclusion that Auris had failed to show that the challenged claims would have been obvious based on generic industry skepticism. The Federal Circuit distinguished industry skepticism as part of the “objective considerations.”

Intuitive’s patent-at-issue related to robotic surgery systems, in particular addressing difficulties in swapping out various surgical tools during surgery.

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<sup>79</sup> \_\_\_\_ F.3d at \_\_\_\_.

<sup>80</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Prost, joined by Circuit Judge Dyk, dissenting opinion by Circuit Judge Reyna)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2019-01533).

The PTAB found, and the Federal Circuit agreed, that the prior art – Smith and Faraz – together disclosed each limitation of the challenged claims. Intuitive argued that a POSITA would not, however, been motivated to combine the references because surgeons were skeptical about performing robotic surgery in the first place, so there would have been no reason to modify Smith’s already complex system with Franz’s robotic surgical stand.

In reversing, the Federal Circuit explained that “[t]he motivation-to-combine inquiry asks whether a skilled artisan ‘not only could have made but would have been motivated to make the combinations \* \* \* of prior art to arrive at the claimed invention.’ \* \* \* As to the ‘would have’ question, ‘any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.’ \* \* \* It follows that generic industry skepticism cannot, standing alone, preclude a finding of motivation to combine.”<sup>81</sup> (emphasis added)

The Federal Circuit distinguished industry skepticism as part of the “objective considerations” – “[t]o be sure, evidence of industry skepticism may play a role in an obviousness inquiry—but as a secondary consideration in a significantly different context. \* \* \* Yet even then, the evidence of skepticism must be specific to the invention, not generic to the field.”<sup>82</sup>

The Federal Circuit panel majority explained that “[a]lthough Intuitive suggests that the Board may consider generic industry skepticism in a motivation-to-combine analysis to ‘place [itself] in the minds of’ skilled artisans, \* \* \*, it offers no case law to suggest that the Board can rely on generic industry skepticism to find a lack of motivation to combine. And while *specific* evidence of industry skepticism related to a *specific* combination of references *might* contribute to finding a lack of motivation to combine, that’s not what we have here.”<sup>83</sup> (emphasis by court)

Judge Reyna dissented urging that while he agreed that skilled artisans’ general skepticism toward robotic surgery, by itself, could be insufficient to negate a motivation to combine, he disagreed that that such general skepticism could never support a finding of no motivation to combine. Judge Reyna also urged that here the PTAB had relied on other evidence as well in finding a lack of motivation to combine.

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<sup>81</sup> \_\_\_ F.3d at \_\_\_.

<sup>82</sup> \_\_\_ F.3d at \_\_\_.

<sup>83</sup> \_\_\_ F.3d at \_\_\_.

B. The *Graham* Findings

1. Differences Between the Prior Art and the Claimed Invention
  - a) Claim Construction
    - i. Federal Circuit Reverses PTAB’s Conclusion That Claims Were Patentable Where Alleged Difference Between Invention and the Prior Art Was Not Recited in the Claims 

In *Canfield Scientific, Inc. v. Melanoscan, LLC*,<sup>84</sup> the Federal Circuit reversed the PTAB’s conclusion that claims were patentable where the alleged difference between the invention and the prior art was not recited in the claims.

Melanoscan’s patent-at-issue was drawn to an apparatus for the detection, diagnosis and treatment of skin cancer. Canfield petitioned for IPR of certain claims. The PTAB concluded that independent claims 1 and 51 were patentable over the prior art and therefore concluded that all challenged claims (including dependent claims) were patentable. On appeal, the Federal Circuit reversed *vis-à-vis* claims 1 and 51, and remanded for a determination of the patentability of the dependent claims.

The patent-at-issue consisted of an enclosure with cameras and lights arranged in a manner that allowed for the imaging of non-occluded body surfaces in order to detect health and cosmetic conditions, as well as measurements and analysis of an optical image of the patient’s surfaces.

Canfield relied on five references – Voigt, Hurley, Crampton, Daanen and Dye. Voigt disclosed an enclosure having cameras and lights for analyzing and measuring images of a patient’s skin. The parties and the PTAB agreed that the only limitation of claim 1 that Voigt did not disclose was a “plurality of cameras spaced vertically, laterally, and on opposite sides of the centerline” within the enclosure. Melanoscan argued that because Voigt placed the subject along a wall, the subject could not be imaged from all sides.

Hurley disclosed a non-contact body measurement system for use in making made-to-measure clothing using calculated three-dimensional surface points of a human body using camera images. The PTAB concluded that all of the challenged claims were patentable over combinations of Voigt and Hurley, and other references, finding that a person of ordinary skill in the art would not have been motivated to combine “the unmodified Voigt’s system with Hurley’s arrangement of imaging devices [for] \* \* \* Voigt’s rear wall would have blocked the view of two rear-facing cameras, and Voigt’s horizontally adjustable sliders would have partially blocked the views of the remaining cameras.”

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<sup>84</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Newman, joined by Circuit Judges Dyk and Reyna)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2017-02125).

The Federal Circuit noted that claims 1 and 51 were not limited as to the location of the subject being imaged. The Federal Circuit concluded that “[c]laims 1 and 51 place the subject within the enclosure, as in the prior art, and place multiple cameras and lights within the enclosure, as in the prior art. We conclude that the subject matter described in claims 1 and 51 would have been obvious to a person of ordinary skill in the field of the invention. The Board’s ruling of patentability as to these claims is reversed.”<sup>85</sup>

ii. Federal Circuit Affirms PTAB’s Claim Construction and Resulting Conclusion of Obviousness For Factual Reasons 

In *Uniloc 2017 LLC v. Apple Inc.*,<sup>86</sup> the Federal Circuit affirmed the PTAB’s claim construction and resulting conclusion that the claims were unpatentable for obviousness. The Federal Circuit’s rationale was based entirely on the “facts” of the case – no “new law” or analysis was involved. It is questionable why the decision was issued as a precedential opinion.

Uniloc’s patent-at-issue was drawn to a system and method for policing various services provided with Voice over Internet Protocol (VoIP) services, such as caller-ID, call waiting, multi-line service, and different service levels known as the “codec specification.”

The independent claims called for “determining” whether a client device is authorized to invoke or receive a particular service and “filtering” the signaling message based on that authorization. In addition, some claims called for “intercepting” the signaling message before the determining and filtering steps were completed.

In an IPR, the PTAB concluded that claims 1–17 and 23–25 were invalid for obviousness in view of a “Kalmanek” patent. Uniloc contended that the PTAB’s decision was based on an erroneous claim construction. Apple, in a cross-appeal, contended that the PTAB had erred in concluding that claims 18-22, the remaining claims, would not have been obvious in view of Kalmanek. The Federal Circuit affirmed the PTAB’s decisions.

Apple, in petitioning for IPR, contended that the “intercepting” term should be construed to mean “the signaling [message] is *received by* a network entity located between the endpoints of the call.” Uniloc, on the other hand, contended that “intercepting” should be construed to exclude the receipt of a signaling message by the intended recipient of that message.

The PTAB construed “intercepting” to mean that “the signaling message is received by a network entity located between the endpoints of the call.” And concluded that Kalmanek “explicitly discloses that the called party’s device, *not* the gate controller, is the intended end recipient of the setup message” and that “Kalmanek’s setup messages are passed through, or intercepted by, the gate controllers.”

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<sup>85</sup> \_\_\_ F.3d at \_\_\_.

<sup>86</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Bryson, joined by Chief Judge Prost and Circuit Judge Reyna)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00884).

Accordingly, the PTAB concluded that all claims of the patent-at-issue, except for claim 18 and its dependent claims (which required authorizations related to at least two service types, namely caller-ID and the codec specification) were unpatentable as having been obvious in view of Kalmanek.

Regarding claim 18, the PTAB concluded that Apple’s allegations in its petition for PPR had failed to address the codec service, and therefore failed to raise a viable invalidity theory *vis-à-vis* claim 18.

For entirely factual reasons, based on the claims, specification and prosecution history, the Federal Circuit concluded that the PTAB’s construction of “intercepting” was correct. Accordingly, the Federal Circuit affirmed the PTAB’s conclusion that claims 1–17 and 23–25 were invalid for obviousness in view of Kalmanek.”

Regarding claims 18 *et al.*, the Federal Circuit found no reversible error, also for factual reasons.

2. “Secondary” or Objective Considerations
  - a) Commercial Success
    - i. Evidence of Commercial Success Can be Linked to an “inventive combination of known elements” to Show a Sufficient Nexus   
    - ii. Federal Circuit Explains “market share data, though potentially useful, is not required to show commercial success”   
    - iii. Federal Circuit Concludes “[t]he Board erred by misapplying the ‘blocking patents’ doctrine to the challenged patents themselves”   

In *Chemours Co. FG, LLC v. Daikin Industries, Ltd.*,<sup>87</sup> the Federal Circuit explained that “market share data, though potentially useful, is not required to show commercial success” and the “blocking patents” doctrine related to older patents, not the patents-in-suit.

Daikin filed petitions for IPR of certain claims of two patents – the ‘609 and ‘431 patents owned by Chemours.

The ‘609 patent was drawn to a polymer for insulating communication cables formed by pulling wires through melted polymer to coat and insulate the wires – “extrusion.” The

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<sup>87</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judge Newman, dissenting-in-part Circuit Judge Dyk)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-00992, IPR2018-00993).

claimed polymer was said to have unique properties that allowed high extrusion speeds. The '431 patent was similar.

The PTAB concluded that all challenged claims of both patents were unpatentable as having been obvious in view of a Kaulbach patent. On appeal, the Federal Circuit concluded that the PTAB's obviousness determination was not based on substantial evidence, and that the PTAB had erred in its analysis of the objective indicia of non-obviousness.

On the obviousness issue, the Federal Circuit concluded that the PTAB "appears to have ignored the express disclosure in Kaulbach that teaches away from the claimed invention and relied on teachings from other references that were not concerned with the particular problems Kaulbach sought to solve. In other words, the Board did not adequately grapple with why a skilled artisan would find it obvious to increase Kaulbach's melt flow rate to the claimed range while retaining its critical 'very narrow molecular-weight distribution.'"<sup>88</sup>

With respect to the objective factors, Chemours argued that the PTAB had improperly (1) rejected an extensive showing of commercial success by finding no nexus on a limitation-by-limitation basis, rather than the invention as a whole, and (2) required Chemours to proffer market share data to show commercial success. The Federal Circuit (Circuit Judge Dyk's dissenting-in-part opinion was on a different issue) agreed.

The Federal Circuit reiterated that "[i]n general, evidence supporting objective indicia of nonobviousness must be shown to have a nexus to the claimed invention. \* \* \* In the obviousness analysis, 'the claimed invention is, admittedly, a combination of elements that were known individually in the prior art.' \* \* \* Evidence of commercial success, therefore, can be linked to an 'inventive combination of known elements' to show a sufficient nexus."<sup>89</sup>

The Federal Circuit explained that "[c]ontrary to the Board's decision, the separate disclosure of individual limitations, where the invention is a unique combination of three interdependent properties, does not negate a nexus. Concluding otherwise would mean that nexus could never exist where the claimed invention is a unique combination of known elements from the prior art."<sup>90</sup>

With respect to "market share" data, the Federal Circuit reiterated that "[w]hen a patentee can demonstrate commercial success, usually shown by significant sales in a relevant market, and that the successful product is the invention disclosed and claimed in the patent, it is presumed that the commercial success is due to the patented invention."<sup>91</sup>

Here, the Federal Circuit added that "[h]owever, market share data, though potentially useful, is not required to show commercial success," explaining that "[t]he Board is certainly entitled to weigh evidence and find, if appropriate, that Chemours's gross sales data were insufficient to show commercial success without market share data. The Board, however, erred

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<sup>88</sup> \_\_\_ F.3d at \_\_\_.

<sup>89</sup> \_\_\_ F.3d at \_\_\_.

<sup>90</sup> \_\_\_ F.3d at \_\_\_.

<sup>91</sup> \_\_\_ F.3d at \_\_\_, quoting *J.T. Eaton & Co. v. Atl. Paste & Glue Co.*, 106 F.3d 1563, 1571 (Fed. Cir. 1997).

in its analysis that gross sales figures, absent market share data, ‘are inadequate to establish commercial success.’”

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Comment: This potentially is an important clarification of prior cases. Although the Federal Circuit has not, *per se*, required market share data, the cases have certainly emphasized that sales data evidence, without market share data, has been non-persuasive. Despite the holding here that market share data may not be “required,” certainly such data lends credibility to a “commercial success” argument. And, conversely, the absence of such data may reduce the persuasiveness of sales data alone.

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Chemours also argued that the PTAB had erred in finding that the asserted patents were “blocking patents,” that blocked others from entering the relevant market. The Federal Circuit agreed.

The Federal Circuit explained that “[a] blocking patent is an earlier patent that prevents practice of a later invention—the invention of the patent-in-dispute.”<sup>92</sup>

Here the PTAB had concluded that the ’609 patent covering the subject product would have precluded others from freely entering the market. The PTAB concluded that the evidence proffered to establish commercial success was weak because the ’609 patent blocked others from entering the market.

The Federal Circuit concluded that was error – “The Board erred by misapplying the ‘blocking patents’ doctrine to the challenged patents themselves. A blocking patent is one that is in place before the claimed invention because ‘such a blocking patent may deter non-owners and non-licensees from investing the resources needed to make, develop, and market such a later, ‘blocked’ invention.”’ \* \* \* However, the challenged patent, which covers the claimed invention at issue, cannot act as a blocking patent. Accordingly, we reverse the Board as to these findings.”<sup>93</sup>

iv. Challenger Fails to Rebut Presumption of  
Nexus 

In *Quanergy Systems, Inc. v. Velodyne Lidar USA, Inc.*,<sup>94</sup> the Federal Circuit affirmed the PTAB’s FWD finding that Quanergy had failed to show that the challenged claims of Velodyne’s patent-at-issue were unpatentable. In particular, the Federal Circuit concluded that Quanergy had failed to show that the PTAB had erred in applying a presumption of nexus when evaluating the “objective factors,” including commercial success.

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<sup>92</sup> \_\_\_ F.3d at \_\_\_.

<sup>93</sup> \_\_\_ F.3d at \_\_\_.

<sup>94</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge O’Malley, joined by Circuit Judges Newman and Lourie)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-00255, IPR2018-00256).

Lidar is an acronym for “Laser Imaging Detection and Ranging,” – similar to radar radar—“Radio Detection and Ranging”—but using light rather than radio waves. Lidar is used, *inter alia*, in autonomous cars for sensing surroundings.

Quanergy filed two IPR petitions. The PTAB concluded in two FWDs that Quanergy had failed to show that the challenged claims were unpatentable. The Federal Circuit affirmed.

With respect to the “objective indicia of non-obviousness,” the Federal Circuit reiterated that “[e]vidence of objective indicia of non-obviousness, if present, must always be considered before reaching a determination on the issue of obviousness. \* \* \* To accord substantial weight to such evidence, it ‘must have a “nexus” to the claims, *i.e.*, there must be “a legally and factually sufficient connection” between the evidence and the patented invention.’ \* \* \* .”<sup>95</sup>

The Federal Circuit further explained that “[w]e presume a nexus ‘when the patentee shows that the asserted objective evidence is tied to a specific product and that product “embodies the claimed features, and is coextensive with them.”’ The coextensive requirement does not require a patentee to prove perfect correspondence between the product and a patent claim. \* \* \* Rather, it requires the patentee to demonstrate that ‘the product is essentially the claimed invention.’ \* \* \* .”<sup>96</sup>

With respect to unclaimed features, the Federal Circuit explained that “[a]s part of the presumption analysis, the fact finder must consider the unclaimed features of the stated products to determine their level of significance and their impact on the correspondence between the claim and the products. \* \* \* Some unclaimed features ‘amount to nothing more than additional insignificant features,’ such that presuming nexus is still appropriate. \* \* \* Other unclaimed features, like ‘a “critical” unclaimed feature that is claimed by a different patent and that materially impacts the product’s functionality,’ indicate that the claim is not coextensive with the product.”<sup>97</sup>

The Federal Circuit further reiterated that “[t]he presumption of nexus is rebuttable. \* \* \* A patent challenger may present evidence showing that the proffered objective evidence was ‘due to extraneous factors other than the patented invention.’ \* \* \* These extraneous factors include additional unclaimed features and external factors, like improvements in marketing or superior workmanship. \* \* \* A patent challenger may not rebut the presumption of nexus with argument alone.”<sup>98</sup>

Here, the PTAB had presumed a nexus, *inter alia*, by crediting the testimony of Velodyne’s expert who had provided a detailed analysis mapping claim 1 to descriptions n Velodyne’s product literature. The PTAB noted that Quanergy never disputed that testimony.

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<sup>95</sup> \_\_\_ F.3d at \_\_\_.

<sup>96</sup> \_\_\_ F.3d at \_\_\_.

<sup>97</sup> \_\_\_ F.3d at \_\_\_.

<sup>98</sup> \_\_\_ F.3d at \_\_\_.

The PTAB had rejected Quanergy’s attempt to rebut a presumption of nexus because the unclaimed features Quanergy had pointed to were “clearly supported” by the challenged claims.

On appeal, the Federal Circuit affirmed. The Federal Circuit largely faulted Quanergy for providing insufficient support for its argument regarding the presumption of nexus. The Federal Circuit wrote that “[h]ere, Quanergy, at best, presented only a skeletal, undeveloped argument to the Board.”<sup>99</sup>

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<sup>99</sup> \_\_\_\_ F.3d at \_\_\_\_.

- b) Nexus Requirement
  - i. Old Law “a patentee is entitled to a rebuttable presumption of nexus between the asserted evidence of secondary considerations and a patent claim if the patentee shows that the asserted evidence is tied to a specific product and that the product ‘is the invention disclosed and claimed.’ ” 
  - ii. Old Law “The presumption applies ‘when the patentee shows that the asserted objective evidence is tied to a specific product and that product “embodies the claimed features, and is coextensive with them.” ’ ” 
  - iii. Old Law “Conversely, ‘[w]hen the thing that is commercially successful is not coextensive with the patented invention—for example, if the patented invention is only a component of a commercially successful machine or process,’ the patentee is not entitled to a presumption of nexus.” 
  - iv. Federal Circuit Explains “coextensive” Requirement Especially When Commercial Product Contains Unclaimed Features   
  - v. Broad Functional Claim Language May Preclude Reliance on Presumption of Nexus   

In *Teva Pharmaceuticals Int’l GmbH v. Eli Lilly and Co.*,<sup>100</sup> the PTAB, in an IPR, concluded that the challenged claims of three Teva patents were unpatentable because of obviousness. On appeal, Teva argued, *inter alia*, that the PTAB had failed to properly consider the evidence of commercial success. The Federal Circuit disagreed, and affirmed the PTAB’s conclusion that the challenged claims were unpatentable.

Teva’s patents were drawn to humanized antagonist antibodies that target calcitonin gene-related peptide (CGRP). CGRP was a 37-amino acid peptide that was “a

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<sup>100</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Bryson and O’Malley)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-01422, IPR2018-01423, IPR2018-01425).

neurotransmitter in the central nervous system. CGRP had been shown to be a potent vasodilator in the periphery, where CGRP-containing neurons are closely associated with blood vessels.” CGRP was noted for a possible connection with vascular symptoms, such as headaches.

The patents were drawn to humanized antibodies that inhibited its activity in the body by targeting and binding to the CGRP ligand. The claims were drawn to the antibodies. For example, claim 1 of one of the patents-in-suit called for:

1. A human or humanized monoclonal anti-CGRP antagonist antibody that preferentially binds to human  $\alpha$ -CGRP as compared to amylin.

Teva’s evidence of “secondary considerations” was based on its own AJOVY® product and Lilly’s Emgality® product—both of which were antibodies within the scope of the challenged patent claims. Teva argued that both products had received industry-wide acclaim, satisfied a long-felt need, achieved unexpected results, faced industry skepticism, and achieved commercial success.

Teva also relied on a license it entered into with third parties AlderBio Holdings, LLC and Alder Biopharmaceuticals, Inc. that included the challenged patents.

The PTAB concluded that the commercial products and the license lacked sufficient nexus to the challenged claims.

Teva argued that the PTAB had misapplied the Federal Circuit’s decision in *Fax Factory, Inc. v. SRAM, LLC*,<sup>101</sup> in finding no presumption of nexus between the claims and the commercial products.

The Federal Circuit explained that “[i]t is well-established law that in order to accord substantial weight to secondary considerations of nonobviousness, ‘the evidence of secondary considerations must have a “nexus” to the claims, *i.e.*, there must be “a legally and factually sufficient connection” between the evidence and the patented invention.’ \* \* \* ‘The patentee bears the burden of showing that a nexus exists \* \* \*.’ \* \* \* ‘To determine whether the patentee has met that burden, we consider the correspondence between the objective evidence and the claim scope.’ ”<sup>102</sup>

The Federal Circuit also noted that “[i]t has long been recognized that ‘a patentee is entitled to a rebuttable presumption of nexus between the asserted evidence of secondary considerations and a patent claim if the patentee shows that the asserted evidence is tied to a specific product and that the product “*is* the invention disclosed and claimed.” ’ \* \* \* The presumption applies ‘when the patentee shows that the asserted objective evidence is tied to a specific product and that product “embodies the claimed features, and is coextensive with them.” ’ \* \* \* ‘Conversely, “[w]hen the thing that is commercially successful is not coextensive with the patented invention—for example, if the patented invention is only a component of a

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<sup>101</sup> 944 F.3d 1366 (Fed. Cir. 2019).

<sup>102</sup> \_\_\_ F.3d at \_\_\_.

commercially successful machine or process,” the patentee is not entitled to a presumption of nexus.’ \* \* \*’<sup>103</sup>

With respect to the “coextensive” requirement for a presumption of nexus, the Federal Circuit in *Fox Factory* rejected attempts “to reduce the coextensiveness requirement to an inquiry into whether the patent claims broadly cover the product that is the subject of the evidence of secondary considerations.”<sup>104</sup>

Rather, the Federal Circuit in *Fox Factory* explained “the degree of correspondence between a product and a patent claim falls along a spectrum.”<sup>105</sup> Thus, according to the Federal Circuit, “[a]t one end of the spectrum lies ‘perfect or near perfect correspondence,’ and at the other end lies ‘no or very little correspondence.’ \* \* \*’ Although we do not require the patentee to prove perfect correspondence to meet the coextensiveness requirement, what we do require is that the patentee demonstrate that the product is essentially the claimed invention.’ \* \* \*’ ‘Whether a product is coextensive with the patented invention, and therefore whether a presumption of nexus is appropriate in a given case, is a question of fact.’ ”<sup>106</sup>

The Federal Circuit also addressed “unclaimed features” in a commercial product in *Fox Factory*, reasoning “ ‘we have never held that the existence of one or more unclaimed features, standing alone, means nexus may not be presumed.’ \* \* \* \* \*’ Indeed, like the coextensiveness requirement itself, the concept of unclaimed features is best viewed as part of a spectrum. Toward one end of the spectrum, we have said that ‘if the unclaimed features amount to nothing more than additional insignificant features, presuming nexus may nevertheless be appropriate.’ \* \* \*’ Toward the other end of the spectrum, we have said that ‘[a] patent claim is not coextensive with a product that includes a “critical” unclaimed feature that is claimed by a different patent and that materially impacts the product’s functionality.’ ”<sup>107</sup>

The PTAB reasoned that it “d[id] not understand *Fox Factory* to be making a distinction between features that are ‘critical’ and features that ‘materially impact’ the functionality of the product.” The PTAB concluded that in order to defeat a presumption of nexus, a patent challenger need only show that an “unclaimed feature materially affects the functioning of the product that is alleged to be coextensive with the claim.”

Teva argued that was a misinterpretation of *Fox Factory*.

The Federal Circuit concluded that “to the extent the PTAB announced a bright-line rule that the presumption of nexus does not apply if any unclaimed feature materially affects the functioning of a product that is alleged to be coextensive, we agree with Teva that the Board erred.”<sup>108</sup>

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<sup>103</sup> \_\_\_ F.3d at \_\_\_.

<sup>104</sup> *Fox Factory*, 944 F.3d at 1377.

<sup>105</sup> *Id.* at 1374.

<sup>106</sup> \_\_\_ F.3d at \_\_\_.

<sup>107</sup> \_\_\_ F.3d at \_\_\_.

<sup>108</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit noted that “[a]s Teva argues, under such a rule the presumption of nexus would rarely, if ever, attach because virtually every innovative product inevitably has some unclaimed feature that materially affects its functionality. Such a rule would be unsound. For example, a claim to a new and unobvious pharmaceutical compound would surely have a nexus to the marketed finished product sold to consumers, although that finished product will almost always contain excipients such as solubilizers, antioxidants, stabilizers, etc., that materially affect its functionality. Such excipients should not reasonably be found to destroy the nexus between the claim and the product.”<sup>109</sup>

Nevertheless, the Federal Circuit continued – “The presumption analysis requires the fact finder to consider the unclaimed features of the stated products to determine their level of significance and their impact on the correspondence between the claim and the products. \* \* \* [and] \* \* \* despite its incorrect articulation of the law, the Board conducted the necessary factual analysis of the unclaimed features of the AJOVY® and Emgality® products and reached the correct conclusion that no presumption of nexus applies in this case. Therefore, the Board’s error in articulating the legal standard was harmless.”<sup>110</sup>

The Federal Circuit reasoned that, contrary to claims-at-issue in other cases, here the antibodies in the claims were described, not by their structure, but in terms of their function, namely their ability to bind to the CGRP legand.

The Federal Circuit noted that functional claim language can result in broad claims – and “[a] claim to ‘anything that works’ hardly has a nexus to any particular product.”<sup>111</sup>

The Federal Circuit reasoned that “[b]ecause the claims in this case have a broad scope due to their lack of structural limitations, the unclaimed features in the commercial products cited here are of particular importance to the coextensiveness analysis.”<sup>112</sup>

The Federal Circuit noted that the PTAB had considered how four such unclaimed features in the AJOVY® and Emgality® antibodies affect the functionality of the products—*i.e.*, their ability to function as anti-CGRP antagonist antibodies. For example, the Board found that, although the claims do not recite amino acid sequences, AJOVY® and Emgality® have specific sequences that critically affect binding affinity and inhibit the ability of the antibodies to kill cells. The PTAB also found that features such as picomolar binding affinity, which were not claimed, were critical to the ability of the AJOVY® and Emgality® antibodies to function as humanized anti-CGRP antagonist antibodies.

The Federal Circuit concluded that “[i]n view of the extremely broad scope of the functionally claimed antibodies of the challenged claims and the unclaimed features that undisputedly materially affect how AJOVY® and Emgality® function as humanized anti-CGRP antagonist antibodies, no reasonable fact finder could conclude that that point [where the differences between a product and a patent claim become so significant that nexus cannot be presumed] has not been crossed in this case. Thus, Teva has failed to show that a

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<sup>109</sup> \_\_\_ F.3d at \_\_\_.

<sup>110</sup> \_\_\_ F.3d at \_\_\_.

<sup>111</sup> \_\_\_ F.3d at \_\_\_.

<sup>112</sup> \_\_\_ F.3d at \_\_\_.

presumption of nexus applies in this case. As Teva does not appear to dispute the Board’s statement that the presumption was the sole basis for its assertion of nexus, \* \* \*, we conclude that there is no nexus between the challenged claims and the secondary considerations based on the AJOVY® and Emgality® products.”<sup>113</sup>

Regarding the license, the Federal Circuit explained that “[t]he significance of licensing a patent as a secondary consideration in enhancing the nonobviousness of an invention is that an independent party with an interest in being free of the patent has chosen to respect it and pay a royalty under it rather than litigate and invalidate it. Such action tends to support its validity.”<sup>114</sup>

The Federal Circuit further noted, however, that “[h]ere, given that 188 patents were licensed, the nexus between the license and the validity of any particular claim is rather tenuous to say the least. Thus, the Board was correct to require that Teva show something more than the mere existence of the license.”<sup>115</sup>

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<sup>113</sup> \_\_\_ F.3d at \_\_\_.

<sup>114</sup> \_\_\_ F.3d at \_\_\_.

<sup>115</sup> \_\_\_ F.3d at \_\_\_.

#### IV. FORFEITURE BASED ON PROSECUTION DELAY

A. **1<sup>st</sup> Impression**: Prosecution Laches is a Defense Available to the PTO in an Action to Obtain a Patent Under § 145



1. **1<sup>st</sup> Impression**: “we now hold that, in the context of a § 145 action, the PTO must generally prove intervening rights to establish prejudice, but an unreasonable and unexplained prosecution delay of six years or more raises a presumption of prejudice, including intervening rights.”



2. **1<sup>st</sup> Impression**: “We further hold that, where a patent applicant has committed a clear abuse of the PTO’s patent examination system, the applicant’s abuse and its effects meet the prejudice requirement of prosecution laches.”



3. **1<sup>st</sup> Impression**: “A clear abuse of the patent system occurs when, for example, the applicant’s conduct unduly increases the administrative burden on the PTO and thereby effectively taxes everyone using the system.”



In *Hyatt v. Hirshfeld*,<sup>116</sup> the Federal Circuit concluded – “We hold that prosecution laches is a defense available to the Patent and Trademark Office in an action to obtain a patent under 35 U.S.C. §145.”<sup>117</sup> The Federal Circuit also the requirements for showing prosecution laches in a § 145 proceeding.

The Federal Circuit’s opinion contains an extensive “Background” section that, *inter alia*, discusses the problem of “submarine patents” and the legislation leading to the amendment of § 154, effective on June 8, 1995, changing the patent term to 20 years following the filing date of an application or an earlier non-provisional application to which the subject application claims priority.

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<sup>116</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judges Wallach and Hughes)(appeals from the United States District Court for the District of Columbia in Nos. 1:05-cv-02310-RCL, 1:09-cv-01864-RCL, 1:09-cv-01869-RCL, 1:09-cv-01872-RCL, Senior Judge Royce C. Lamberth).

<sup>117</sup> \_\_\_ F.3d at \_\_\_.

The opinion discusses the “GATT Bubble” in which applicants filed large numbers of applications during the short time period before the change in patent terms on June 8, 1995.

According to the opinion, Gilbert P. Hyatt was the named inventor on 399 applications, 381 of which were filed during the GATT Bubble. Each was a photocopy of one of 11 earlier applications, each containing small sets of claims, many of which were identical to each other.

The appeal involved four of Hyatt’s GATT Bubble applications, each drawn to various computer technologies and which claimed priority to applications filed in the ‘70s and ‘80s, which predated the applications by 12-25 years.

The applications were atypically long, having hundreds of pages of text, as contrasted with typical applications having 20-30 pages of text, and 40+ pages of drawing figures.

On October 24, 1995, roughly five months after Hyatt had filed the applications, PTO Group Director Godici met with Hyatt to discuss the applications. Although not, apparently, documented, the PTO and Hyatt were said to have agreed that Hyatt would focus each application’s claims on distinct subject matter.

Hyatt thereafter filed a series of amendments in those applications growing the number of claims to approximately 115,000, including approximately 45,000 independent claims. Hyatt’s GATT Bubble applications eventually contained an average of 300 claims per application. The four applications-at-issue included 1,592 claims – an average of 398 claims per application.

The Federal Circuit noted that “Mr. Hyatt’s claim amendments adding hundreds of claims per application on average meant that Hyatt had presented claims for examination between 12 and 28 years after their alleged priority dates. \* \* \* For these many years, Mr. Hyatt’s inventions were submerged.”<sup>118</sup> The PTO stayed examination of many of Hyatt’s applications during 2003-2012 due to pending litigation.

The PTO resumed examination of Hyatt’s applications in 2013, and created an art unit having, initially, 12 experienced examiners dedicated to examining Hyatt’s applications. At the start, in conformance with the PTO’s typical compact prosecution approach, the examiners prepared a comprehensive first office action such that a second office action could be made final. Namely, the examiners took 4-5 months writing first office actions spanning hundreds of pages, contrasted with “normal” examination that took 20 hours or so of examiner’s time.

In order to facilitate the process, the PTO issued 11 “requirements” soliciting information from Hyatt in order to streamline the process.

The PTO ran into a number of challenges. One was that the PTO could not reasonably ascertain priority dates for the claimed inventions because the applications claimed priority to numerous applications. For example, one group of applications claimed priority to 43 applications filed during 1969 to 1983. The length of the applications and the length of the priority applications provided additional challenges.

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<sup>118</sup> \_\_\_ F.3d at \_\_\_.

As a result, the PTO estimated that it would take 532 years of examiner time to process Hyatt’s applications. The PTO accordingly instructed Hyatt to (i) select no more than 600 total claims to pursue for each of the 11 specifications; (ii) identify the priority date and support for that date with respect to each chosen claim; and (iii) submit a clean copy of the claims.

The claims in the four subject Hyatt applications were ultimately rejected and review by the PTAB, which affirmed some rejections and reversed others.

Hyatt then filed a § 145 action in the U.S. District Court for the District of Columbia seeking issuance of a patent from one of the applications-at-issue. Hyatt later added § 145 actions for the remaining three applications.

After a series of orders on the parties’ motions for summary judgment, the PTO filed a motion to dismiss each case for prosecution laches. The district court held bench trial on the issue of prosecution laches. After further hearings, the district court issued, *inter alia*, an order concluding that prosecution laches did not bar issuance of patents from the four subject applications.

In this appeal, the Federal Circuit vacated and remanded the district court’s ruling on prosecution laches, and held “in abeyance” all other patentability issues, including anticipation and written description support.

The Federal Circuit reiterated that “[t]he doctrine of laches is an equitable affirmative defense. \* \* \* Prosecution laches may ‘render a patent unenforceable when it has issued only after an unreasonable and unexplained delay in prosecution that constitutes an egregious misuse of the statutory patent system under a totality of the circumstances.’ \* \* \* Finding an unreasonable and unexplained delay in prosecution ‘includes a finding of prejudice[.]’ ”<sup>119</sup>

The Federal Circuit explained that “[t]he prosecution laches defense originates from two Supreme Court cases in the early 1900s,” namely *Woodbridge v. United States*,<sup>120</sup> and *Webster Elec. Co. v. Splitdorf Elec. Co.*,<sup>121</sup> each of which held that an unreasonable delay in prosecution resulted in a “forfeiture” of a right to a patent, or rendered a resulting patent unenforceable.

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**Comment:** In this context, any distinction between “forfeiture” and “enforceability” likely becomes irreverent, but that, nevertheless, strictly speaking, remains an open question.

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In *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found., LP*,<sup>122</sup> the Federal Circuit concluded that in enacting the Patent Act of 1952 Congress intended that the defense of prosecution laches remained available. The Federal Circuit then applied the doctrine for the first time in *In re Bogese*,<sup>123</sup> concluding that a patentee had forfeited his right to a patent through

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<sup>119</sup> \_\_\_ F.3d at \_\_\_.

<sup>120</sup> 263 U.S. 50 (1923).

<sup>121</sup> 264 U.S. 463 (1924).

<sup>122</sup> 277 F.3d 1361, 1365–66 (Fed. Cir. 2002).

<sup>123</sup> 303 F.3d 1362, 1363 (Fed. Cir. 2002).

a “deliberate and consistent course of conduct that has resulted in an exceptional delay in advancing the prosecution and the issuance of a patent.”<sup>124</sup>

In *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found., LP*,<sup>125</sup> – *Symbol Technologies II* – the Federal Circuit affirmed the application of prosecution laches where the patentee’s delays resulted in 18- to 39-year time periods between the filing of applications to the issuance of the patents in suit.

In *Cancer Research Technology Ltd. v. Barr Laboratories, Inc.*,<sup>126</sup> the Federal Circuit, although ultimately concluding that prosecution laches did not apply, held that prosecution laches requires proving two elements: (a) that the patentee’s delay in prosecution was unreasonable and inexcusable under the totality of circumstances, and (b) that the accused infringer suffered prejudice attributable to the delay. The Federal Circuit concluded that “[t]o establish prejudice, \* \* \* an accused infringer must show evidence of intervening rights, that is, that the accused infringer or others ‘invested in, worked on, or used the claimed technology during the period of delay.’<sup>127</sup> Because the defendant had not proven prejudice, the Federal Circuit reversed the district court’s judgment that the patent at issue was unenforceable for prosecution laches.

The Federal Circuit noted that “[a]lthough *Woodbridge*, *Webster Electric*, *Bogese*, *Symbol Technologies II*, and *Cancer Research* provide guidance on the application of laches in certain circumstances, we now address for the first time the PTO’s assertion of a prosecution laches defense in a civil action brought by a patentee under 35 U.S.C. § 145 to obtain a patent.”<sup>128</sup>

On the threshold issue of whether the PTO can assert the defense of prosecution laches in a § 145 action, the Federal Circuit concluded that it can. In *Bogese*, the Federal Circuit had held that “the PTO has the authority to reject patent applications for patents that would be unenforceable” for prosecution laches.<sup>129</sup>

The Federal Circuit further reasoned that “[t]he PTO also has the right to defend, in appeals before this court, its rejections of patent claims based on prosecution laches. \* \* \* Further, the language of § 282 demonstrates Congress’s desire to make affirmative defenses, including equitable ones such as prosecution laches, broadly available. \* \* \* Defendants may accordingly assert the prosecution laches defense in district court infringement cases. \* \* \* These factors point to the conclusion that the PTO should be permitted to assert the prosecution laches defense in a § 145 action. In our view it would make little sense for the PTO to have the authority to use prosecution laches as a basis for denying a patent, but to lack the authority to defend against issuance of a patent in a § 145 action on the same basis.

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<sup>124</sup> *Id.*

<sup>125</sup> 422 F.3d 1378, 1385 (Fed. Cir. 2005).

<sup>126</sup> 625 F.3d 724 (Fed. Cir. 2010).

<sup>127</sup> *Id.* at 729.

<sup>128</sup> \_\_\_ F.3d at \_\_\_.

<sup>129</sup> 303 F.3d at 1367.

Hyatt articulates no principled reason why we should adopt such an approach, and we are not otherwise aware of one.”<sup>130</sup>

The Federal Circuit held that “[f]urther, the PTO may assert the prosecution laches defense in a § 145 action even if it did not previously issue rejections based on, or warnings regarding, prosecution laches during the prosecution of an application that is at issue in the § 145 action.”<sup>131</sup> The Federal Circuit reasoned that “§ 145 actions open the door to new evidence and arguments. Fairness dictates that the door must also remain open for the PTO to assert its meritorious defenses under the circumstances, including prosecution laches. Moreover, reserving the prosecution laches determination for infringement actions, but not § 145 actions, would harm the public’s interest by allowing a patentee to enforce a patent that could have been barred for prosecution laches in an earlier § 145 action. While the PTO’s failure to previously warn the applicant or reject claims based on prosecution laches may be considered as part of the totality of the circumstances in determining prosecution laches, it does not bar the PTO from asserting the defense in a § 145 action.”<sup>132</sup>

With respect to the district court’s opinion, the Federal Circuit concluded that the district court had failed to properly apply the legal standard for prosecution laches:

- “The district court failed to properly consider the totality of the circumstances.”<sup>133</sup>
  - “For example, the district court ignored evidence of Hyatt’s pattern of rewriting or shifting claims midway through prosecution in applications other than the four at issue in this case because that claim shifting ‘long postdate[d] the close of prosecution’ of the four applications at issue here.”<sup>134</sup>
  - “The court also refused to consider evidence of Hyatt’s pattern of prosecution conduct after 2012, when the PTO resumed prosecution of Hyatt’s applications.”<sup>135</sup>
  - “These examples of discounting or ignoring evidence—indeed swaths of evidence in certain situations—regarding Hyatt’s prosecution conduct as a cause for delay illustrate that the district court failed to follow this court’s guidance on considering the totality of the circumstances.”<sup>136</sup>
- “The district court further applied an incorrect legal standard in a way that affected its entire decision: Rather than analyze the evidence to determine

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<sup>130</sup> \_\_\_ F.3d at \_\_\_.

<sup>131</sup> \_\_\_ F.3d at \_\_\_.

<sup>132</sup> \_\_\_ F.3d at \_\_\_.

<sup>133</sup> \_\_\_ F.3d at \_\_\_.

<sup>134</sup> \_\_\_ F.3d at \_\_\_.

<sup>135</sup> \_\_\_ F.3d at \_\_\_.

<sup>136</sup> \_\_\_ F.3d at \_\_\_.

whether Hyatt’s conduct warrants a finding of prosecution laches, the court repeatedly placed blame on the PTO for the slowness with which Hyatt’s applications were prosecuted.”<sup>137</sup>

- “In sum, the district court’s restricted view of the record, as well as its overemphasis on the PTO’s actions and inactions and its repeated excuse of Hyatt’s prosecution conduct, amounted to a misapplication of the legal standard governing prosecution laches.”<sup>138</sup>
- “We clarify, consistent with the above discussion and our past precedent, that prosecution laches considers the totality of circumstances, \* \* \* and that the PTO’s delay does not excuse an applicant’s delay, \* \* \*.”<sup>139</sup>

Regarding whether the PTO’s prosecution evidence and arguments were sufficient to shift the burden to Hyatt, the Federal Circuit concluded that they were.

- “Whether an applicant’s delay is unreasonable depends on the specific circumstances.”<sup>140</sup>
- “The magnitude of Hyatt’s delay in presenting his claims for prosecution suffices to invoke prosecution laches.”<sup>141</sup>
- “Beyond merely the magnitude of Hyatt’s delay in filing his claims, Hyatt adopted an approach to prosecution that all but guaranteed indefinite prosecution delay.”<sup>142</sup>
- “The PTO also showed that Hyatt had engaged in specific, exemplary acts during prosecution that were patently unreasonable. For example, Hyatt filed claims that he had previously lost in interference proceedings. \* \* \* Whether Hyatt did so purposely is not material because these actions suggest, at a minimum, that his prosecution approach had overwhelmed even his own ability to manage his applications and claims.”<sup>143</sup>
- “We also conclude that no reasonable explanation has been shown to justify Hyatt’s prosecution approach. \* \* \* Hyatt’s conduct—including his delay in presenting claims, his creation of an overwhelming, duplicative web of applications and claims, and his failure to cooperate with the PTO—was a clear abuse of the patent system, even if it did not literally violate regulations or statutory provisions.”<sup>144</sup>

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<sup>137</sup> \_\_\_ F.3d at \_\_\_.

<sup>138</sup> \_\_\_ F.3d at \_\_\_.

<sup>139</sup> \_\_\_ F.3d at \_\_\_.

<sup>140</sup> \_\_\_ F.3d at \_\_\_.

<sup>141</sup> \_\_\_ F.3d at \_\_\_.

<sup>142</sup> \_\_\_ F.3d at \_\_\_.

<sup>143</sup> \_\_\_ F.3d at \_\_\_.

<sup>144</sup> \_\_\_ F.3d at \_\_\_.

- “When the above circumstances are considered in their totality, we believe the conclusion is inescapable that the PTO satisfied its burden of proving that Hyatt engaged in unreasonable and unexplainable delay, as prosecution laches requires.”<sup>145</sup>

With respect to “prejudice,” the Federal Circuit noted that “[t]his case requires us to address the prejudice requirement of prosecution laches for the first time in a case where the PTO asserts the defense in a § 145 action. Our precedent to date establishes that, to prove prosecution laches in the context of an infringement action, an accused infringer must prove prejudice attributable to the patentee’s delay,” and “[p]roving prejudice in that context requires proving intervening rights, i.e., ‘that either the accused infringer or others invested in, worked on, or used the claimed technology during the period of delay.’”<sup>146</sup>

The Federal Circuit concluded that “we now hold that, in the context of a § 145 action, the PTO must generally prove intervening rights to establish prejudice, but an unreasonable and unexplained prosecution delay of six years or more raises a presumption of prejudice, including intervening rights.”<sup>147</sup> “Applying these principles, we conclude that the PTO’s demonstration of an unreasonable and unexplained delay by Hyatt, which exceeds six years by any measure, shifts the burden to Hyatt to prove lack of prejudice.”<sup>148</sup>

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Comment: The reference to “intervening rights” in the context of something the PTO has to prove is not fully understood. In general, “intervening rights” are those established by a competitor/potential infringer in infringement litigation. The PTO, insofar as understood, has no “intervening rights” *per se* as commonly understood (although it is possible, perhaps, that the PTO has analogous rights that have not been fully explored). Accordingly, it is not readily apparent what the Federal Circuit is referring to. Is the Federal Circuit suggesting that the PTO has a category of “intervening rights” analogous to a potential infringer?

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The Federal Circuit added that “[w]e further hold that, where a patent applicant has committed a clear abuse of the PTO’s patent examination system, the applicant’s abuse and its effects meet the prejudice requirement of prosecution laches. A clear abuse of the patent system occurs when, for example, the applicant’s conduct unduly increases the administrative burden on the PTO and thereby effectively taxes everyone using the system. Such abuse also demonstrates a dangerous likelihood that the applicant is harming the public’s interests more broadly, diminishing the patent system’s benevolent nature, and stifling innovation and creativity in the useful arts. In rare circumstances like these, an applicant’s conduct and its effects on the PTO can alone suffice to prove prejudice for purposes of the prosecution laches defense in a § 145 action.”<sup>149</sup>

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<sup>145</sup> \_\_\_ F.3d at \_\_\_.

<sup>146</sup> \_\_\_ F.3d at \_\_\_.

<sup>147</sup> \_\_\_ F.3d at \_\_\_.

<sup>148</sup> \_\_\_ F.3d at \_\_\_.

<sup>149</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit concluded that the PTO “has carried its burden of proving that Hyatt engaged—intentionally or not—in a clear abuse of the PTO’s patent examination system that contributed to delay in the four applications at issue. Barring significant evidence to the contrary from Hyatt, the PTO has therefore demonstrated material prejudice.”<sup>150</sup>

Regarding “disposition,” the Federal Circuit took the unusual step of retaining jurisdiction over the appeal, and held the remaining issues in abeyance pending resolution of the prosecution laches issue.

The Federal Circuit also had pointed directed the district court:

On remand, the district court should bear several points in mind. First, regarding the unreasonable and unexplained delay requirement of prosecution laches, the record shows that Hyatt has already proffered a number of reasons for his delay, including that he timely completed examination four applications at issue; that his conduct during prosecution of his other GATT Bubble applications is irrelevant to the prosecution laches analysis; that he filed his GATT Bubble applications to cover a number of inventions he believed he had made; and Hyatt met statutory requirements and followed the PTO’s rules in prosecuting his applications. We conclude that, under the circumstances of this case, these reasons without more are insufficient as a matter of law to negate that Hyatt’s delay was unreasonable and unexplained. To carry his burden, Hyatt must show by preponderance of evidence that Hyatt had a legitimate, affirmative reason for his delay. Such a reason must operate to excuse Hyatt from responsibility for the sizable undue administrative burden that his applications have placed on the PTO in its efforts to process Hyatt’s applications, which the record before us demonstrates to be extreme. More specifically, any satisfactory reason must, at a minimum, justify Hyatt’s decision to ignore Director Godici’s instruction to demarcate his applications in 1995; justify his decision to adopt the specific prosecution approach that he did—unique in its scope and nature—as detailed in the PTO’s Requirements; and justify his failure to develop a plan for demarcating his applications over at least the 20 year period from 1995 to 2015, \* \* \*. Any reasons that fall short of justifying those decisions or omissions fail to negate that his delay has been unreasonable and unexplained. We can divine no reason in the record currently before the court that would suffice, but Hyatt is entitled as a matter of fairness to present evidence and be heard on this issue.

In determining whether Hyatt’s delay has caused prejudice, the district court should bear in mind that, as we explain above, Hyatt’s delay of more than six years, by any measure, shifts the burden to Hyatt to prove that Hyatt’s delay has not caused the PTO or any third party material prejudice. The district court should also bear in mind our conclusion above that the PTO has carried its burden of proving that Hyatt’s prosecution conduct amounted to a clear abuse of the PTO’s patent examination system, which may alone suffice to satisfy the prejudice requirement of prosecution laches. The record before us shows,

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<sup>150</sup> \_\_\_ F.3d at \_\_\_.

for example, that the PTO has created a distinct art unit for Hyatt’s applications; that the PTO has recently spent millions more dollars processing Hyatt’s applications than Hyatt has paid in fees; that examiners have spent inordinate amounts of time preparing office actions; and that the PTO has resorted to special, customized procedures involving its Requirements to process Hyatt’s applications. We again cannot guess what might negate this evidence of prejudice. But be that as it may, we recognize that Hyatt is entitled to present evidence that his delay did not cause prejudice.<sup>151</sup>

Accordingly, the Federal Circuit vacated and remanded the action to the district court “to conduct further proceedings, as promptly as possible consistent with principles of fairness, affording Hyatt the opportunity to present evidence on prosecution laches. We hold in abeyance this appeal with respect to the issues of anticipation and written description pending the district court’s remand decision on prosecution laches.”<sup>152</sup>

## V. DESIGN PATENTS

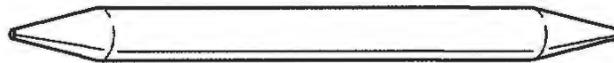
### A. Patentability

#### 1. Anticipation

- a) Federal Circuit Reiterates That Design Patent is Limited to Article of Manufacture Identified in the Claim 🍆🍆

In *In re SurgiSil, L.L.P.*,<sup>153</sup> the reiterated that design patent claims are limited to the article of manufacture identified in the claim.

SurgiSil filed a design patent application for an “ornamental design for a lip implant as shown and described.” The application had the following drawing:



The PTO rejected the claim as anticipated by a Dick Blick catalog disclosing an art tool known as a “stump” used for blending large areas of pastel or charcoal:



On appeal, the Federal Circuit reversed.

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<sup>151</sup> \_\_\_ F.3d at \_\_\_.

<sup>152</sup> \_\_\_ F.3d at \_\_\_.

<sup>153</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Newman and O’Malley)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. 29/491,550).

In 2019, in *Carver Luxenbourg SARI v. Home Expressions Inc.*,<sup>154</sup> the Federal Circuit held that the claim at issue was limited to the particular article of manufacture identified in the claim, i.e., a chair. The PTO’s examination guidelines stated that a “[d]esign is inseparable from the article to which it is applied and cannot exist alone \* \* \*.” Manual of Patent Examining Procedure § 1502.

Here, the Federal Circuit noted that “the claim is limited to lip implants and does not cover other articles of manufacture. There is no dispute that Blick discloses an art tool rather than a lip implant. The Board’s anticipation finding therefore rests on an erroneous interpretation of the claim’s scope.”<sup>155</sup>

2. Obviousness

- a) Federal Circuit Reverses PTAB and Concludes Claimed Designs Would Have Been Obvious In Light of Prior Art Designs 
- b) Regarding Commercial Success and Nexus—in-Fact, “as in the utility patent context, objective indicia must be linked to a design patent claim’s unique characteristics” – Point of Novelty?   

In *Campbell Soup Co. v. Gammon Plus, Inc.*,<sup>156</sup> the Federal Circuit reversed the PTAB, and concluded that Gammon’s claimed designs in the two design patents-at-issue would have been obvious in light of the prior art.

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Comment: As noted in further comments below, the Federal Circuit’s analysis in this case is subject to reasonable question and debate.

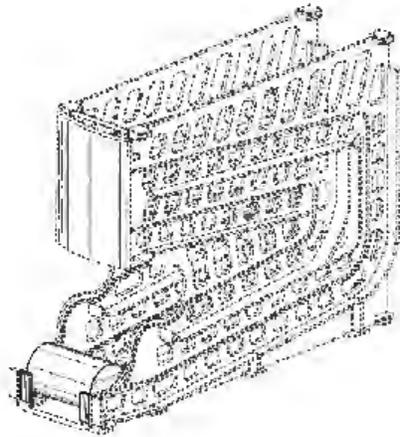
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<sup>154</sup> 938 F.3d 1334, 1336 (Fed. Cir. 2019).

<sup>155</sup> \_\_\_ F.3d at \_\_\_.

<sup>156</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Prost and Stoll)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-00091, IPR2017-00094).

Gamon owned two design patents claiming Inc., “[t]he ornamental design for a gravity feed dispenser display, as shown and described.” The sole drawing figure from one of the patents-at-issue illustrated:



Much of the drawing uses broken lines meaning that those lines “represent the article in which the claimed design is embodied, but \* \* \* form[] no part of the claimed design.” 37 C.F.R. § 1.152. The Federal Circuit, in its opinion (apparently reproducing what was in the joint appendix, with annotations added by the court), broke out the “claimed” portions from the broken line portions to arrive at:



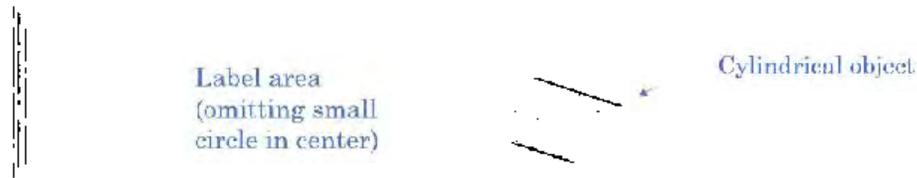
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Comment: It is at least “questionable” whether it is proper to “break out” the solid line elements from the broken line elements, and focus on those. Although those solid line figures were, apparently, reproduced from a document in the joint appendix, with the annotations added by the Federal Circuit, the context is not discussed. For example, were those “break-outs” presented as a party argument? In general, although the broken line portions of a drawing are not “claimed” *per se*, nevertheless the “claimed” portion of a design should be considered in the context of the design as a whole.

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The Federal Circuit noted that the above figure was “nearly identical” to Gamon’s other patent-in-suit except in two respects. First, in the second patent-in-suit, the top and bottom edges of the cylindrical object and the stops were shown in broken lines, meaning, again, they did not form part of the claimed design. Second, there was a small circle, shown in broken lines, near the middle of the label area.

The Federal Circuit’s opinion says “[o]mitting these features from the ‘645 patent’s figure yields the following”:



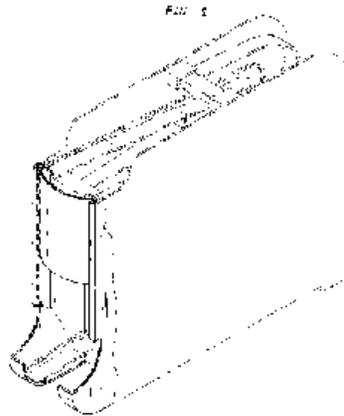
The Federal Circuit again cites to the joint appendix as the source, while advising that the annotations were added by the court.

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Comment: Again, although the foregoing figures were apparently reproduced from the joint appendix, the context is not explained – were these “break-out” figures advanced as part of attorney argument? Also, again, it is generally improper to consider the patentability of a design by “breaking-out” the solid line “claimed” features from the design as a whole.

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With respect to the prior art, Linz disclosed a “display rack”:



Gamon’s commercial embodiment of the claimed designs – the iQ Maximizer gravity feed dispenser – was:



Gamon, during 2002-09, sold approximately \$31 million of iQ Maximizers to Campbell, which Campbell installed in roughly 17,000 stores nationwide. Campbell, in its Securities and Exchange Comm’n 10-K reports attributed increased soup sales in part to the

iQ Maximizer. Campbell’s marketing manager for retail development praised the iQ Maximizer as “more efficient than existing shelving formats,” and identified the dispenser’s label area as “making it easier for consumers to locate specific flavors.” Also, an internal Campbell marketing study touted the iQ Maximizer as a “[b]reakthrough” and highlighting the “[b]illboard effect” of its label area.

In late 2008, Campbell began purchasing gravity feed dispensers from Trinity, that were similar to Gamon’s iQ Maximizer:



Gamon sued Campbell in 2015 for infringement. Campbell petitioned for IPR on several grounds, including that the claimed designs would have been obvious over a Linz reference in view of other references, and an Abbate reference in view of Linz or another reference.

The PTAB instituted IPR based on the Linz ground, but not the Abbate ground. The PTAB concluded that Campbell had not proved unpatentability, finding that Linz was not similar enough to the claimed designs to constitute a primary reference.

In a first appeal, *Campbell Soup Co. v. Gamon Plus, Inc. (Campbell I)*,<sup>157</sup> the Federal Circuit vacated and remanded concluding that “ever-so-slight” differences between Linz and the claimed designs did not support a finding that Linz was not a proper reference. Also, the Federal Circuit instructed the PTAB to consider the non-instituted grounds in light of the Supreme Court’s decision in *SAS Institute Inc. v. Iancu*.<sup>158</sup>

After remand, the PTAB again concluded that Campbell had not proved unpatentability reasoning that (1) Abbate was not a proper primary reference, and (2) the claimed designs would not have been obvious over Linz alone or in combination with other references. The PTAB reasoned, *inter alia*, that although Linz had the same overall visual appearance, that was outweighed by objective evidence of non-obviousness, namely (1) Gamon’s commercial success of selling iQ Maximizers to Campbell, (2) Campbell’s praise of, and commercial success in using, the iQ maximizer, and (3) Trinity’s copying of the iQ Maximizer. The PTAB presumed a nexus between those objective factors and the claimed

<sup>157</sup> 939 F.3d 1335, 1340–41 (Fed. Cir. 2019).

<sup>158</sup> 138 S. Ct. 1348 (2018).

designs based on its view that the iQ Maximizer was co-extensive with the claims. The PTAB also concluded that Gamon had established suitable nexus apart from the presumption.

On appeal, the Federal Circuit reversed.

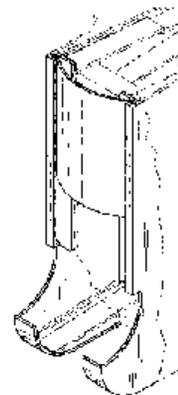
The Federal Circuit explained that “[i]n the design patent context, we address the first three *Graham* factors by determining whether a designer of ordinary skill would have combined teachings of the prior art to create ‘the same overall visual appearance as the claimed design.’ \* \* \* This inquiry proceeds in two steps. First, before the trier of fact can combine prior art references, it must determine whether there exists a ‘primary reference,’ i.e., a single reference that creates ‘basically the same visual impression’ as the claimed design. \* \* \* ‘To be ‘basically the same,’ the designs at issue cannot have ‘substantial differences in the[ir] overall visual appearance[s]’ or require ‘major modifications’; any differences must instead be slight. \* \* \* This is a question of fact. \* \* \* Second, if a primary reference exists, the trier of fact must determine whether, using secondary references, an ordinary designer would have modified the primary reference to create a design that has the same overall visual appearance as the claimed design.”<sup>159</sup>

The Federal Circuit concluded that there was substantial evidence supporting the PTAB’s conclusion that Linz created “the same overall visual appearance as the claimed design[s].” In reaching that conclusion, however, the Federal Circuit used a side-by-side comparison of only the solid line portions of the claimed designs (see above) and the Linz’s Fig. 1 (shown below on the right:

**Solid Line Portions of Claimed Designs**



**Linz Fig. 1**



The Federal Circuit concluded that the two designs were “virtually identical.”

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Comment: Again, the question is whether the prior art design, considered as a whole, creates “the same overall visual appearance as the claimed design[s].” The Federal Circuit’s analysis of comparing only the solid line portions of the patents-at-issue (albeit the claimed “elements” of the design) with the prior art design as a whole, is, at best, questionable.

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<sup>159</sup> \_\_\_ F.3d at \_\_\_.

Circuit Judge Stoll was on the panel in this case. Yet, her opinion in *Sport Dimension, Inc. v. Coleman Co., Inc.*,<sup>160</sup> albeit in the context of infringement, criticized the district court’s claim construction of a design patent by excluding “functional features” from the scope of the claimed design. Judge Stoll wrote that “[b]y eliminating structural elements from the claim, the district court improperly converted the claim scope of the design patent from one that covers the overall ornamentation to one that covers individual elements. Here, the district court erred by completely removing the armbands and side torso tapering from its construction.”<sup>161</sup>

Yes, in the instance of design patents, there is a difference in analyses between validity and infringement. In *Egyptian Goddess, Inc. v. Swisa, Inc.*,<sup>162</sup> the Federal Circuit *en banc* rejected the “point of novelty” analysis of design patent infringement, as being inconsistent with the Supreme Court’s 1871 decision in *Gorham Co. v. White*,<sup>163</sup> concluding that “if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.”<sup>164</sup>

In short, this case seems to foster the notion that “claim construction,” in design patent cases, should be different depending on whether the question is infringement versus validity. The Supreme Court’s 1893 decision in *Smith v. Whitman Saddle Co.*,<sup>165</sup> suggests that the “claim construction” portion of the analysis should be the same regardless of whether the question is infringement or validity. After all, with the exception of “product-by-process” claims, where there currently is a long established difference in claim construction between infringement and validity, the remaining universe of patent law construes claims in the same manner *vis-à-vis* infringement and validity.

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Turning to the objective evidence of non-obviousness, the Federal Circuit noted that “[e]vidence of objective indicia of nonobviousness must have a nexus to the claims, i.e., ‘there must be a legally and factually sufficient connection between the evidence and the patented invention.’”<sup>166</sup>

The Federal Circuit concluded that the PTAB had erred in concluding both a presumption of nexus and nexus-in-fact. The Federal Circuit concluded that substantial evidence did not support either conclusion.

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<sup>160</sup> 820 F.3d 1316 (Fed. Cir. 2016).

<sup>161</sup> 820 F.3d at 1322.

<sup>162</sup> 543 F.3d 665 (Fed. Cir. 2008)(en banc).

<sup>163</sup> 14 Wall. 511, 81 U.S. 511 (1871).

<sup>164</sup> 81 U.S. at 528.

<sup>165</sup> 148 U.S. 674 (1893).

<sup>166</sup> \_\_\_ at \_\_\_, quoting *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019) (internal quotation marks omitted).

The Federal Circuit, *vis-à-vis* a presumption of nexus, rejected “the proposition that a product satisfies the co-extensiveness requirement in the design patent context merely if its unclaimed features are *ornamentally* insignificant.”<sup>167</sup>

The Federal Circuit reasoned that “[a]t most, the claims cover only a small portion of the iQ Maximizer: its label area, cylindrical object, and stops. \* \* \* Because the iQ Maximizer undisputedly includes significant unclaimed functional elements, no reasonable trier of fact could find that the iQ Maximizer is coextensive with the claimed designs.”<sup>168</sup>

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Comment: That holding seems to doom any future argument *vis-à-vis* commercial success in the design patent arena where the solid line portions of a design drawing constitute a small portion of the overall design. Can that possibly be “correct”?

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With respect to “nexus-in-fact,” the Federal Circuit reiterated that “[a] patentee may establish nexus absent the presumption by showing that the objective indicia are the ‘direct result of the unique characteristics of the claimed invention,’ \* \* \* rather than a feature that was ‘known in the prior art,’ \* \* \*. Whether a patentee has established nexus is a question of fact.”<sup>169</sup>

The PTAB had based its nexus finding on evidence showing commercial success and praise of the iQ Maximizer from its incorporation of a claimed label area. But, the PTAB had found that a display rack with a label area was not new.

The Federal Circuit reasoned that “to establish nexus, Gamon needed to present evidence that the commercial success and praise of the iQ Maximizer derived from those ‘unique characteristics.’ \* \* \* It failed to do so.”<sup>170</sup>

The Federal Circuit advised that “[w]e reject the Board’s view that, in design patent cases, objective indicia need not be linked to the claimed design’s unique characteristics. \* \* \* We therefore hold that, as in the utility patent context, objective indicia must be linked to a design patent claim’s unique characteristics.”<sup>171</sup>

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<sup>167</sup> \_\_\_ F.3d at \_\_\_.

<sup>168</sup> \_\_\_ F.3d at \_\_\_.

<sup>169</sup> \_\_\_ F.3d at \_\_\_.

<sup>170</sup> \_\_\_ F.3d at \_\_\_.

<sup>171</sup> \_\_\_ F.3d at \_\_\_.

## VI. § 101 – INVENTIONS PATENTABLE

### A. Patent-Eligible Subject Matter – Post *Alice* Cases

1. Claims Held Drawn to Patent-Eligible Subject Matter
  - a) Federal Circuit Reverses Summary Judgment of Ineligibility Concluding That Claims Pass Muster Under *Alice* Step Two 

In *CosmoKey Solutions GmbH & Co. KG v. Duo Security LLC*,<sup>172</sup> the Federal Circuit reversed the district court’s grant of summary judgment that the asserted claims of CosmoKey’s patent-in-suit were drawn to ineligible subject matter. The Federal Circuit concluded that the claims passed muster under *Alice*’s<sup>173</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” the there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea.”

CosmoKey’s patent-in-suit was drawn to a user identification method said to be improved over the prior art. Claim 1 provided:

1. A method of authenticating a user to a transaction at a terminal, comprising the steps of:
  - transmitting a user identification from the terminal to a transaction partner via a first communication channel,
  - providing an authentication step in which an authentication device uses a second communication channel for checking an authentication function that is implemented in a mobile device of the user,
  - as a criterion for deciding whether the authentication to the transaction shall be granted or denied, having the authentication device check whether a predetermined time relation exists between the transmission of the user identification and a re-sponse from the second communication channel,
  - ensuring that the authentication function is normally inactive and is activated by the user only preliminarily for the transaction,
  - ensuring that said response from the second communication channel includes information that the authentication function is active, and
  - thereafter ensuring that the authentication function is automatically deactivated.

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<sup>172</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judge O’Malley, concurring opinion by Circuit Judge Reyna)(appeal from the United States District Court for the District of Delaware in No. 1:18-cv-01477-CFC, Judge Colm F. Connolly).

<sup>173</sup> 573 U.S. at 217.

The district court concluded that under *Alice*<sup>174</sup> step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the claims were “directed to the abstract idea of authentication—that is, the verification of identity to permit access to transactions.” The Federal Circuit expressed disagreement with that conclusion, but skipped over Step One and focused on Step Two.

The Federal Circuit reasoned that “[t]he ’903 patent claims and specification recite a specific improvement to authentication that increases security, prevents unauthorized access by a third party, is easily implemented, and can advantageously be carried out with mobile devices of low complexity. \* \* \* Contrary to the district court’s conclusion, the ’903 patent discloses a technical solution to a security problem in networks and computers. While authentication of a user’s identity using two communication channels and a mobile phone was known at the time of the invention, nothing in the specification or anywhere else in the record supports the district court’s suggestion that the last four claim steps—including (1) ‘as a criterion for deciding whether the authentication to the transaction shall be granted or denied, having the authentication device check whether a predetermined time relation exists between the transmission of the user identification and a response from the second communication channel’; (2) ‘ensuring that the authentication function is normally inactive and is activated by the user only preliminarily for the transaction’; followed by (3) ‘ensuring that said response from the second communication channel includes information that the authentication function is active’; and (4) ‘thereafter ensuring that the authentication function is automatically deactivated,’ \* \* \* —are conventional.”<sup>175</sup>

Circuit Judge Reyna, in a concurring opinion, disagreed with skipping Step One and moving to Step Two. However, Judge Reyna concluded that under Step One, the subject claims were drawn to patent-eligible subject matter.

## B. Patent-Ineligible Subject Matter – Post *Alice* Cases

1. System For Targeting Advertising Information to a Mobile Telephone User Based on Data Gathered From User’s Television Held Drawn to Patent Ineligible Subject Matter 

In *Free Stream Media Corp. v. Alphonso Inc.*,<sup>176</sup> the Federal Circuit concluded that claims drawn to a system for targeting advertising information to a mobile telephone user based on data gathered from the user’s television were drawn to patent-ineligible subject matter.

The asserted claims had three main components – (1) a networked device (e.g., a smart TV); (2) a client device (e.g., a mobile device); and (3) a relevancy matching server.

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<sup>174</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>175</sup> \_\_\_ F.3d at \_\_\_.

<sup>176</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judges Dyk and Hughes)(appeals from the United States District Court for the Northern District of California in No. 3:17-cv-02107-RS, Judge Richard Seeborg).

Claim 1 was deemed representative:<sup>177</sup>

1. A system comprising:

a television to generate a fingerprint data;

a relevancy-matching server to:

    match primary data generated from the fingerprint data with targeted data, based on a relevancy factor, and

    search a storage for the targeted data;

    wherein the primary data is any one of a content identification data and a content identification history;

a mobile device capable of being associated with the television to:

    process an embedded object,

    constrain an executable environment in a security sandbox, and execute a sandboxed application in the executable environment; and

a content identification server to:

    process the fingerprint data from the tele-vision, and

    communicate the primary data from the fingerprint data to any of a number of devices with an access to an identification data of at least one of the television and an automatic content identification service of the television.

Under *Alice*<sup>178</sup> step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the district court had held that claim 1 was not drawn to an abstract idea of tailored advertising. The Federal Circuit disagreed.

The Federal Circuit, continuing its trend of comparing disputed claims to claims involved in prior cases, noted that “[w]e have, in other cases, noted that similar claims were directed to the abstract idea of “targeted advertising,”<sup>179</sup> citing cases.

Free Stream Media Corp. d/b/a Samba TV urged that the claims, here, though, were more akin to claims in prior cases that were found directed to a “specific improvement to the way computers operate.” The Federal Circuit disagreed.

The Federal Circuit reasoned that “Samba asserts that its invention allows devices on the same network to communicate where such devices were previously unable to do so. The asserted claims provide for how that is achieved only by stating that the mechanism used to

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<sup>177</sup> Claim 10 was deemed representative as well on other issues, but is not necessary for the current discussion.

<sup>178</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>179</sup> \_\_\_ F.3d at \_\_\_.

achieve this communication is by piercing or other-wise overcoming a mobile device’s security sandbox. But the asserted claims do not at all describe how that result is achieved.”<sup>180</sup>

The Federal Circuit also reasoned that “[e]ven assuming the specification sufficiently discloses how the sandbox is overcome, the asserted claims nonetheless do not recite an improvement in computer functionality. \* \* \* The asserted claims do not incorporate any such [disclosed] methods of piercing the sandbox.”<sup>181</sup>

The Federal Circuit concluded that “the alleged technological improvement does nothing more than implement a computer to achieve the abstract idea of providing targeted advertising to the mobile device user.”<sup>182</sup>

With respect to *Aliv*<sup>183</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea,” the Federal Circuit concluded that “[t]he claims here simply recite that the abstract idea will be implemented using conventional components and functions generic to the technology.”<sup>184</sup>

## 2. Method For Determining Haplotype Phase Held Drawn to Patent Ineligible Subject Matter



In *In re Board of Trustees of the Leland Stanford Junior University*,<sup>185</sup> the Federal Circuit affirmed the PTAB’s conclusion that claims drawn to methods and computing systems for determining haplotype phase were drawn to patent ineligible subject matter.

Haplotype phasing was a process for determining the parent from whom alleles—i.e., versions of a gene—are inherited. A haplotype phase acts as an indication of the parent from whom a gene has been inherited.

The specification touted haplotype phasing techniques as improving personalized health care by tailoring risk modification, medications, and health oversight to individual genetic backgrounds. The invention involved a method for receiving certain types of genetic data and processing those data by performing mathematical calculations and statistical modeling to arrive at a haplotype phase determination.

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<sup>180</sup> \_\_\_ F.3d at \_\_\_.

<sup>181</sup> \_\_\_ F.3d at \_\_\_.

<sup>182</sup> \_\_\_ F.3d at \_\_\_.

<sup>183</sup> 573 U.S. at 217.

<sup>184</sup> \_\_\_ F.3d at \_\_\_.

<sup>185</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Chief Judge Prost and Circuit Judge Lourie)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. 13/445,925).

Independent claim 1 was deemed representative:

1. A method for resolving haplotype phase, comprising:

receiving allele data describing allele information regarding genotypes for a family comprising at least a mother, a father, and at least two children of the mother and the father, where the genotypes for the family contain single nucleotide variants and storing the allele data on a computer system comprising a processor and a memory;

receiving pedigree data for the family describing information regarding a pedigree for the family and storing the pedigree data on a computer system comprising a processor and a memory;

determining an inheritance state for the allele information described in the allele data based on identity between single nucleotide variants contained in the genotypes for the family using a Hidden Markov Model having hidden states implemented on a computer system comprising a processor and a memory,

wherein the hidden states comprise inheritance states, a compression fixed error state, and a [ Mendelian inheritance error]-rich fixed error state,

wherein the inheritance states are maternal identical, paternal identical, identical, and non-identical;

receiving transition probability data describing transition probabilities for inheritance states and storing the transition probability data on a computer system comprising a processor and a memory;

receiving population linkage disequilibrium data and storing the population disequilibrium data on a computer system comprising a processor and a memory;

determining a haplotype phase for at least one member of the family based on the pedigree data for the family, the inheritance state for the information described in the allele data, the transition probability data, and the population linkage disequilibrium data using a computer system comprising a processor and a memory;

storing the haplotype phase for at least one member of the family using a computer system comprising a processor and a memory; and

providing the stored haplotype phase for at least one member of the family in response to a request using a computer system comprising a processor and a memory.

Under *Alice*<sup>186</sup> step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the Federal Circuit noted that “[c]ourts

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<sup>186</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

have long held that mathematical algorithms for performing calculations, without more, are patent ineligible under § 101,”<sup>187</sup> and concluded that all claims were drawn to abstract ideas.

In response to Stanford’s argument that claim 1 was not drawn to an abstract idea because the specific application of the steps was novel and enabled scientists to ascertain more haplotype information than was previously possible, the Federal Circuit reasoned that “[t]he claimed advance proffered by Stanford, that the process yields a greater number of haplotype phase predictions, may constitute a new or different use of a mathematical process, but we are not persuaded that the process is an improved technological process.”<sup>188</sup>

With respect to *Alice*<sup>189</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea,” the Federal Circuit reasoned that “[c]laim 1 recites no steps that practically apply the claimed mathematical algorithm; instead, claim 1 ends at storing the haplotype phase and ‘providing’ it ‘in response to a request.’ Simply storing information and providing it upon request does not alone transform the abstract idea into patent eligible subject matter.”<sup>190</sup>

### 3. Claims to a “Computerized” Customer Loyalty System Held to Constitute Patent Ineligible Subject Matter

In *cxLoyalty, Inc. v. Maritz Holdings Inc.*,<sup>191</sup> the Federal Circuit concluded that claims drawn to a “computerized” customer loyalty system were drawn to patent ineligible subject matter.

Martiz’s patent-at-issue was said to be drawn to an improved customer loyalty system which eliminated the need for human intervention to redeem awards. cxLoyalty petitioned for a covered business method (CBM) review. The PTAB concluded that original claims 1-15 were unpatentable under § 101, but that proposed substitute claims 16-23 were patent-eligible.

The Federal Circuit affirmed the PTAB’s conclusion that the original claims were unpatentable as being drawn to patent-ineligible subject matter, and reversed the PTAB’s conclusion *vis-à-vis* the substitute claims. The Federal Circuit concluded that all claims were drawn to patent-ineligible subject matter.

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<sup>187</sup> \_\_\_ F.3d at \_\_\_.

<sup>188</sup> \_\_\_ F.3d at \_\_\_.

<sup>189</sup> 573 U.S. at 217.

<sup>190</sup> \_\_\_ F.3d at \_\_\_.

<sup>191</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Prost, joined by Circuit Judges Lourie and Hughes)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. CBM2018-00037).

Under *Alice*<sup>192</sup>step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the Federal Circuit agreed with the PTAB that claim 1, representative of the original claims, was drawn to “facilitating, or brokering, a commercial transaction (i.e., the sale and purchase of goods and services) between a purchaser using a first form of value (i.e., a rewards program participant using points in whole or in part) and a seller transacting in a second form of value (i.e., a vendor system which transacts purchases in currency).” The Federal Circuit reasoned that was a long-standing commercial practice, and thus those claims were drawn to an abstract idea.

Per *Alice*<sup>193</sup>step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea,” the Federal Circuit concluded that the original claims were “nothing more than applying the above-identified abstract idea using techniques that are, whether considered individually or as an ordered combination, well-understood, routine, and conventional.”<sup>194</sup>

The Federal Circuit further concluded that the substitute claims were drawn to patent-ineligible subject matter for the same reasons as the original claims.

#### 4. Claims to a Digital Camera Using Multiple Sensors and Multiple Lenses Held to Constitute Patent-Ineligible Subject Matter

In *Yu v. Apple Inc.*,<sup>195</sup> the Federal Circuit concluded that Yu’s asserted claims were invalid under § 101.

Yu’s asserted claims were drawn to a digital camera having multiple sensors and multiple lenses. The district court held that the asserted claims were directed to the abstract idea of taking two pictures and using those pictures to enhance each other in some way.

Under *Alice*<sup>196</sup>step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the Federal Circuit agreed with the district court that the claims were directed to the abstract idea of taking two pictures (which may be at different exposures) and using one picture to enhance the other in some way.

Per *Alice*<sup>197</sup>step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea,” the Federal

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<sup>192</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>193</sup> 573 U.S. at 217.

<sup>194</sup> \_\_\_ F.3d at \_\_\_.

<sup>195</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judge Taranto dissenting opinion by Circuit Judge Newman)(appeal from the United States District Court for the Northern District of California in No. 3:18-cv-06339-JD, Judge James Donato).

<sup>196</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>197</sup> 573 U.S. at 217.

Circuit concluded – No. The Federal Circuit concluded that the claims “recited at a high level of generality and merely invokes well-understood, routine, conventional components to apply the abstract idea identified above.”<sup>198</sup>

Circuit Judge Newman dissented, urging, *inter alia*, that “[t]he invention described and claimed in [patent-at-issue] is a digital camera having two lenses mounted in front of separate image sensors, with analog to digital conversion circuitry, a memory that stores the images, and a digital processor that enhances the images. This camera is a mechanical and electronic device of defined structure and mechanism; it is not an ‘abstract idea.’”<sup>199</sup>

5. Data-Processing System That Assigned Data Items a Unique Name Depending on Item’s Content – a Content Based Identifier – Held Drawn to Patent-Ineligible Subject Matter 

In *PersonalWeb Technologies LLC v. Google LLC*,<sup>200</sup> the Federal Circuit affirmed the district court’s holding, granting judgment on the pleadings, that the claims of the asserted patents were drawn to patent-ineligible subject matter under § 101.

One of the patents-at-issue and the general subject matter had been before the Federal Circuit previously in *Pers. Web Techs., LLC v. Apple, Inc.*,<sup>201</sup> and *PersonalWeb Techs., LLC v. Apple, Inc.*<sup>202</sup> In brief, the three patents-at-issue were drawn to data processing systems that assigned each data item a unique name that depended on the item’s content – a content-based identifier. The identifiers were generated by a mathematical algorithm. The identifier changed when the data item’s content changed.

PersonalWeb sued Google et al. in the E.D. Texas, which, after claim construction, transferred the cases to the N.D. Calif., where the actions were stayed pending several IPRs. The PTAB concluded that all claims in two of the patents-at-issue were unpatentable for prior art reasons, and that conclusion was affirmed by the Federal Circuit previously. The PTAB held that certain claims in the remaining patent-at-issue were unpatentable, and the Federal Circuit had affirmed the PTAB’s claim construction, but had remanded to determine obviousness for various procedural reasons. In a prior review of the PTAB’s decision after remand, the Federal Circuit reversed the PTAB’s conclusion that a limitation was inherently disclosed in the prior art.

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<sup>198</sup> \_\_\_ F.3d at \_\_\_.

<sup>199</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., dissenting).

<sup>200</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judges Lourie and Reyna)(appeal from the United States District Court for the Northern District of California in No. 5:13-cv-01358-EJD, Judge Edward J. Davila).

<sup>201</sup> 848 F.3d 987 (Fed. Cir. 2017).

<sup>202</sup> 917 F.3d 1376 (Fed. Cir. 2019).

Back in district court, after the stay was lifted, Google et al. moved for judgment on the pleadings that the remaining claims were drawn to patent-ineligible subject matter. The district court granted the motion. The Federal Circuit affirmed.

Under *Alire*<sup>203</sup> step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the Federal Circuit concluded that the claims were drawn to an abstract idea, namely “the use of an algorithm-generated content-based identifier to perform the claimed data-management functions, which across the three patents include controlling access to data items (the ’310 patent), retrieving and delivering copies of data items (the ’280 patent), and marking copies of data items for deletion (the ’662 patent).”<sup>2204</sup> Those, the Federal Circuit concluded, were mental processes that could be performed in the human mind or using a pencil and paper.

Under *Alire*<sup>205</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” the there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea,” the Federal Circuit concluded that the claims merely automated traditional methods.

6. Federal Circuit: “even if claim 1 recites novel subject matter, that fact is insufficient by itself to confer eligibility.” 🍆 🍆 🍆 🍆
7. Over Strong Dissent by Circuit Judge Newman, Claims to “An improved digital camera comprising” Held Drawn to Patent Ineligible Abstract Idea Because Components Were Conventional 🍆 🍆 🍆 🍆

In *Yu v. Apple Inc.*,<sup>206</sup> the Federal Circuit panel majority, over a strong dissent by Circuit Judge Newman, affirmed the district court’s grant of dismissal under Rule 12(b)(6) that apparatus claims drawn to a digital camera, that apparently were novel, were invalid under § 101 as being drawn to patent-ineligible subject matter.

The district court had held that the claims were directed to “the abstract idea of taking two pictures and using those pictures to enhance each other in some way.” The district court noted that “photographers ha[ve] been using multiple pictures to enhance each other for over a century,” and that the claims lacked an “inventive concept” pointing to “the complete absence of any facts showing that the[] [claimed] elements were not well-known, routine, and conventional.”

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<sup>203</sup> *Alire Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>204</sup> \_\_\_ F.3d at \_\_\_.

<sup>205</sup> 573 U.S. at 217.

<sup>206</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judge Taranto, dissenting opinion by Circuit Judge Newman)(appeal from the United States District Court for the Northern District of California in No. 3:18-cv-06339-JD, Judge James Donato).

Although that rationale sounds like reasoning more akin to concluding that the claims were invalid under § 102 for lack of novelty, or under § 103 for obviousness, the Federal Circuit panel majority agreed that the claims were thereby drawn to patent ineligible subject matter under § 101.

Under *Alice*<sup>207</sup> step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, the Federal Circuit panel majority reasoned that “[g]iven the claim language and the specification, we conclude that claim 1 is ‘directed to a result or effect that itself is the abstract idea and merely invoke[s] generic processes and machinery’ rather than ‘a specific means or method that improves the relevant technology.’”<sup>208</sup>

Claim 1 called for:

1. An improved digital camera comprising:

a first and a second image sensor closely positioned with respect to a common plane, said second image sensor sensitive to a full region of visible color spectrum;

two lenses, each being mounted in front of one of said two image sensors;

said first image sensor producing a first image and said second image sensor producing a second im-age;

an analog-to-digital converting circuitry coupled to said first and said second image sensor and digitizing said first and said second intensity images to produce correspondingly a first digital image and a second digital image;

an image memory, coupled to said analog-to-digital converting circuitry, for storing said first digital image and said second digital image; and

a digital image processor, coupled to said image memory and receiving said first digital image and said second digital image, producing a resultant digital image from said first digital image enhanced with said second digital image.

The Federal Circuit panel majority reasoned that the “idea and practice of using multiple pictures to enhance each other has been known by photographers for over a century,” and that “[o]nly conventional camera components are recited to effectuate the resulting ‘enhanced’ image—two image sensors, two lenses, an analog-to-digital converting circuitry, an image memory, and a digital image processor.”<sup>209</sup>

With respect to *Alice*<sup>210</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea,” Yu urged that the claims had been allowed over multiple prior art references. The Federal Circuit

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<sup>207</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>208</sup> \_\_\_ F.3d at \_\_\_.

<sup>209</sup> \_\_\_ F.3d at \_\_\_.

<sup>210</sup> 573 U.S. at 217.

panel majority, however, responded “[b]ut even if claim 1 recites novel subject matter, that fact is insufficient by itself to confer eligibility.”<sup>211</sup>

Circuit Judge Newman dissented, urging *inter alia*, that “[t]he invention described and claimed in \* \* \* [the patent-in-suit] is a digital camera having two lenses mounted in front of separate image sensors, with analog to digital conversion circuitry, a memory that stores the images, and a digital processor that enhances the im-ages. This camera is a mechanical and electronic device of defined structure and mechanism; it is not an “abstract idea.”<sup>212</sup>

Judge Newman urged that “[t]he camera of the \* \* \* [patent-in-suit] may or may not ultimately satisfy all the substantive requirements of patentability, for this is an active field of technology. However, that does not convert a mechanical/electronic device into an abstract idea.”<sup>213</sup>

Judge Newman further urged that distinction between § 101 and § 102 were long ago settled by the Supreme Court in 1981 in *Diamond v. Diehr*,<sup>214</sup> –

The Senate Report stated: “Section 101 sets forth the subject matter that can be patented, ‘subject to the conditions and requirements of this title.’ The conditions under which a patent may be obtained follow, and *Section 102 covers the conditions relating to novelty.*”<sup>215</sup>

Judge Newman emphasized that “this history, for the principle that the majority today invokes was long ago discarded. A device that uses known components does not thereby become an abstract idea, and is not on that ground ineligible for access to patenting.”<sup>216</sup>

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**Comment:** This case illustrates how far the Supreme Court (and consequently the Federal Circuit) have strayed from the true statutory purpose of § 101. Judge Newman was absolutely correct – the claimed invention may or may not have met the novelty and non-obvious requirements. But the claims were certainly not drawn to an “abstract idea” – which, by the way, the Supreme Court in *Allice* and other like cases has studiously avoided defining.

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<sup>211</sup> \_\_\_ F.3d at \_\_\_.

<sup>212</sup> \_\_\_ F.3d at \_\_\_.

<sup>213</sup> \_\_\_ F.3d at \_\_\_.

<sup>214</sup> 450 U.S. 175 (1981).

<sup>215</sup> 450 U.S. at 190 (emphasis in *Diehr*).

<sup>216</sup> \_\_\_ F.3d at \_\_\_.

8. Federal Circuit Affirms District Court Holding  
That All Claims of Four Asserted Patents to  
Securing Electronic Payment Transactions Were  
Invalid as Patent Ineligible 

In *Universal Secure Registry LLC v. Apple Inc.*,<sup>217</sup> the Federal Circuit affirmed the district court’s conclusion that all claims of four asserted patents, drawn to securing electronic payment transactions, were drawn to patent-ineligible subject matter.

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Comment: This opinion authored by Circuit Judge Stoll issued on August 26, 2021. On October 4, 2021, roughly five weeks later, Circuit Judge Stoll authored an opinion in *CosmoKey Solutions GmbH & Co. KG v. Duo Security LLC*,<sup>218</sup> concluding that the claims in that case, drawn to related methods of authentication, passed muster under *Alice*<sup>219</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” the there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea.”

Yes, of course, Judge Stoll distinguished the two cases on factual grounds. But, these cases highlight why the Supreme Court simply must reverse its long, intractable refusals to grant certiorari in § 101 cases, especially those involving alleged “abstract ideas.”

None of the Federal Circuit nor any district court, and, indeed, not even the Supreme Court, has been able to articulate what an “abstract idea” truly is. As a result, the law remains wholly unpredictable diserving the bench, the bar, and the public at large.

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USR sued Apple (and others) for infringement of four patents all drawn to securing electronic payment transactions.

Apple moved to dismiss under Fed. R. Civ. P. 12(b)(6) urging that all claims were drawn to patent-ineligible subject matter under § 101. The district court concluded that the subject claims failed the analysis under both *Alice*<sup>220</sup> step one, namely determining whether the claims are directed to a “patent-ineligible concept,” such as an abstract idea, and under *Alice*<sup>221</sup> step two, namely whether, considering the elements of each claim individually and as an “ordered combination,” the there are “additional elements” that “transform the nature of the claim” into a patent-eligible application of an “abstract idea.”

The district court held that the claims were drawn to the “abstract idea” of “the secure verification of a person’s identity” and that the patents did not disclose an inventive concept—

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<sup>217</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Taranto and Wallach)(appeal from the United States District Court for the District of Delaware in No. 1:17-cv-00585-CFC-SRF, Judge Colm F. Connolly).

<sup>218</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021.  
<sup>219</sup> 573 U.S. at 217.  
<sup>220</sup> 573 U.S. at 217.

<sup>220</sup> *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217 (2014).

<sup>221</sup> 573 U.S. at 217.

including an improvement in computer functionality—that transformed the abstract idea into a patent-eligible application.

The Federal Circuit addressed each patent separately. Suffice it to say, that the Federal Circuit concluded that the claims in one of the patents-in-suit were drawn to the “abstract idea” of “enabling a transaction between a user and a merchant, where the merchant is given a time-varying code instead of the user’s secure (credit card) information.” The Federal Circuit also agreed with the district court that, under Step Two, the claim’s recitations of (1) time-varying codes and (2) sending data to a third-party as opposed to the merchant each did not rise to the level of an inventive concept.

The Federal Circuit reached similar conclusions *vis-à-vis* the other patents-in-suit, albeit with some differences due to the technology.

## VII. INEQUITABLE CONDUCT AND LEGAL ETHICS

### A. Intent

1. A Finding That Testimony Regarding Reasons For Withholding Information Was Implausible and Not Credible, Coupled With Other Evidence, Leads to Finding of Inequitable Conduct



In *Belber Pharmaceuticals, LLC v. Hospira, Inc.*,<sup>222</sup> the Federal Circuit affirmed the district court’s finding of inequitable conduct based on withholding information and making assertions of criticality belied by withheld information.

Epinephrine (adrenaline), a hormone on the market since 1938 and used for a variety of medical purposes, was known to degrade in two ways – racemization and oxidation. Racemization involved a conversion of levorotatory epinephrine (l-epinephrine), the more potent isomer, to dextrorotatory to epinephrine (d-epinephrine), a less potent isomer. Oxidation resulted in a change in the chemical composition due to reaction with oxygen which changed l-epinephrine to adrenalone, considered an impurity.

A pharmacist’s 1986 handbook explained that there was an inverse relationship between racemization and pH and a proportional relationship between oxidation and pH. Namely, when an epinephrine solution became more acidic (lower pH), racemization increased and oxidation decreased – and vice versa.

Thus, the handbook taught that there was an optimum pH that balanced the two, and that optimum pH was in a pH range of 3.0-3.8.

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<sup>222</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judges Tarranto and Stoll)(appeal from the United States District Court for the District of Delaware in No. 1:17-cv-00775-LPS, Judge Leonard P. Stark).

In 2012, Belcher submitted a new drug application (NDA) with the FDA for a 1 mg/mL injectable l-epinephrine formulation. The NDA was literature-based, *i.e.*, Belcher had not performed any clinical or non-clinical studies on its epinephrine.

The NDA discussed a Swiss company's (Sintetica's) "original formulation" of 1 mg/mL injectable l-epinephrine, that Sintetica had developed in the 1930s and registered in Switzerland in 1947. The formulation had a pH range of 2.2-4.0, and also used sodium metabisulphite as an antioxidant preservative. The manufacturing process used a flow of nitrogen to remove oxygen to enhance stability.

The NDA advised that in the early 2000s, the market was demanding epinephrine formulations that did not include "preservatives and sulfites" that had been found to cause side effects. The NDA described formulation under submission as increasing the sodium chloride concentration and increasing the epinephrine overage from 10% to 15%, and as having a pH of 2.8-3.3.

The FDA responded with a letter asking for further information, including data regarding racemization, and clarification whether certain Sintetica batches Belcher relied on for stability validation were manufactured in the same way as proposed for marketing.

Belcher responded with additional information, and the FDA replied asking Belcher to evaluate the effect of an in-process pH range of 2.4-2.6 on racemization. Belcher's regulatory consultants recommended that Belcher revert to the 2.8-3.3 pH range shown in the Sintetica batch data because deviating from that range would delay FDA approval.

Belcher, accordingly, responded to the FDA that it had "refocused" its studies on the effect of an in-process pH of 2.8-3.3 on formation of d-epinephrine during each step of the manufacturing process. Belcher requested approval of the drug proposed in the NDA with the exception of changing the in-process pH from 2.4-2.6 back to the initial pH of 2.8-3.3.

In 2014, Belcher's CEO filed an application that matured into the patent-in-suit, which was later assigned to Belcher.

The patent described the problem of l-epinephrine's degradation, and asserted that an answer "seemed impossible" and "had never been accomplished before." The patent stated that the idea of raising the in-process pH above the range of 2.2-2.6 "was contradictory to one skilled in the art" before the claimed invention. The patent stated that "increasing the in-process pH to 2.8-3.3] unexpectedly reduced the racemization of l-epinephrine to d-epinephrine at release by approximately two-thirds, from 14% to 5%, respectively."

The claims-at-issue were drawn to epinephrine formulations having a pH between 2.8 and 3.3 and certain concentrations of l-epinephrine, d-epinephrine, and adrenalone at the time of release and 12 months later.

The examiner initial rejected the claims as having been obvious over a Canadian application (Helenek) and additional references. The examiner explained that Helenek disclosed a 1 mg/mL epinephrine injection that was free of preservatives and antioxidants, was made in an oxygen free (*i.e.*, nitrogen) environment, and had a pH range of 2.2 to 5.0.

Belcher's counsel responded by arguing that Helenek's 2.2-5.0 pH range did not render the claimed range of 2.8-3.3 obvious because the claimed range "was unexpectedly found to be critical by the Applicant to reduce the racemization of l-epinephrine."

After an examiner interview and an examiner's amendment, the application was allowed. The examiner's Statement of Reasons for Allowance included that "Applicant has demonstrated that pH range of between 2.8 and 3.3 is critical to prevent racemization of l-epinephrine \* \* \*. [T]here is nothing in the prior art that would teach or suggest the instantly claimed pH range of between 2.8 and 3.3 would result in the limited racemization and impurities as instantly claimed."

Hospira submitted an NDA seeking approval for a 0.1 mg/mL injectable l-epinephrine formulation. That NDA included a Paragraph IV certification that Belcher's patent was invalid, unenforceable, and/or not infringed.

Belcher sued Hospira under the Hatch-Waxman Act for infringement based on having filed the NDA. The parties stipulated that Hospira's product did not literally infringe. The district court held a bench trial on Belcher's claim of infringement under the doctrine of equivalents, and Hospira's defenses, including inequitable conduct.

The trial witnesses included Darren Rubin, Belcher's Chief Science Officer, who also served as Belcher's head of intellectual property, although he was not an attorney or registered patent agent. Nevertheless, his job responsibilities included, *inter alia*, drafting patent applications, patent prosecution, and litigation.

Rubin testified that he was involved with prosecution of the patent-in-suit, and during prosecution he had been aware of Sintetica's epinephrine formulations that had a pH range of 2.8 to 3.3 and that Belcher's NDA described that range as "old." Rubin also testified that he had been aware of a Stepensky article that had been cited to the FDA during the regulatory approval process. Belcher had cited Stepensky (and another reference) to the FDA for the proposition that "[r]acemization of the enantiomerically pure L-Epinephrine isomer in injectable formulations of epinephrine is a well-known process."

Rubin further testified that, prior to the filing date of the Belcher application (August 15, 2014), he had in his possession a label for a 1 mg/mL epinephrine product that a company named JHP had already introduced to the market. That label described an epinephrine product having a pH in the range of 2.2 to 5.0. He was also aware that Belcher had acquired batches of the JHP product which, upon testing, was shown to have a pH within 2.8-3.3 at 15 months, *i.e.*, 3 months before expiration of its 18-month selflife.

The district court concluded, *inter alia*, that the patent-in-suit was unenforceable because of inequitable conduct. Regarding materiality, the district court credited the testimony of Hospira's expert that each of three pieces of information withheld from the PTO – JHP's product, Sintetica's product, and Stepensky) were "but-for" material to patentability because they disclosed two features of the claimed invention – pH range and impurity levels.

The district court also concluded that clear and convincing evidence established that Rubin had acted with an intent to deceive the PTO.

The Federal Circuit agreed with the district court.

The Federal Circuit reiterated that "[i]nequitable conduct is a defense to patent infringement that, if proven, renders the asserted patent unenforceable. \* \* \* To prevail on

an inequitable conduct defense, a defendant must establish both the materiality of the withheld reference and the applicant’s intent to deceive the PTO.’ ”<sup>223</sup>

Regarding materiality, the Federal Circuit reiterated that “[a] prior art reference may constitute material information, even where the reference is not sufficient to invalidate the claim in district court, if the disclosure of the reference would have blocked the issuance of a patent under the PTO’s evidentiary standards. \* \* \* Thus, prior art is but-for material information if the PTO would not have allowed a claim had it been aware of the undisclosed prior art. \* \* \* [T]he standard for establishing but-for materiality in the inequitable conduct context only requires a preponderance of the evidence, “giv[ing] claims their broadest reasonable construction.” ’ ”<sup>224</sup>

Belcher did not challenge the district court’s decision that the asserted claims were obvious based on, *inter alia*, JHP’s epinephrine product which testing showed had a pH within the claimed range. The district court also relied on the withholding of the Stepensky article and Sintetica’s prior product, but the Federal Circuit did not expressly do so.

The Federal Circuit rejected Belcher’s argument that the withheld information, including JHP’s product, were immaterial as being “cumulative” to Helenek’s disclosure of formulations having a pH range of 2.2-5.0. The Federal Circuit noted that Belcher’s argument was “directly at odds with its argument during prosecution that the claimed range was ‘critical,’ \* \* \* ”<sup>225</sup>

Regarding intent, the Federal Circuit reiterated that “[t]o satisfy the intent requirement, ‘the accused infringer must prove by clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.’ \* \* \* [I]nequitable conduct requires clear and convincing evidence of a specific intent to deceive the PTO and that “the specific intent to deceive must be the single most reasonable inference able to be drawn from the evidence.” ’ ”<sup>226</sup>

Rubin asserted that he had withheld prior art, including the JHP product that disclosed a pH range of 2.8-3.3, because he believed that they were irrelevant because the disclosures were different from the asserted claims in certain respects, including their high shelf-life overages.

Belcher argued that Rubin’s “mental state” was a genuine belief about the irrelevance of the references, rather than a desire to deceive the PTO.

The Federal Circuit noted that it had previously rejected similar post hoc rationales for withholding material prior art. The Federal Circuit explained that here the district court found Rubin’s reasons for withholding the JHP product to be implausible and not credible.

But, also, the district court had relied on other record evidence including his prior knowledge of the JHP product, his central role in both FDA approval and patent prosecution,

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<sup>223</sup> \_\_\_ F.3d at \_\_\_.

<sup>224</sup> \_\_\_ F.3d at \_\_\_.

<sup>225</sup> \_\_\_ F.3d at \_\_\_.

<sup>226</sup> \_\_\_ F.3d at \_\_\_.

and his arguments to the examiner about the “criticality” of the 2.8-3.3 pH range despite knowing that Sintetica’s batches used the same range.

The Federal Circuit concluded that “the district court did not clearly err in finding that the single most reasonable inference is that Mr. Rubin possessed the specific intent to deceive the PTO when withholding the JHP product.”<sup>227</sup>

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Comment: The case is an example of how “intent” may be proved.

Clearly “intent” relates to an actor’s “state of mind.” Plainly, “intent to deceive” should not be subject to being defeated by an actor’s testimony that he/she harbored no such “intent to deceive the PTO,” but rather made choices *vis-à-vis* withholding material prior art for other, innocent reasons.

Here, the district court found Rubin’s testimony regarding his “intent” both implausible and not credible. Is that enough? Maybe – but maybe not.

The Federal Circuit here especially noted that the district court had gone the extra step in further evaluating Rubin’s testimony *vis-à-vis* “intent.” And, the affrmance seems to be based on the district court having gone that extra step.

Would a finding that an actor’s testimony *vis-à-vis* “intent” was implausible and not credible alone be sufficient to establish “intent to deceive the PTO.?” We’ll have to await further cases for the answer.

That seems to put a “heavy” burden on the “testifying ability” of a witness. But, in our system of justice, that has always been a consideration on a variety of issues in a variety of cases.

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## 2. Inferred

- a) Intent Inferred When Individual Responsible For Both FDA Approval and Patent Prosecution Makes Contradictory Statements – Telling FDA That Range Was “Old” While Telling PTO Range Was “Critical” 

In *Belcher Pharmaceuticals, LLC v. Hospira, Inc.*,<sup>228</sup> the Federal Circuit affirmed the district court’s finding that Belcher had engaged in inequitable conduct.

Belcher’s Chief Science Officer, Darren Rubin, oversaw both regulatory approval and intellectual property matters.

In 2012, Belcher submitted a New Drug Application (NDA) to the FDA for a 1 mg/mL injectable l-epinephrine formulation. The NDA discussed a Swiss company’s (Sintetica SA’s) original formulation of 1 mg/mL injectable l-epinephrine, which Sintetica

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<sup>227</sup> \_\_\_\_ F.3d at \_\_\_\_.

<sup>228</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judges Tarranto and Stoll)(appeal from the United States District Court for the District of Delaware in No. 1:17-cv-00775-LPS, Judge Leonard P. Stark).

developed in the 1930s and included sodium metabisulphite as an antioxidant preservative and about a 10 percent overage<sup>1</sup> of epinephrine to ward off activity loss, and it had a pH range of 2.2 to 4.0.

The NDA said that the early 2000s, market demand shifted to epinephrine formulations that did not include preservatives and sulfites that had been found to cause side effects. The NDA said that the new product involved increasing the sodium chloride concentration and increasing the epinephrine overage from 10 percent to 15 percent, and that the new composition had a pH range of 2.8 to 3.3. The FDA ultimately approved the NDA.

In 2014, Belcher filed an application maturing into the patent-in-suit for certain epinephrine formulations. The application discussed the problem of l-epinephrine's degradation and the resulting need for product overages and sulfite antioxidants, and asserted that an answer "seemed impossible" and "had never been accomplished before."

The application stated that the idea of raising the in-process pH above the range of 2.2 to 2.6 "was contradictory to one skilled in the art" before the claimed invention, and "increasing the in-process pH to 2.8-3.3] unexpectedly reduced the racemization of l-epinephrine to d-epinephrine at release by approximately two-thirds, from 14% to 5%, respectively."

The prosecution history consisted of a single office action. The examiner rejected the claims based on a Canadian application in view of other references teaching a 1 mg/mL epinephrine injection that was free of preservatives and antioxidants, was made in an oxygen free (i.e., nitrogen) environment, and had a pH range of 2.2 to 5.0.

Belcher's counsel responded that the prior art's 2.2 to 5.0 pH range failed to render obvious the claimed range of 2.8 to 3.3 because the claimed range "was unexpectedly found to be critical by the Applicant to reduce the racemization of l-epinephrine." The Examiner's reasons for allowance noted "Applicant's demonstration of criticality of a pH range between 2.8 and 3.3."

Hospira later submitted an NDA seeking approval of a 0.1 mg/mL injectable l-epinephrine formulation with a Paragraph IV certification that Belcher's patent was invalid, unenforceable and/or not infringed. Belcher sued for infringement under the Hatch-Waxman Act.

In a bench trial, Rubin explained that he had participated in drafting Belcher's NDA and the FDA approval process. He also was involved in Belcher's patent prosecution, having drafted the application and having assisted in responding to the PTO's rejection.

Rubin testified that he knew of Sintetica's epinephrine formulations that had a pH range of 2.8 to 3.3 and that Belcher's NDA described that range as "old." Rubin further testified that he knew of a prior art reference, Stepensky, that disclosed the pH range before the application was filed, having cited Stepensky in two separate communications to the FDA during the approval process.

Rubin also testified that he had a label for a 1 mg/mL epinephrine product that a company named JHP had already introduced to the market describing its epinephrine product as having a pH in the range of 2.2 to 5.0. Belcher also acquired three batches of the JHP product and sent them to Sintetica for testing, which showed that the JHP product had a pH

within the range of 2.8 to 3.3 at 15 months, i.e., three months before the expiration of its 18-month shelf life.

The district court concluded that each of the three pieces of information Rubin withheld from the PTO (JHP's product, Sintetica's product, and Stepensky) were but-for material to patentability because they disclosed two aspects of the asserted claims: the pH range and the impurity levels.

The district court also concluded that there was clear and convincing evidence that acted with the requisite intent to deceive the PTO. The district court noted that Rubin knew of JHP's product, Sintetica's product, and Stepensky before and during prosecution and that Rubin was a key player in the FDA approval process as well as the prosecution. Accordingly, Rubin knew that Belcher had described the claimed pH range of 2.8 to 3.3 as "old" to the FDA; that Belcher disclosed Stepensky, which teaches an overlapping pH range of 3.25 to 3.70; that Belcher had submitted data to the FDA on Sintetica's and JHP's products showing a pH within the claimed range; and that Belcher switched from a lower pH range to the claimed 2.8 to 3.3 pH range at least in part to expedite FDA approval because that range matched the pH range of Sintetica's products.

But, before the PTO, Rubin did not merely withhold that information but also used emphatic language to argue that the claimed pH range of 2.8 to 3.3 was a "critical" innovation that "unexpectedly" reduced racemization.

On appeal, the Federal Circuit affirmed. Regarding materiality, the Federal Circuit noted that Belcher had not appealed the district court's decision that the asserted claims were invalid as having been obvious based on, *inter alia*, JHP's epinephrine product, testing of which showed the product had a pH within the claimed range. Thus, that product was necessarily material to patentability. Although the district court had concluded that the other withheld information was also material to patentability, the Federal Circuit focused on the JHP produce.

Regarding intent, the Federal Circuit rejected Belcher's argument that Rubin's mental state was a genuine belief that the references were irrelevant. The Federal Circuit noted the district court's findings that Rubin's reasons for withholding the JHP product were implausible and not credible. The Federal Circuit concluded that the district court had not erred in finding that the single most reasonable inference is that Mr. Rubin possessed the specific intent to deceive the PTO when withholding the JHP product.

VIII. ENABLEMENT – WRITTEN DESCRIPTION – BEST MODE:  
35 U.S.C. § 112(a)

- A. Enablement
1. Specification Must Enable the Full Scope of the Claims 
  2. Enablement Under the *Wands* Factors is Analyzed in View of Claim Scope  
  3. “What emerges from our case law is that the enablement inquiry for claims that include functional requirements can be particularly focused on the breadth of those requirements, especially where predictability and guidance fall short”   

In *Amgen Inc. v. Sanofi, Aventisub LLC*,<sup>229</sup> the Federal Circuit affirmed the district court’s grant of JMOL that the asserted claims lacked enablement support for the full scope of those claims, and therefore were invalid.

Amgen’s two patents-in-suit were drawn to antibodies that bound to an enzyme (PCSK9) that participated in regulating low-density lipoprotein (LDL) cholesterol circulation. The specification disclosed amino acid sequences for twenty-six antibodies, including one identified as 21B12 having the generic name of evolocumab, marketed by Amgen as Repatha®.

The patents-in-suit claimed antibodies that bound to one or more of fifteen amino acids (*ie.*, “residues”) of the PCSK9 protein and blocked PCSK9 from binding to LDL receptors. Claim 1 of one of the patents-in-suit is representative:

1. An isolated monoclonal antibody, wherein, when bound to PCSK9, the monoclonal antibody binds to at least one of the following residues: S153, I154, P155, R194, D238, A239, I369, S372, D374, C375, T377, C378, F379, V380, or S381 of SEQ ID NO:3, and wherein the monoclonal antibody blocks binding of PCSK9 to LDLR.

Namely, the claimed antibodies were defined by their function: binding to a combinations of sites (residues) on the PCSK9 protein, in a range from one residue to all of them; and blocking the PCSK9/LDLR interaction.

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<sup>229</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Chief Judge Prost and Circuit Judge Hughes)(appeal from the United States District Court for the District of Delaware in Nos. 1:14-cv-01317-RGA, 1:14-cv-01349-RGA, 1:14-cv-01393-RGA, 1:14-cv-01414-RGA, Judge Richard G. Andrews).

In an earlier appeal in 2017, *Amgen Inc. v. Sanofi*,<sup>230</sup> the Federal Circuit remanded for a new trial on Sanofi’s defenses of lack of written description and enablement support. On remand, a jury found that Sanofi had failed to prove that the asserted claims were invalid for lack of written description and enablement support. The district court, however, granted Sanofi’s motion for JMOL for lack of enablement. The Federal Circuit affirmed.

The Federal Circuit reiterated that “[t]he purpose of the enablement requirement is to ensure that the public is told how to carry out the invention, *i.e.*, to make and use it. We have held that such disclosure must be ‘at least commensurate with the scope of the claims.’ ”<sup>231</sup>

The Federal Circuit explained that “[t]o prove that a claim is invalid for lack of enablement, a challenger must show by clear and convincing evidence that a person of ordinary skill in the art would not be able to practice the claimed invention without “undue experimentation.” ’ \* \* \* ‘Whether undue experimentation is needed is not a single, simple factual determination, but rather is a conclusion reached by weighing many factual considerations,’ ” citing *In re Wands*,<sup>232</sup> which has become the seminal case on the issue.

The Federal Circuit explained that “[t]hose factual considerations, which have come to be known as the ‘Wands factors,’ are:

- (1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.

\* \* \* As we have stated elsewhere, ‘[a]fter the challenger has put forward evidence that some experimentation is needed to practice the patented claim, the factors set forth in *Wands* then provide the factual considerations that a court may consider when determining whether the amount of that experimentation is either “undue” or sufficiently routine such that an ordinarily skilled artisan would reasonably be expected to carry it out.’ \* \* \* Although a specification does not need to ‘describe how to make and use every possible variant of the claimed invention, when a range is claimed, there must be reasonable enablement of the scope of the range.’ ”<sup>233</sup>

The Federal Circuit further explained that “[i]mportantly, although *Wands* gave birth to its eponymous factors, *Wands* did not proclaim that all broad claims to antibodies are necessarily enabled. Facts control and, in this court, so does the standard of review.”<sup>234</sup>

The Federal Circuit summarized that “[w]hat emerges from our case law is that the enablement inquiry for claims that include functional requirements can be particularly focused

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<sup>230</sup> 872 F.3d 1367 (Fed. Cir. 2017).

<sup>231</sup> \_\_\_ F.3d at \_\_\_.

<sup>232</sup> 858 F.2d 731, 736–37 (Fed. Cir. 1988).

<sup>233</sup> \_\_\_ F.3d at \_\_\_, quoting *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 959 F.3d 1091, 1100 (Fed. Cir. 2020) (citing *AK Steel Corp. v. Sollac*, 344 F.3d 1234, 1244 (Fed. Cir. 2003)) (internal citations omitted).

<sup>234</sup> \_\_\_ F.3d at \_\_\_.

on the breadth of those requirements, especially where predictability and guidance fall short. In particular, it is important to consider the quantity of experimentation that would be required to make and use, not only the limited number of embodiments that the patent discloses, but also the full scope of the claim.”<sup>235</sup>

The Federal Circuit added that “[w]hile functional claim limitations are not necessarily precluded in claims that meet the enablement requirement, such limitations pose high hurdles in fulfilling the enablement requirement for claims with broad functional language.”<sup>236</sup>

Here, the Federal Circuit agreed with the district court that the specification did not enable preparation of the full scope of these functional claims without undue experimentation. The Federal Circuit viewed the claims as “indisputably broad, and were far broader in functional diversity than the disclosed examples.

The Federal Circuit also agreed with the district court that the invention fell within an unpredictable field of science – “And while some need for testing by itself might not indicate a lack of enablement, we note here the conspicuous absence of nonconclusory evidence that the full scope of the broad claims can predictably be generated by the described methods. Instead, we have evidence only that a small subset of examples of antibodies can predictably be generated.”<sup>237</sup>

The Federal Circuit, however, did not hold that efforts to exhaust a genus was dispositive – “We do not hold that the effort required to *exhaust* a genus is dispositive. It is appropriate, however, to look at the amount of effort needed to obtain embodiments outside the scope of the disclosed examples and guidance.”<sup>238</sup>

The Federal Circuit concluded that “[t]he functional limitations here are broad, the disclosed examples and guidance are narrow, and no reasonable jury could conclude under these facts that anything but ‘substantial time and effort’ would be required to reach the full scope of claimed embodiments.”<sup>239</sup>

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<sup>235</sup> \_\_\_ F.3d at \_\_\_.

<sup>236</sup> \_\_\_ F.3d at \_\_\_.

<sup>237</sup> \_\_\_ F.3d at \_\_\_.

<sup>238</sup> \_\_\_ F.3d at \_\_\_.

<sup>239</sup> \_\_\_ F.3d at \_\_\_.

B. Written Description (Other Than in Conjunction With Means-Plus Function Limitations)

1. Validity

- a) Federal Circuit Concludes No Reasonable Jury Could Find That Written Description Sufficiently Demonstrated That Inventors Possessed Full Scope of the Claimed Invention



In *Juno Therapeutics, Inc. v. Kite Pharma, Inc.*,<sup>240</sup> the Federal Circuit reversed a district court judgment, based on a jury verdict, that certain claims in Juno’s patent-in-suit were not invalid for lack of a written disclosure. The Federal Circuit concluded that no reasonable jury could find that the written description sufficiently demonstrated that the inventors had possession of the full scope of the claimed invention.

This case is yet another example validating the proverb that “pigs get fed, hogs get slaughtered.” The meaning, of course is that being too greedy will result in a bad day.

Chimeric antigen receptor (CAR) T-cell therapy isolates a patient’s T cells; reprogramming those T cells to produce a specific, targeted receptor (a CAR) on each T cell’s surface; and infusing the patient with the reprogrammed cells.

The patent-in-suit was drawn to a nucleic acid polymer encoding a three-part CAR for a T cell. The patent claimed priority to a provisional application filed on May 28, 2002, which the Federal Circuit expressly noted was “a time period that one of the inventors labeled as ‘the birth of the CART field.’” With that as the opening introduction, the Federal Circuit essentially broadcast the result.

Claim 1 called for:

1. A nucleic acid polymer encoding a chimeric T cell receptor, said chimeric T cell receptor comprising
- (a) a zeta chain portion comprising the intracellular domain of human CD3 ζ chain,
  - (b) a costimulatory signaling region, and
  - (c) a binding element that specifically interacts with a selected target, wherein the costimulatory signaling region comprises the amino acid sequence encoded by SEQ ID NO:6.

Juno sued Kite alleging that Kite was infringing through the use, sale and importation of YESCARTA® a “therapy in which a patient’s T cells are engineered to express a [CAR] to

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<sup>240</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Prost and O’Malley)(appeal from the United States District Court for the Central District of California in No. 2:17-cv-07639-PSGKS, Judge Philip S. Gutierrez).

target the antigen CD19, a protein expressed on the cell surface of B-cell lymphomas and leukemias, and redirect the T cells to kill cancer cells.”

A jury found, *inter alia*, that Kite’s infringement was willful and awarded damages of \$585 million and a 27.6% running royalty. Post-trial, Kite moved, *inter alia*, for a JMOL urging that the claims were not supported by a sufficient written disclosure. The district court denied the same.

With respect to the written description requirement, the Federal Circuit explained that “[a] patent’s specification ‘shall contain a written description of the invention.’ \* \* \* [T]he hallmark of written description is disclosure.’ \* \* \* A specification adequately describes an invention when it ‘reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.’ \* \* \* ‘A “mere wish or plan” for obtaining the claimed invention is not adequate written description.’ \* \* \* What is required to meet the written description requirement ‘varies with the nature and scope of the invention at issue, and with the scientific and technologic knowledge already in existence.’ ”<sup>241</sup>

The Federal Circuit has also explained that “[f]or generic claims, we have set forth a number of factors for evaluating the adequacy of the disclosure, including ‘the existing knowledge in the particular field, the extent and content of the prior art, the maturity of the science or technology, [and] the predictability of the aspect at issue.’ ”<sup>242</sup>

The Federal Circuit has also advised that “[f]or genus claims using functional language, like the binding function of the scFvs [see footnote]<sup>243</sup> claimed here, the written description ‘must demonstrate that the applicant has made a generic invention that achieves the claimed result and do so by showing that the applicant has invented species sufficient to support a claim to the functionally- defined genus.’ \* \* \* ‘The written description requirement [ ] ensures that when a patent claims a genus by its function or result, the specification recites sufficient materials to accomplish that function.’ \* \* \* Generally, a genus can be sufficiently disclosed by ‘either a representative number of species falling within the scope of the genus or structural features common to the members of the genus so that one of skill in the art can “visualize or recognize” the members of the genus.’ \* \* \* ‘A written description of an invention involving a chemical genus, like a description of a chemical species, “requires a precise definition, such as by structure, formula, [or] chemical name,” of the claimed subject matter sufficient to distinguish it from other materials.’ \* \* \* .”<sup>244</sup>

Kite urged that the specification disclosed neither representative species nor common structural features of the claimed scFv genus to identify which scFvs would function as claimed. Kite urged that the claims covered an extraordinarily large number (millions or

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<sup>241</sup> \_\_\_ F.3d at \_\_\_.

<sup>242</sup> \_\_\_ F.3d at \_\_\_.

<sup>243</sup> In the context of the patent-in-suit, a binding element was the portion of the CAR that determined what target molecule or antigen the CAR could recognize and bind to. One type of binding element in the patent-in-suit was a single-chain antibody, *i.e.*, a single-chain antibody variable fragment or “scFv.” The patent-in-suit disclosed two scFvs, but did not disclose the amino acid sequence for either.

<sup>244</sup> \_\_\_ F.3d at \_\_\_.

billions) of scFv candidates, but only a fraction of which would satisfy the functional binding limitation for any given target.

The Federal Circuit agreed with Kite – “We agree with Kite that no reasonable jury could find the ’190 patent’s written description sufficiently demonstrates that the inventors possessed the full scope of the claimed invention. We hold that substantial evidence does not support the jury’s finding of adequate written description for any of the asserted claims.”<sup>245</sup>

The Federal Circuit concluded that “[w]hile it is true that scFvs in general were known, and even known to bind, the record demonstrates that, for even the narrowest claims at issue, the realm of possible CD19-specific scFvs was vast and the number of known CD19-specific scFvs was small (five at most). The ’190 patent, however, provides no details about which scFvs bind to CD19 in a way that distinguishes them from scFvs that do not bind to CD19. Without this guidance, under our controlling *Ariad* decision<sup>246</sup>, no reasonable jury could find the ’190 patent satisfies the written description requirement.”<sup>247</sup>

## 2. Federal Circuit Affirms PTAB’s Conclusion That Substitute Claims in an IPR Were Unpatentable For Lack of Written Description Support

In *Fleming v. Cirrus Design Corporation*,<sup>248</sup> the Federal Circuit affirmed the PTAB’s determinations that (1) the challenged claims of Fleming’s patent-at-issue were unpatentable as having been obvious, and (2) proposed amended claims lacked written description support.

Fleming’s patent-at-issue was drawn to ballistic parachute systems for aircraft – namely, parachute systems that could be deployed to safely land an aircraft in danger of crashing. In particular, the patent-at-issue was drawn to a system that performed pre- and post-activation actions that controlled the attitude of the aircraft for proper parachute deployment.

The PTAB had concluded that original claims 137-139 would have been obvious over a combination of Cirrus Design’s Pilot Operation Handbook for the SR22, Revision A7, (Oct. 10, 2003) (POH) and a U.S. patent to James. The Federal Circuit affirmed on factual grounds.

Fleming’s proposed amended claims contained what the parties referred to as “Procedural Selection Limitations.” The PTAB concluded that there was no written description support for those limitations.

The proposed amended claims required, *inter alia*, that “the aircraft is configured to select, using at least a portion of the distributed processing system, a procedure from two procedures \* \* \*. wherein the aircraft is configured to activate, using the at least a portion of

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<sup>245</sup> \_\_\_ F.3d at \_\_\_.

<sup>246</sup> *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc).

<sup>247</sup> \_\_\_ F.3d at \_\_\_.

<sup>248</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Lourie and Hughes)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2019-01566).

the distributed processing system and based upon a pull of the pull handle, the selected procedure but not the unselected procedure.”

Namely, the amended claims required the aircraft itself was capable of automatically performing certain functions.

The Federal Circuit concluded that “[b]ecause Mr. Fleming pointed to no passage in the specification that supports the aircraft activation requirements of the proposed amended claims, we conclude that substantial evidence supports the Board’s finding of lack of written description and therefore that the Board did not abuse its discretion in denying Mr. Fleming’s motion to amend.”<sup>249</sup>

3. Federal Circuit Panel Majority Refuses to Adopt  
What in Its View Would be a Heightened Standard  
of Disclosure For “Negative Limitations”  
[Opinion Later Withdrawn and Replaced –  
Reaches Different Result] 

In *Novartis Pharmaceuticals Corporation v. Accord Healthcare, Inc.*,<sup>250</sup> the Federal Circuit panel majority affirmed the district court’s conclusion that Novartis’ patent-in-suit was not invalid for failure to meet the written description requirement. The issue primarily dividing the panel majority and dissent was the written description requirement as applied to “negative limitations.”

Novartis marketed a 0.5 mg daily dose of fingolimod hydrochloride under the brand name Gilenya for treatment of relapsing remitting multiple sclerosis (RRMS). HEC Pharm Co, Ltd. and HEC Pharm USA Inc. (collectively,HEC) filed an ANDA seeking approval to market a generic version. Novartis sued alleging infringement.

The claims, *inter alia*, called for administering “a daily dosage of 0.5 mg, absent an immediately preceding loading dose regimen.” A “loading dose” was one higher than the daily dose, usually given as a first dose.

Regarding the no-loading dose limitation, HEC argued that there was no written description support for that “negative limitation” because the specification of the patent-in-suit contained no recitation of a “loading dose.”

The panel majority reasoned that “[i]t is well established that there is no ‘new and heightened standard for negative claim limitations.’ \* \* \* We are aware of no case that suggests otherwise. And, while HEC asserts that ‘[i]t is well-settled law that silence alone cannot serve as a basis for’ a negative limitation, \* \* \* HEC identifies no case that actually supports that

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<sup>249</sup> \_\_\_\_ F.3d at \_\_\_\_.

<sup>250</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge O’Malley, joined by Circuit Judge Linn, dissenting opinion by Chief Judge Moore)(appeal from the United States District Court for the District of Delaware in No. 1:18-cv-01043-KAJ, Circuit Judge Kent A. Jordan).

proposition. To the contrary, we repeatedly have resisted imposition of heightened written description standards for negative limitations, such as that urged by HEC.”<sup>251</sup>

The panel majority asserted that “[i]n asserting that ‘silence alone cannot serve as a basis for’ a negative limitation \* \* \* HEC attempts to create a new heightened written description standard for negative limitations. In doing so, it ignores a central tenet of our written description jurisprudence—that the disclosure must be read from the perspective of a person of skill in the art—as well as precedent stating that the disclosure need not describe a limitation *in haec verba*. \* \* \* In other words, context and the knowledge of those skilled in the art matter. And, as the Supreme Court has made clear, when assessing what the written description reveals to a skilled artisan, common sense also matters.”<sup>252</sup>

In responding to Chief Judge Moore’s dissent citing MPEP § 2173.05(i) that “[t]he mere absence of a positive recitation is not a basis for an exclusion,” the panel majority wrote that “the dissent, like HEC, ignores that it is how a skilled artisan reads a disclosure that matters. Written description may take any form, so long as a skilled artisan would read the disclosure as describing the claimed invention.”<sup>253</sup>

The panel majority noted that the MPEP also stated that “a lack of literal basis in the specification for a negative limitation may not be sufficient to establish a *prima facie* case for lack of descriptive support.”

The district court, relying on expert testimony, had concluded that a prophetic example in the specification would have been understood by a POSITA as one not including a loading dose. The panel majority concluded that “[w]ritten description in this case, as in all cases, is a factual issue. In deciding that the district court did not clearly err in finding written description for the negative limitation in the ’405 patent, we do not establish a new legal standard that silence is disclosure, as the dissent asserts. Instead, we merely hold that, on this record, the district court did not clearly err in finding that a skilled artisan would read the ’405 patent’s disclosure to describe the ‘absent an immediately preceding loading dose’ negative limitation.”<sup>254</sup>

Chief Judge Moore dissented, urging, *inter alia*, that “[t]he majority dramatically expands a patentee’s ability to add, years after filing a patent application, negative claim limitations that have zero support in the written description. By doing so, it contradicts our well-established precedent and nullifies the Patent Office’s guidance in the Manual of Patent Examining Procedure (MPEP). I would reverse the district court’s finding that there exists written description support as it is inconsistent with our established precedent. Silence is not disclosure.”<sup>255</sup>

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<sup>251</sup> \_\_\_ F.3d at \_\_\_.

<sup>252</sup> \_\_\_ F.3d at \_\_\_.

<sup>253</sup> \_\_\_ F.3d at \_\_\_.

<sup>254</sup> \_\_\_ F.3d at \_\_\_.

<sup>255</sup> \_\_\_ F.3d at \_\_\_.

4. Reconstituted Panel on Rehearing Flips –  
Contrary to Earlier Panel Opinion, Reconstituted  
Panel Grants Panel Rehearing, and Concludes  
That “Negative Limitation” Lacks Written  
Description Support 🍆🍆🍆

Petitions for panel rehearing are infrequently granted, and where granted rarely result in a different outcome.

In *Novartis Pharmaceuticals Corp. v. Accord Healthcare, Inc.*,<sup>256</sup> the original panel consisted of Circuit Judge O’Malley, Chief Judge Moore, and Circuit Judge Linn. In an opinion<sup>257</sup> by Judge O’Malley, the original panel affirmed a district court judgment that the subject claims containing a “negative limitation” were not invalid for lack of written description support. Chief Judge Moore dissented.

Judge O’Malley retired in March 2022. Judge Hughes replaced her on the panel. The reconstituted panel, in an opinion by Chief Judge Moore, granted a petition for panel rehearing, and vacated the earlier panel opinion. Judge Linn dissented.

HEC’s patent-in-suit was drawn to methods of treating relapsing-remitting multiple sclerosis (RRMS) using the immunosuppressant fingolimod. Each claim required administering fingolimod “at a daily dosage of 0.5 mg, absent an immediately preceding loading dose regimen.” That was the “negative limitation. A loading dose was a higher-than-daily dose usually given as the first dose.

The specification did not mention “loading doses” or the absence of “loading doses.” Rather, the specification described administering fingolimod at regular intervals (e.g., once daily, multiple times per day, or every other day). The “negative limitation” was added during prosecution to distinguish over prior art.

Novartis marketed Gilenya, a drug said to practice the claimed invention. HEC filed an ANDA to market a generic version, and Novartis sued for infringement.

The district court found that HEC’s ANDA infringed and that the claims were not invalid as lacking written support for the “negative limitation.” The district court reasoned that a prophetic example in the specification provided written description support because it did not mention starting with a “loading dose.” On appeal, the Federal Circuit panel majority disagreed.

The Federal Circuit panel majority reiterated that “[t]o satisfy the written description requirement, a patent’s specification must ‘reasonably convey[] to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.’ \* \* \* Such possession must be ‘shown in the disclosure.’ \* \* \* It is not enough that a claimed invention

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<sup>256</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Chief Judge Moore, joined by Circuit Judge Hughes, dissenting opinion by Circuit Judge Linn)( Appeal from the United States District Court for the District of Delaware in No. 1:18-cv-01043-KAJ), Circuit Judge Kent A. Jordan).

<sup>257</sup> 21 F.4th 1362 (Fed. Cir. 2022).

is ‘an obvious variant of that which is disclosed in the specification.’ \* \* \* Disclosure is essential; it is ‘the quid pro quo of the right to exclude.’<sup>258</sup>

The Federal Circuit panel majority further explained that “[f]or negative claim limitations, like the no-loading-dose limitation at issue here, there is adequate written description when, for example, ‘the specification describes a reason to exclude the relevant [element].’ \* \* \* A reason to exclude an element could be found in ‘statements in the specification expressly listing the disadvantages of using’ that element. \* \* \* Another reason could be that the specification ‘distinguishes among’ the element and alternatives to it.”<sup>259</sup>

Departing sharply from the original panel opinion, the reconstituted panel wrote that “[s]ilence is generally not disclosure. \* \* \* If it were, then every later-added negative limitation would be supported so long as the patent makes no mention of it.”<sup>260</sup> The original panel opinion had ventured that there was no caselaw support for the proposition that “silence is not disclosure.” Well, there is now.

However, the panel majority allowed that “[w]hile a negative limitation need not be recited in the specification in haec verba, there generally must be something in the specification that conveys to a skilled artisan that the inventor intended the exclusion, such as a discussion of disadvantages or alternatives. Consistent with our precedent \* \* \*, the written description requirement cannot be met through simple disregard of the presence or absence of a limitation.”<sup>261</sup>

The panel majority did, though, include a caveat – “[w]hile a written description’s silence about a negative claim limitation is a useful and important clue and may often be dispositive, it is possible that the written description requirement may be satisfied when a skilled artisan would understand the specification as inherently disclosing the negative limitation. For example, if the record established that in a particular field, the absence of mention of a limitation necessarily excluded that limitation, written description could be satisfied despite the specification’s silence.”<sup>262</sup>

But, the panel majority also added that “[w]hen the specification is itself silent regarding a negative limitation, testimony from a skilled artisan as to possibilities or probabilities that the recited element would be excluded would not suffice, lest such testimony could effectively eliminate the written description requirement. If silence were generally sufficient, all negative limitations would be supported by a silent specification. If, however, a patent owner could establish that a particular limitation would always be understood by skilled artisans as being necessarily excluded from a particular claimed method or apparatus if that

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<sup>258</sup> \_\_\_ F.3d at \_\_\_.

<sup>259</sup> \_\_\_ F.3d at \_\_\_.

<sup>260</sup> \_\_\_ F.3d at \_\_\_.

<sup>261</sup> \_\_\_ F.3d at \_\_\_.

<sup>262</sup> \_\_\_ F.3d at \_\_\_.

limitation is not mentioned, the written description requirement would be satisfied despite the specification’s silence.”<sup>263</sup>

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Comment: That analysis is strikingly similar to the analysis of alleged inherent disclosures.

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Here, the district court had relied on expert testimony that a person of skill in the art would understand that the loading dose was excluded. The Federal Circuit panel majority concluded that testimony was factually wrong and unsupported. The Federal Circuit panel majority concluded that “[o]n this record, there is no evidence that a skilled artisan would understand silence regarding a loading dose to necessarily exclude a loading dose.”<sup>264</sup> (emphasis by court)

Judge Linn dissented urging, *inter alia*, that “[w]hile a showing of ‘necessary exclusion’ would most certainly provide written description support for a negative limitation, it is not and should not be a requirement in every case. \* \* \* [T]he critical question in assessing written description support for a negative limitation is the same as for any other limitation: \* \* \*”<sup>265</sup>

5. Pharmaceutical/Biotechnology – Genus Claims

- a) A Claimed Genus May be Sufficiently Disclosed Either by (1) A Representative Number of Species Falling Within the Scope of the Genus, or (2) Structural Features Common to the Members of the Genus So That a POSITA Can “Visualize or Recognize” Members of the Genus 

In *Imvo Therapeutics, Inc. v. Kile Pharma, Inc.*,<sup>266</sup> the Federal Circuit overturned an award of \$1.2 billion concluding that the patent-in-suit lacked sufficient written description support.

T-cells, white blood cells, contribute to a body’s immune response. Chimeric antigen receptor (CAR) T-cell therapy involves isolating a patient’s T-cells, reprogramming those T-cells to produce a specific, targeted receptor (a CAR) on the T-cell’s surface, and infusing the patient with the reprogrammed cells. The reprogramming involves introducing genetic material having a nucleotide sequence encoding for a specific CAR into the T-cells, which allows the T-cells to recognize the specific antigen for which it was programmed.

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<sup>263</sup> \_\_\_ F.3d at \_\_\_.

<sup>264</sup> \_\_\_ F.3d at \_\_\_.

<sup>265</sup> \_\_\_ F.3d at \_\_\_ (Linn, J., dissenting).

<sup>266</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Prost and O’Malley)(appeal from the United States District Court for the Central District of California in No. 2:17-cv-07639-PSGKS, Judge Philip S. Gutierrez).

Juno’s patent-in-suit related to a nucleic acid polymer encoding a three-part CAR for a T-cell. The invention allowed T-cells to both kill target cells, and to divide into more T-cells.

One type of binding element, the portion of the CAR that determined what antigen the CAR could recognize and bind to, was a single-chain antibody variable fragment (scFv). An scFv was made by taking two pieces of an antibody and linking them together. The patent-in-suit disclosed two scFvs – one that bound to a protein on the surface of diffuse large B-cell lymphoma cells, and one that bound to a protein on the surface of prostate cancer cells. The patent-in-suit did not disclose the amino acid sequence of either scFv.

Independent claim 1 called for:

1. A nucleic acid polymer encoding a chimeric T cell receptor, said chimeric T cell receptor comprising
  - (a) a zeta chain portion comprising the intracellular domain of human CD3 ζ chain,
  - (b) a costimulatory signaling region, and
  - (c) a binding element that specifically interacts with a selected target, wherein the costimulatory signaling region comprises the amino acid sequence encoded by SEQ ID NO:6.

Dependent claims 3 and 9 limited the “binding element” to “a single chain antibody” – an scFv. Dependent claims 5 and 11, dependent from claims 3 and 9, specified that the claimed scFv binds to a protein on the surface of diffuse large B-cell lymphoma cells.

Kite’s YESCARTA® was a therapy in which a patient’s T-cells were engineered to express a CAR to target the antigen expressed on the cell surface of B-cell lymphomas and leukemias, and redirect the T cells to kill cancer cells.

Juno sued Kite for infringement. A jury concluded, *inter alia*, that Kite had failed to prove that the asserted claims were invalid for lack of written description or enablement support, Juno showed that the infringement was willful, and assessed damages. After post-trial motions, the district court entered judgment awarding roughly \$1.2 billion.

On appeal, the Federal Circuit concluded that substantial evidence did not support the jury verdict *vis-à-vis* written description support.

The Federal Circuit reiterated that “[a] specification adequately describes an invention when it ‘reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.’ \* \* \* ‘A “mere wish or plan” for obtaining the claimed invention is not adequate written description.’ \* \* \* What is required to meet the written description requirement “varies with the nature and scope of the invention at issue, and with the scientific and technologic knowledge already in existence.”<sup>267</sup>

The Federal Circuit further reiterated that “[f]or generic claims, we have set forth a number of factors for evaluating the adequacy of the disclosure, including “the existing

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<sup>267</sup> \_\_\_ F.3d at \_\_\_.

knowledge in the particular field, the extent and content of the prior art, the maturity of the science or technology, [and] the predictability of the aspect at issue.” \* \* \* For genus claims using functional language, like the binding function of the scFvs claimed here, the written description ‘must demonstrate that the applicant has made a generic invention that achieves the claimed result and do so by showing that the applicant has invented species sufficient to support a claim to the functionally-defined genus.’ \* \* \* ‘The written description requirement [ ] ensures that when a patent claims a genus by its function or result, the specification recites sufficient materials to accomplish that function.’ \* \* \* Generally, a genus can be sufficiently disclosed by ‘either a representative number of species falling within the scope of the genus or structural features common to the members of the genus so that one of skill in the art can “visualize or recognize” the members of the genus.’ \* \* \* ‘A written description of an invention involving a chemical genus, like a description of a chemical species, “requires a precise definition, such as by structure, formula, [or] chemical name,” of the claimed subject matter sufficient to distinguish it from other materials.’<sup>268</sup>

Kite argued that the asserted claims failed to satisfy the written description requirement because the patent-in-suit did not disclose either representative species or common structural features of the claimed scFv genus to identify which scFvs would function as claimed. Kite urged that the claims covered millions of billions of scFv candidates, only a fraction of which would satisfy the functional binding limitation for any given target.

Juno urged that it was well-known how to make scFvs, that multiple scFvs for specific targets were well-known, that the patent-in-suit described two working examples that were representative of all scFvs, and that scFvs had been incorporated in CARs well before the priority date of the patent-in-suit.

The Federal Circuit agreed with Kite that no reasonable jury could find that the written description of the patent-in-suit demonstrated that the inventors possessed the full scope of the claimed invention.

The Federal Circuit noted, *inter alia*, that claims 3 and 9 recited that the scFv binding element “specifically interacts with a selected target.” Namely, claims 3 and 9 broadly covered any scFv for binding any target, but the written description failed to provide a representative sample of species within, or defining characteristics for, such an expansive genus.

For the two disclosed embodiments, the Federal Circuit noted that the patent-in-suit contained no details about the disclosed two scFv species, other than alphanumeric designations, from which a POSITA could determine how or whether they were representative of the entire claimed genus.

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<sup>268</sup> \_\_\_ F.3d at \_\_\_.

6. Pharmaceutical/Biotechnology – Dosage
- a) Patent Held Invalid For Lacking Written Description Support For Claimed Dosage Amount 

In *Biogen International GmbH v. Mylan Pharmaceuticals Inc.*,<sup>269</sup> the Federal Circuit panel majority affirmed, primarily on factual grounds, the district court's holding, based in part on witness credibility determinations, that Biogen's asserted patent claims were invalid for lacking written description for claimed dosage level. Circuit Judge O'Malley dissented that the district court had erred in finding that Biogen was judicially estopped from drawing a distinction between clinical and therapeutic effects. Judge O'Malley urged that the district court's judgment should be reversed and the case remanded for reconsideration.

Mylan filed an ANDA under the Hatch-Waxman Act seeking FDA approval to manufacture and market a generic dimethyl fumarate (DMF) product for the treatment of multiple sclerosis (MS) before the expiration date of Biogen's patent. Biogen responded by suing for infringement, asserting the patent-at-issue (among others).

The patent-at-issue was filed in 2012 and issued in 2013. The patent-at-issue claimed priority to a provisional application filed in 2007. The patent-at-issue claimed a method of treatment for MS by administering a therapeutically effective amount of dimethyl fumarate, monomethyl fumarate, namely 480 [milligrams] per day [(mg/day)].

Biogen marketed Tecfidera® for the treatment of MS using a dose of 480 mg/day (DMF480).

The specification of the patent-at-issue largely tracked the priority application in addressing a wide range of neurological disorders, including MS. Two disclosed methods – Methods 4 and 5 – related to methods for treating MS. Only Method 4 was deemed relevant. Only one paragraph discussed DMF dosage levels, and disclosed (1) from about 240 mg to about 720 mg per day; or (2) from about 480 mg to about 720 mg per day; or (3) about 720 mg per day.

Biogen, between 2004 and 2006, had conducted a Phase II study testing the efficacy of DMF at 120, 360, and 720 mg/day concentrations (DMF120, DMF360, and DMF720, respectively) for the treatment of MS. The FDA recommended that Biogen test DMF480 in a Phase III study reasoning that the lower dose may improve patient compliance by minimizing adverse effects. Biogen's Phase II lead scientist, Dr. O'Neill, had conceived the idea of using DMF480 as early as 2003, but that dosage level was not included in the Phase II study. Biogen added DMF480 to the Phase III study, which showed that DMF480 and DMF720 levels were effective.

Biogen filed the original provisional application before the Phase III studies which listed Dr. Lukashhev as the sole inventor. O'Neill was added in an amendment in 2011 that

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<sup>269</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judge Hughes, dissenting opinion by Circuit Judge O'Malley)(appeal from the United States District Court for the Northern District of West Virginia in No. 1:17-cv-00116-IMK-JPM, Judge Irene M. Keeley).

refocused the invention on methods of treating MS after having the results of the Phase III study showing the efficacy of DMF480.

The Federal Circuit panel majority viewed the “core issue” as “whether the specification Biogen filed on February 8, 2007 supports the 2011 claims that issued in the ‘514 Patent,” namely “whether the original specification describes ‘possession’ of the claimed therapeutically effective DMF480-dose limitation to treat MS.”<sup>270</sup>

The Federal Circuit panel majority noted that DMF480 was mentioned only once in the specification, and there in the context of one range among a series of ranges, *i.e.*, DMF concentrations of 100–1,000, 200–800, 240–720, and 480–720 mg/day.

The Federal Circuit panel majority reasoned that “Biogen later established the therapeutic efficacy of DMF480 is of no import to the written-description analysis. What matters for purposes of the inquiry in this case is whether, at the time of filing the disclosure—well before the Phase III study even commenced—a skilled artisan could deduce simply from reading the specification that DMF480 would be a therapeutically effective treatment for MS.”<sup>271</sup>

The Federal Circuit panel majority concluded that “the district did not clearly err in finding that Biogen did not possess an invention directed to the specific use of a therapeutically effective DMF480 dose for the treatment of MS as of 2007.”<sup>272</sup>

Circuit Judge O’Malley dissented urging, *inter alia*, “[t]here is no dispute over whether the district court erred in finding that Biogen was judicially estopped from drawing a distinction between clinical and therapeutic effects: it did. Mylan calls the error harmless and the majority finds it ‘ancillary’ to its analysis. I, on the other hand, believe this threshold error impacted the district court’s entire written description analysis. I would therefore reverse and remand for reconsideration in light of a proper understanding of the distinction between the two effects and the written descriptions needed for each.”<sup>273</sup>

In a subsequent order, the Federal Circuit denied panel rehearing and rehearing *en banc*, over a dissenting opinion by Circuit Judge Lourie, joined by Chief Judge Moore, and Circuit Judge Newman. Circuit Judge O’Malley retired on March 11, 2022, and participated only in the decision on the petition for panel rehearing. Circuit Judges Stoll and Cunningham did not participate. *Biogen International GmbH v. Mylan Pharmaceuticals Inc.*, \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(order).

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<sup>270</sup> \_\_\_ F.3d at \_\_\_.

<sup>271</sup> \_\_\_ F.3d at \_\_\_.

<sup>272</sup> \_\_\_ F.3d at \_\_\_.

<sup>273</sup> \_\_\_ F.3d at \_\_\_ (O’Malley, dissenting).

7. Pharmaceutical/Biotechnology – Ranges
  - a) Federal Circuit Panel Majority Concludes Claimed Ranges Lacked Written Description Support Where Specification Disclosed Specific Values, But Not Bounded Ranges 🍋🍋
  - b) Dissent Urges That Result is Contrary to *In re Wertheim* (CCPA 1976) 🍋🍋

In *Indivior UK Limited v. Dr. Reddy's Laboratories S.A.*,<sup>274</sup> the Federal Circuit panel majority affirmed the PTAB's conclusion that certain claims in Indivio's patent-at-issue were anticipated by prior art because the claims were not entitled to the benefit of an earlier priority date due to lack of written description support. The panel majority, however, also affirmed the PTAB's conclusion that one claim was entitled to the benefit of an earlier priority date, and thus had not been shown to be unpatentable by intervening prior art.

Indivior was the owner of the patent-at-issue drawn to orally dissolvable films containing therapeutic agents. DRL petitioned for IPR of claims 1-5 and 7-14.

DRL alleged that polymer weight percentage limitations, added by amendment, did not have written description support in a parent application, and therefore were not entitled to the benefit of the earlier priority date of that application.

Claim 1 called for "about 40 wt % to about 60 wt % of a water-soluble polymeric matrix," claim 7 called for "about 48.2 wt % to about 58.6 wt % of the water-soluble polymeric matrix," claim 8 called for "wherein the film comprises about 48.2 wt % of the water soluble polymeric matrix," and claim 12 called for "about 48.2 wt % to about 58.6 wt % of the water soluble polymeric matrix."

The PTAB concluded that tables in the specification disclosed formulations from which the weight limitation in claim 8 of "about 48.2 wt %" could be calculated. Accordingly, claim 8 was deemed entitled to an earlier priority date, and had not been shown to be unpatentable.

However, with respect to claims 1, 7 and 12, the PTAB concluded that the specification did not "discuss or refer to bounded or closed ranges of polymer weight percentages," and that those claims lacked written description support in the earlier filed parent application. The PTAB concluded that those claims were anticipated by an inventing prior art reference.

The Federal Circuit panel majority agreed with the PTAB that the claimed ranges lacked written description support in the parent application which disclosed specific values rather than ranges. The panel majority reasoned that "[f]or written description support of a claimed range, more clarity is required. Here, one must select several components, add up the individual values, determine the aggregate percentages, and then couple those aggregate

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<sup>274</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judge Dyk, concurring-in-part, dissenting-in-part opinion by Circuit Judge Linn)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2019-00329).

percentages with other examples in the ’571 application to create an otherwise unstated range. That is not a written description of the claimed range.”<sup>275</sup>

Circuit Judge Linn dissented in-part urging that the panel majority’s conclusion was contrary to the CCPA’s 1976 opinion in *In re Wertheim*,<sup>276</sup> that found written description support for claimed ranges where the specification disclosed specific values rather than ranges.

IX. PARTICULARLY POINT OUT AND DISTINCTLY CLAIM –  
WHAT THE APPLICANT REGARDS AS HIS INVENTION:  
35 U.S.C. § 112(b)

- A. Outside Context of Means-Plus-Function Limitations
  - 1. Indefiniteness May Result From Inconsistent Prosecution History Statements Where Claim Language and the Specification Are Uncertain



In *Infinity Computer Products, Inc. v. Oki Data Americas, Inc.*,<sup>277</sup> the Federal Circuit noted that ‘Indefiniteness may result from inconsistent prosecution history statements where the claim language and specification on their own leave an uncertainty that, if unresolved, would produce indefiniteness.’<sup>278</sup>

Here, the Federal Circuit concluded that “the claim language and specification do not provide reasonable certainty about a crucial aspect of ‘passive link’ namely, where it ends. And far from resolving the uncertainty during prosecution, Infinity took conflicting positions during prosecution regarding the scope of ‘passive link.’”<sup>279</sup>

Infinity sued Oki Data for infringement of three patents, all sharing the same specification, drawn to using a fax machine as a printer or scanner for a personal computer. The claims, *inter alia*, called for ‘a bi-directional direct connection *via a passive link between the facsimile machine and the computer.*’

The specification described the “principal object” of the claimed invention as “to provide a circuit for interfacing a PC and a facsimile to enable the facsimile to be utilized as a scanner or a printer for a PC and to accomplish all of the objectives of a scanner or a printer

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<sup>275</sup> \_\_\_ F.3d at \_\_\_.

<sup>276</sup> 541 F.2d 257 (C.C.P.A. 1976).

<sup>277</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Prost, joined by Circuit Judges Cleverger and Taranto)(appeal from the United States District Court for the District of Delaware in No. 1:18-cv-00463-LPS, Chief Judge Leonard P. Stark).

<sup>278</sup> \_\_\_ F.3d at \_\_\_.

<sup>279</sup> \_\_\_ F.3d at \_\_\_.

in a simple straightforward manner through the use of a circuit of highly simplified design and low cost.”

During prosecution, the claims (which originally did not use the term “passive link” – a term that did not appear in the specification) were rejected over a Perkins reference that disclosed using a fax machine as a scanner or printer for a computer.

Infinity tried to distinguish Perkins on various grounds, and ultimately amended the claims to include the “passive link” language. Infinity argued that the invention did not require any intervening apparatus as in Perkins. Ultimately, the claims were allowed.

Later, one of the patents-at-issue was the subject of three ex parte reexaminations. In one of those reexaminations Infinity sought to antedate a Kenmochi reference by urging that claim 1 was entitled to the priority date of an earlier filed application. The Federal Circuit concluded that Infinity had made arguments for priority that were inconsistent with its earlier arguments *vis-à-vis* the Perkins reference. Ultimately, a reexamination certificate was issued.

The district court had concluded that Infinity had taken materially inconsistent positions regarding the claimed “passive link.” Namely, whether the “passive link” ended at an I/O bus inside the computer (as argued to distinguish Perkins) or merely at the computer’s port (as argued to antedate Kenmochi). The district court accordingly held that the claims were indefinite.

The Federal Circuit agreed – “The public-notice function of a patent and its prosecution history requires that we hold patentees to what they declare during prosecution. \* \* \* But holding Infinity to both positions results in a flat contradiction, providing no notice to the public of ‘what is still open to them.’ \* \* \* Here, one of ordinary skill cannot determine with any reasonable certainty, for instance, whether or not the claims cover arrangements like the internal-card embodiment of Perkins and the internal-modem embodiments of Figures 2b–d. On the record before us, therefore, we agree with the district court that the intrinsic evidence leaves an ordinarily skilled artisan without reasonable certainty as to where the passive link ends and where the computer begins.”<sup>280</sup>

## 2. Federal Circuit Reverses District Court’s Holding of Indefiniteness Where Wrong Standard Was Used 🍋🍋

In *Nature Simulation Systems, Inc. v. Autodesk, Inc.*,<sup>281</sup> the district court had used a somewhat bizarre analysis of indefiniteness. On appeal, the Federal Circuit panel majority reversed. Circuit Judge Dyk dissented urging that the district court had used the correct standard in a “detailed and thorough analysis.”

NSS sued Autodesk for infringement of two patents drawn to packaging computer-aided data for three-dimensional objects. Autodesk requested construction of eight claim

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<sup>280</sup> \_\_\_ F.3d at \_\_\_.

<sup>281</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Newman, joined by Circuit Judge Lourie, dissenting opinion by Circuit Judge Dyk)(appeal from the United States District Court for the Northern District of California in No. 3:19-cv-03192-SK, Magistrate Judge Sallie Kim).

terms. NSS urged that the disputed terms did not require construction, and should receive their ordinary meaning in the subject field of technology.

The district court’s indefiniteness ruling focused on two limitations “searching neighboring triangles of the last triangle pair that holds the last intersection point” and “modified Watson method.”

At the conclusion of the claim construction hearing, the district court did not construe the two terms, but held that a claim term is indefinite, as a matter of law, if there were any “unanswered questions” about the term. Here, the PTO examiner had entered an examiner’s amendment. The district court reasoned:

[T]he question is thus: if the PTO issues a patent after amendment to clarify an indefinite term, but an expert later opines that a POSITA would not understand the term, how does the Court determine whether the term is indefinite? The only way to do so here is to look at each argument to see if Autodesk raises any unanswered questions. Here, Autodesk does.<sup>282</sup>

The Federal Circuit panel majority reasoned that “[h]ere \* \* \* the district court did not construe the claims, did not apply the protocols of intrinsic and extrinsic evidence, and did not resolve the meaning and scope of the challenged claims. The district court applied an incorrect standard of ‘unanswered questions’ and a flawed analysis of validity.”<sup>283</sup>

The district court had also held that definiteness requires that any questions must be answered in “the claim language, standing alone.” Which, of course, is incorrect. “Patent claims are viewed and understood in light of the specification, the prosecution history, and other relevant evidence, as ‘would have allowed a skilled artisan to know the scope of the claimed invention with reasonable certainty.’”<sup>284</sup>

### 3. Terms “resilient” and “pliable” Held Not to Render Claims Indefinite 🍆🍆

In *Niazi Licensing Copr. v. St. Jude Medical S.C., Inc.*,<sup>285</sup> the Federal Circuit reversed the district court’s conclusion that “resilient” and “pliable” rendered certain claims indefinite.

Niazi’s patent-in-suit was drawn to an apparatus and method for treating congestive heart failure through resynchronization. In that procedure, electrical leads were attached to a heart using a catheter. A patient’s physiology could sometimes make that difficult.

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<sup>282</sup> \_\_\_ F.3d at \_\_\_.

<sup>283</sup> \_\_\_ F.3d at \_\_\_.

<sup>284</sup> \_\_\_ F.3d at \_\_\_.

<sup>285</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Taranto and Bryson)(appeal from the United States District Court for the District of Minnesota in No. 0:17-cv-05096-WMW-BRT, Judge Wilhelmina M. Wright).

The invention was the use of a double catheter – a catheter having an inner and outer catheter. Claim 1, *inter alia*, called for –

an outer, *resilient* catheter having shape memory \* \* \*

an inner, *pliable* catheter slidably disposed in the outer catheter \* \* \*

The Federal Circuit reiterated that “[a] claim is indefinite only if, when ‘read in light of the specification’ and ‘prosecution history,’ it ‘fail[s] to inform, with reasonable certainty, those skilled in the art about the scope of the invention.’”<sup>286</sup>

The Federal Circuit explained that “[t]he reasonable certainty standard exists to strike a ‘delicate balance,’ ‘afford[ing] clear notice of what is claimed’ while recognizing such inherent limitations. \* \* \* ‘Otherwise there would be “[a] zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims.”’”<sup>287</sup>

The Federal Circuit further explained that “[w]hile the legal test for definiteness ‘does not require that a potential infringer be able to determine *ex ante* if a particular act infringes the claims,’ \* \* \* the public notice function underlying this patentability requirement demands that a patentee apprise the public ‘of what is still open to them,’ \* \* \*. This serves an important policy goal—providing clarity such that a person of ordinary skill in the art could determine whether or not an accused product or method infringes the claim. \* \* \* The definiteness requirement thus ‘mandates clarity, while recognizing that absolute precision is unattainable.’”<sup>288</sup>

Here, the Federal Circuit concluded that, although the terms were broad, they were not indefinite because the intrinsic record and extrinsic evidence (dictionary definitions) provided a POSITA with a reasonable meaning for “resilient” and “pliable.”

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<sup>286</sup> \_\_\_ F.3d at \_\_\_.

<sup>287</sup> \_\_\_ F.3d at \_\_\_.

<sup>288</sup> \_\_\_ F.3d at \_\_\_.

B. Means-Plus-Function Cases

1. Federal Circuit: “it is not our function to rewrite claims to preserve their validity.” 
2. Federal Circuit Means-Plus-Function Claims – “It is not enough that a means-plus-function claim term correspond to every known way of achieving the claimed function; instead, the term must correspond to ‘adequate’ structure in the art would be able to recognize and associate with the corresponding function in the claim” 

In *Synchronoss Technologies, Inc. v. Dropbox, Inc.*,<sup>289</sup> the Federal Circuit, *inter alia*, reiterated that “it is not our function to rewrite claims to preserve their validity.”<sup>290</sup>

Synchronoss sued Dropbox for infringement of 3 patents generally related to synchronizing data across multiple systems or devices connected to the Internet.

During claim construction, Dropbox contended that the terms “module,” “authenticator,” and “controller, which appeared in the form of “user identifier module,” “user authenticator module,” “user login authenticator,” “user data flow controller,” and “transaction identifier module” in all claims of one of the patents-in-suit, constituted means-plus-function terms governed by § 112(f). Dropbox contended that those terms recited function, not structure, and rendered the claims invalid because there was no “corresponding structure” disclosed in the specification. The district court agreed and concluded those claims were invalid under § 112(2) as being indefinite.

In affirming, the Federal Circuit reiterated that “[t]he threshold inquiry is whether the claims at issue invoke § 112, paragraph 6. The standard is whether a person of ordinary skill in the art would understand that the claim terms recite a function but not sufficient structure for performing the function. \* \* \* Even if a claim term lacks the word ‘means,’ § 112, paragraph 6 is invoked if the challenger shows that the claim term fails to recite sufficiently definite structure or recites a function without sufficient structure for performing that function.”<sup>291</sup>

The Federal Circuit explained that “[i]f a claim term invokes § 112, paragraph 6, we apply a two-step process for construing the term. The first step is to identify the claimed function. \* \* \* The second step is to determine whether sufficient structure is disclosed in the

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<sup>289</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Chief Judge Prost and Circuit Judge Taranto)(appeals from the United States District Court for the Northern District of California in No. 4:16-cv-00119-HSG, Judge Haywood S. Gilliam, Jr.).

<sup>290</sup> \_\_\_ F.3d at \_\_\_.

<sup>291</sup> \_\_\_ F.3d at \_\_\_.

specification that corresponds to the claimed function. \* \* \* If the specification fails to disclose adequate corresponding structure, the claim is indefinite.”<sup>292</sup>

The Federal Circuit focused on “user identifier module” and did not address the remaining terms. The Federal Circuit reasoned that “[i]t is not enough that a means-plus-function claim term correspond to every known way of achieving the claimed function; instead, the term must correspond to ‘adequate’ structure in the specification that a person of ordinary skill in the art would be able to recognize and associate with the corresponding function in the claim. \* \* \* Because the term ‘user identifier module’ fails in this regard, we hold that the term is indefinite and, thus, the asserted claims of the ’696 patent are invalid.”<sup>293</sup>

With respect to another of the patents-in-suit, the district court had granted summary judgment of invalidity under § 112(2) on the ground that those claims contained an impossibility. Namely, the claims called for “generating a [single] digital media file” that itself “compris[es] a directory of digital media files.” Synchronoss’s expert, however, testified that “a digital media file cannot contain a directory of digital media files,” and Synchronoss’s corporate designee testified the claims would “not make sense” if “media data” was understood to mean “directory of media files.”

Synchronoss, however, contended that a person of ordinary skill in the art would read the specification and reasonably understand that the inventions “mean that, in response to input from a user, a digital media file is generated as a second, updated version of the media data in the same format as the first version of the media data.”

The Federal Circuit concluded that “[h]ere, the asserted claims of the ’446 patent are nonsensical and require an impossibility—that the digital media file contain a directory of digital media files. Adopting Synchronoss’s proposal would require rewriting the claims, but ‘it is not our function to rewrite claims to preserve their validity.’ \* \* \* We therefore hold that the claims are indefinite as a matter of law under § 112, paragraph 2.”<sup>294</sup>

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<sup>292</sup> \_\_\_ F.3d at \_\_\_.

<sup>293</sup> \_\_\_ F.3d at \_\_\_.

<sup>294</sup> \_\_\_ F.3d at \_\_\_.

X. REEXAMINATION

A. *Ex Parte* Reexamination

1. “New” in “substantial new question of patentability” Means (For Purposes of *Ex Parte* Reexamination and IPRs) a Question That Has Not Been Decided on the Merits  
2. PTO Has Inherent Authority to Dismiss *Ex Parte* Reexamination  
3. PTO Acted Arbitrarily and Capriciously by Failing to Dismiss *Ex Parte* Reexamination After Refusing to Grant Earlier IPR Petitions Because of Abusive Practice (Incremental Filing)  

In *In re Vivint, Inc.*,<sup>205</sup> the Federal Circuit vacated and remanded the PTO’s decision not to dismiss an *ex parte* reexamination to the PTO with instructions to dismiss.

Vivint sued Alarm.com in 2015 for infringing four patents, including the ’513 patent-at-issue here. During pendency of the infringement case, Alarm filed 14 IPR petitions. Three petitions challenged claims in the ’513 patent.

The PTO declined two of the petitions concluding that Alarm had failed to show a reasonable likelihood of prevailing on at least one challenged claim.

On the third petition – the ’091 petition – the PTO viewed the petition as an example of “undestralbe, incremental petitioning.” Namely, Alarm had “used prior Board decisions as a roadmap to correct past deficiencies.” The PTO reasoned that “allowing similar, serial challenges to the same patent, by the same petitioner, risks harassment of patent owners and frustration of Congress’s intent in enacting the Leahy-Smith America Invents Act.”

Accordingly, the PTO did not decline to institute an IPR “on the merits,” but rather exercised its discretion to deny institution under that petition.

Under § 325(d), the PTO has discretion to deny post-grant review:

- (d) Multiple Proceedings.— Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. In determining whether to institute or order a proceeding under this chapter,

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<sup>205</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Schall and O’Malley)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. 90/020,115).

chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

After the PTO denied the '091 petition for IPR, Alarm requested *ex parte* reexamination of all claims of the '513 patent. The Federal Circuit characterized the request as having “repackaged” the arguments raised in the '091 petition. Alarm presented four questions of patentability:

SNQP No.	Claim(s)	Basis for Rejection
1	1-13, 15-21	Obviousness: Shetty and Joao
2	14	Obviousness: Shetty, Joao, and Cheng
3	8-13, 15-21	Obviousness: Shetty, Joao, and Garton
4	14	Obviousness: Shetty, Joao, Cheng, and Garton

According to the Federal Circuit, “[t]wo of those questions came directly from the '091 petition. In fact, vast swaths of the *ex parte* reexamination request copied, almost word for word, the '091 petition,” and “[f]or the two other questions, which related only to claim 14, Alarm.com replaced a reference cited in the '091 petition, Britton, with another reference, Cheng. But it did so only after the Patent Office had addressed Britton in three related IPRs.”<sup>296</sup>

The PTO ordered *ex parte* reexamination concluding that Alarm had raised substantial new questions of patentability despite the prior IPRs.

Vivint petitioned the PTO for dismissal of the *ex parte* reexamination urging that the PTO had authority to deny reexamination under § 325(d). The PTO declined to dismiss the reexamination, reasoning, in part, that the PTO did not have authority to do so.

Ultimately, an examiner rejected all claims of the '513 patent, and the PTAB affirmed. Vivint appealed. The Federal Circuit vacated and remanded with instructions to dismiss the reexamination.

Substantial New Question of Patentability

Under § 303(a), the PTO must identify a “substantial new question of patentability” before ordering reexamination.

Vivint argued that because the *ex parte* reexamination request repackaged arguments in the '091 petition, it did not present a *new* question of patentability. The Federal Circuit disagreed.

The Federal Circuit concluded that “a question of patentability is new until it has been considered and decided on the merits.”<sup>297</sup> The Federal Circuit concluded that each of the four

<sup>296</sup> \_\_\_ F.3d at \_\_\_.

<sup>297</sup> \_\_\_ F.3d at \_\_\_.

questions Alarm raised in its reexamination request was “new” because the PTO had not decided the question of patentability on the merits.

Discretion Under § 325(d)

The Federal Circuit, though, noted that, under § 325(d), “[e]ven when an *ex parte* reexamination request presents a substantial new question of patentability, the Patent Office ‘may \* \* \* reject the \* \* \* request because the same or substantially the same prior art or arguments previously were *presented* to’ it.”<sup>298</sup>

The Federal Circuit agreed with Vivint that the PTO had abused its discretion and had acted arbitrarily and capriciously by ordering reexamination, and thereafter, refusing to terminate that proceeding. The Federal Circuit concluded that “in light of the ’091 Decision, it was arbitrary and capricious for the Patent Office to order reexamination over § 325(d), or, at minimum, refuse to terminate reexamination once Vivint requested it do so. Because the Patent Office should not have ordered reexamination, we vacate and remand with instructions to dismiss.”<sup>299</sup>

The Federal Circuit concluded that “[t]he Patent Office has authority to reconsider its decision ordering *ex parte* reexamination based on § 325(d). ‘The power to reconsider is inherent in the power to decide.’ \* \* \* We have applied that principle to hold the Patent Office has authority to reconsider IPR institution decisions. \* \* \* And we likewise see nothing in the statutes or regulations preventing the Patent Office from reconsidering a decision ordering *ex parte* reexamination. \* \* \* Thus, the Patent Office abused its discretion by denying Vivint’s § 1.181 petitions based on a contrary legal conclusion: that the Patent Office did not have authority to consider those petitions.”<sup>300</sup>

4. Federal Circuit Has Power to Review *Ex Parte* Reexamination Vacated on Basis of Estoppel Under § 315(e)(1) 

In *Alarm.com Incorporated v. Hirsfeld*,<sup>301</sup> the Federal Circuit concluded that the courts had power to review the PTO’s dismissal of an *ex parte* reexamination.

In 2015, Vivint, Inc. sued Alarm.com for infringement of three patents in the D. Utah. Alarm.com filed petitions for IPR in 2015 challenging the validity of certain claims in three patents owned by Vivint, Inc. The PTAB instituted the IPRs, and, in 2017, issued three FWDs that rejected Alarm.com’s challenges to certain claims – which the Federal Circuit affirmed in 2018.

Alarm.com then, in 2020, filed three requests for *ex parte* reexamination of those same claims. The PTO, without deciding whether those requests raised a “substantial new question

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<sup>298</sup> \_\_\_ F.3d at \_\_\_.

<sup>299</sup> \_\_\_ F.3d at \_\_\_.

<sup>300</sup> \_\_\_ F.3d at \_\_\_.

<sup>301</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Tarrant, joined by Circuit Judges Chen and Cunningham)(appeal from the United States District Court for the Eastern District of Virginia in No. 1:21-cv-00170-CMHTCB, Senior Judge Claude M. Hilton).

of patentability” under § 303(a), vacated the *ex parte* reexaminations, based on the estoppel provision, § 315(e)(1), of the IPR statutory provisions. The PTO reasoned that § 315(e)(1) estopped Alarm.com from pursuing requests for *ex parte* reexamination after the IPRs resulted in FWDs.

Alarm.com sought review under the Administrative Procedures Act (APA). The district court dismissed the complaint concluding that APA review of the PTO’s Director’s decision was precluded by the reexamination scheme as a whole. The Federal Circuit reversed.

The district court held, and the government argued on appeal, that the overall *ex parte* reexamination scheme precludes judicial review of the Director’s vacatur decisions based on § 315(e)(1) estoppel. The Federal Circuit disagreed.

The Federal Circuit concluded that “Alarm.com’s APA challenge to the Director’s vacatur decisions based on estoppel is not precluded. The text, statutory scheme, and legislative history pertaining to *ex parte* reexamination do not evince a fairly discernable intent to preclude judicial review of these decisions.”<sup>302</sup>

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Comment: The Federal Circuit’s opinion is relatively narrow (albeit some statements in the opinion seem to be broader than the actual holding). Namely, that a court could hear an APA challenge to the PTO’s dismissal of an *ex parte* reexamination, in advance of deciding whether the same presented a “substantial new question of patentability” (SNQ) and that was not precluded by the estoppel provisions of § 315(e)(1).

Here, according to the opinion, Alarm.com had presented grounds in the *ex parte* reexamination requests that differed from those presented in the prior IPRs. The PTO Director had determined that Alarm.com reasonably could have raised its reexamination grounds in the IPRs and was therefore estopped under § 315(e)(1) from raising those through an *ex parte* reexamination.

That issue is yet to be decided. The only issue here was whether the PTO’s decision was “appealable” under the APA.

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## B. *Inter Partes* Reexamination (pre-AIA)

### 1. Issue Preclusion (Administrative Estoppel)

- a) **1<sup>st</sup> Impression**: Issue Preclusion/Administrative Estoppel Applies to Decisions From *Inter Partes* Reexamination 🍃🍃🍃

In *SynQor, Inc. v. Vicor Corp.*,<sup>303</sup> the Federal Circuit panel majority, over a dissent by Circuit Judge Dyk, extended its prior decision in *Papst Licensing GmbH & Co. KG v. Samsung*

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<sup>302</sup> \_\_\_ F.3d at \_\_\_.

<sup>303</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Hughes, joined by Circuit Judge Cleverger, dissenting opinion by Circuit Judge Dyk)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. 95/001,702).

*Elec. Am., Inc.*,<sup>304</sup> holding that issue preclusion applies to inter partes review, to inter partes reexamination.

In a footnote, the Federal Circuit panel majority noted that its decision was necessarily limited to some eight appeals and two requests for rehearing from inter partes reexaminations that remained pending before the PTAB as of November 2020.

The PTAB, in an inter partes reexamination, held original claims 1-19, 28 and 31 of SynQor’s ’190 patent unpatentable as having been obvious, as well as newly presented claims 34-38. The Federal Circuit panel majority vacated the PTAB’s decision *vis-à-vis* the original claims based on a previous reexamination proceeding. The Federal Circuit panel majority concluded that the expiration of the ’190 patent rendered any appeal *vis-à-vis* claims 34-38 moot.

SynCor’s ’190 patent-at-issue was drawn to DC-DC power conversion technology. The ’190 patent was part of a large family of patents dating to a provisional application filed in January 1997. Two other patents in that family, the ’702 and ’290 patents, had previously been before the Federal Circuit.

In 2011, SynQor had asserted, *inter alia*, the ’190, ’702 and ’290 patents against Vicor. Vicor petitioned for reexamination of those patents urging that the claims of the ’190 patent were unpatentable over two references – Steigerwald and Cobos. SynQor argued, *inter alia*, that a skilled artisan would not have had motivation to combine those references because they taught circuits that operated at incompatible frequencies.

The PTAB concluded that the claims of the ’702 patent were not unpatentable because of the incompatibility of frequencies in Steigerwald and Cobos. The PTAB reached a similar conclusion *vis-à-vis* the ’290 patent based on Steigerwald, Cobos and a third reference. Again, the PTAB concluded that Steigerwald and Cobos operated at incompatible frequencies.

On appeal, the Federal Circuit affirmed the patentability of the challenged claims of the ’290 patent holding that substantial evidence supported the PTAB’s conclusion that an artisan would not have combined the teachings of Steigerwald and Cobos because of the frequency incompatibility. The Federal Circuit also affirmed the patentability of the challenged claims of the ’702 patent, but for other reasons.

Regarding the ’190 patent, the patent at issue here, the PTAB concluded that Steigerwald and Cobos were not incompatible. The PTAB concluded that the challenged claims of the ’190 patent were unpatentable over Steigerwald and Cobos.

The ’190 patent expired in January 2018. A year later, the PTAB issued its decision the ’190 reexamination. The PTAB rejected SynQor’s argument that Steigerwald and Cobos had incompatible frequencies.

The Federal Circuit panel majority explained that “the determination of a question directly involved in one action is conclusive as to that question in a second suit.” \* \* \* “It is well established that collateral estoppel, also known as issue preclusion, applies in the administrative context.” \* \* \* In fact, “because the principle of issue preclusion was so “well established” at common law, in those situations in which Congress has authorized agencies to

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<sup>304</sup> 924 F.3d 1243, 1250–51 (Fed. Cir. 2019).

resolve disputes, “courts may take it as given that Congress has legislated with the expectation that the principle [of issue preclusion] will apply ‘except when a statutory purpose to the contrary is evident.’”<sup>305</sup>

The Federal Circuit panel majority further explained that “[t]hus, administrative decisions have preclusive effect ‘[w]hen an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate.’ \* \* \* ‘Although administrative estoppel is favored as a matter of general policy, its suitability may vary according to the specific context of the rights at stake, the power of the agency, and the relative adequacy of agency procedures.’”<sup>306</sup>

As noted above, the Federal Circuit in *Papst* had held that issue preclusion applies to inter partes reviews. The Federal Circuit panel majority noted that “[a]ccordingly, we must decide ‘whether there is an “evident” reason why Congress would not want [inter partes reexamination] decisions to receive preclusive effect, even in those cases in which the ordinary elements of issue preclusion are met.’”<sup>307</sup>

The Federal Circuit panel majority explained that “[i]n doing so, we apply a ‘lenient presumption in favor of administrative estoppel.’ \* \* \* If Congress did not foreclose the application of issue preclusion, we then ‘turn to whether there is a categorical reason why [inter partes reexamination] decisions can never meet the ordinary elements of issue preclusion, e.g., those elements set out in § 27 of the Restatement (Second) of Judgments.’ \* \* \* Absent any such categorical reasons, we turn to whether the elements of collateral estoppel are met in the specific factual circumstances here.”<sup>308</sup>

The Federal Circuit panel majority concluded that “[t]he statutory scheme governing inter partes reexamination shows no evident intent to foreclose common law estoppel.”<sup>309</sup> The panel majority pointed, for example, to 35 U.S.C. § 315(c), 317(d) (2006), preventing third-parties who successfully requested inter partes reexamination, when sued for patent infringement under 28 U.S.C. § 1338, from asserting “the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the inter partes reexamination proceedings.” Section 317(b) provides for the converse of § 315(c), estopping “further validity challenges—using *inter partes* reexamination—to the specific claims the validity of which had been previously resolved against the requester” in district court or in a prior inter partes reexamination.

With respect to whether inter partes reexaminations categorically failed to meet the ordinary elements of issue preclusion, the Federal Circuit panel majority looked to the five non-exclusive factors for evaluating whether an administrative tribunal’s decisions meet the “essential elements of adjudication” in Restatement (Second) of Judgments § 83(2) (1982).

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<sup>305</sup> \_\_\_ F.3d at \_\_\_.

<sup>306</sup> \_\_\_ F.3d at \_\_\_.

<sup>307</sup> \_\_\_ F.3d at \_\_\_.

<sup>308</sup> \_\_\_ F.3d at \_\_\_.

<sup>309</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit panel majority concluded that inter partes reexamination “indisputably” met three of the five factors.

The Federal Circuit panel majority further concluded that collateral estoppel/issue preclusion applied here. The panel majority reiterated that “[i]ssue preclusion is appropriate only if: (1) the issue is identical to one decided in the first action; (2) the issue was actually litigated in the first action; (3) resolution of the issue was essential to a final judgment in the first action; and (4) plaintiff had a full and fair opportunity to litigate the issue in the first action.”<sup>310</sup>

The panel majority explained that “[h]ere, the issues are identical between the ’190 patent reexamination and the ’290 and ’702 patent reexaminations. \* \* \* In the ’190 patent reexamination here, as in the ’702 and the ’290 patent reexaminations, the relevant issue was whether ‘Cobos’ and Steigerwald’s circuits are mutually incompatible because of their switching frequency.”<sup>311</sup>

The panel majority concluded (1) that issue had been litigated and decided in both the ’290 and ’702 reexaminations, and (2) “[t]he Board’s findings that an artisan would not combine Steigerwald and Cobos because of their operating frequency incompatibilities were essential to the judgments holding the ’290 and ’702 patents not obvious.”<sup>312</sup> According to the panel majority, Vicor had a full and fair opportunity to litigate the issue.

The panel majority held that because the PTAB was precluded from finding that an artisan would combine Steigerwald and Cobos, by its earlier decision, the Federal Circuit panel majority vacated the PTAB’s decision on claims 1–19, 28, and 31, and remanded.

Re added claims 34-38, the panel majority noted that such claims would not go into effect unless and until the PTO issued a reexamination certificate finding those claims patentable. Because the ’190 patent had expired, those claims would never issue. The panel majority reasoned that the expiration of the ’190 patent rendered the patentability of those claims moot.

Circuit Judge Dyk dissent, *inter alia*, urging, primarily, that the panel majority’s decision that collateral estoppel/issue preclusion applies to inter partes reexamination was “incorrect” because “these proceedings are examinational (or inquisitorial) rather than adjudicatory, do not include court-like adjudicatory procedures, and do not satisfy the requirements \* \* \* for application of collateral estoppel.”<sup>313</sup>

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<sup>310</sup> \_\_\_ F.3d at \_\_\_.

<sup>311</sup> \_\_\_ F.3d at \_\_\_.

<sup>312</sup> \_\_\_ F.3d at \_\_\_.

<sup>313</sup> \_\_\_ F.3d at \_\_\_ (Dyk, J., dissenting).

## 2. PTAB Errs by Refusing to Substitute a Party



In *Mojave Desert Holdings, LLC v. Crocs, Inc.*,<sup>314</sup> the Federal Circuit, in an order, granted the motion by Mojave Desert Holdings, LLC to substitute Mojave as U.S.A. Dawgs, Inc’s successor-in-interest, concluding that the PTAB should have granted the motion.

Crocs owned a design patent, now expired, drawn to what Crocs asserted “has become [its] iconic foam-molded clog design.”

Crocs sued U.S.A. Dawgs, Inc. for infringement, and shortly thereafter U.S.A. Dawgs filed a third-party request for inter partes reexamination. The district court stayed the litigation proceedings. The examiner rejected the claims under § 102(b)(pre-AIA). Crocs appealed to the PTAB.

While the appeal was pending, U.S.A. Dawgs filed for Chapter 11 bankruptcy. The bankruptcy court approved the sale of U.S.A. Dawgs’s assets to a recently formed entity, Dawgs Holdings, LLC pursuant to the terms and conditions of an Asset Purchase Agreement.

In various closings, Dawgs Holdings assigned litigation claims to Mojave. U.S.A. Dawgs dissolved but continued to exist for limited purposes, including, according to Nevada statutory law, “prosecuting and defending suits, actions, proceedings and claims of any kind or character by or against it” and “enabling it \* \* \*. to do every other act to wind up and liquidate its business and affairs.”

Mojave petitioned the PTAB with a “Request to Change the Real-Party-in-Interest from Third-Party Requestor U.S.A. Dawgs, Inc. to Mojave Desert Holding, LLC in Inter Partes Reexamination/Hearing.” The PTAB expunged and dismissed that request on various grounds.

The PTAB then issued its decision reversing the examiner’s decision rejection of the claim-at-issue. U.S.A. Dawgs appealed to Federal Circuit. In its Notice of Appeal, U.S.A. Dawgs stated that Mojave “intend[ed] to file a motion for substitution of parties” with the court “pursuant to Federal Rule of Appellate Procedure 43(b).” U.S.A. Dawgs and Mojave subsequently filed the motion to substitute.

The Federal Circuit panel majority (Circuit Judge O’Malley’s dissent was a single sentence “[f]or the reasons given in the Appellee’s Motion for Reconsideration, I respectfully dissent from the Majority’s modified order”), concluded that “U.S.A. Dawgs assigned all of its assets to Dawgs Holdings through the bankruptcy sale. This assignment was comprehensive \* \* \*.”<sup>315</sup> The Federal Circuit concluded that “Mojave is the successor-in-interest of U.S.A. Dawgs with respect to the Board proceeding.”<sup>316</sup>

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<sup>314</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Order by Circuit Judge Dyk, joined by Circuit Judge Newman, dissenting opinion by Circuit Judge O’Malley)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. 95/002,100).

<sup>315</sup> \_\_\_ F.3d at \_\_\_.

<sup>316</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit panel majority rejected the argument that Mojave had not sought substitution before the PTAB “soon enough” per 37 C.F.R. § 41.8(a), generally imposing a 20-day time period. The Federal Circuit panel majority responded that “[w]e do not read 37 C.F.R. § 41.8(a) as permitting the Board to ignore a transfer of interest in an inter partes reexamination that has been assigned to a successor-in-interest,”<sup>317</sup> explaining that “[i]f the Board were permitted to preclude substitution on the basis of a transfer in interest because of a late filing, this would defeat the important interest in having the proper party before the Board. The Board erred by not substituting Mojave as the third-party requester while the inter partes reexamination was pending before the Board.”<sup>318</sup>

The Federal Circuit rejected Croc’s argument that the interest of a requester cannot be assigned under the statute governing appeals from inter partes reexamination. The Federal Circuit noted that “[w]e have previously concluded that the statutory structure prohibits ‘mere privies’ from appealing a reexamination because, under the statutory structure [35 U.S.C. § 141], ‘mere privies lack a cause of action.’ \* \* \* And we also observed that, ‘[w]hile the language of the statute does not explicitly forbid a change in the identity of the third-party requester over the course of the proceeding or on appeal, \* \* \* it similarly does not appear to address whether and under what circumstances a change in the identity of the third-party requester can occur.’ \* \* \* We reserved the question whether the statute permitted substitution.”<sup>319</sup>

The Federal Circuit panel majority turned to the Supreme Court’s decision in *Sprint Communications Co. v. APCC Services, Inc.*,<sup>320</sup> holding that, at common law, choses in action were generally assignable and appears to hold that this general rule is applicable to federal causes of action.<sup>321</sup> The Federal Circuit panel majority concluded, despite exceptions, that the cases relied on a policy against separating the right to exclude from the right to sue for infringement.

The Federal Circuit panel majority reasoned that “[w]here, as here, the requester’s right has been transferred together with any liability for past infringement, there is no reason that the requester’s right to challenge the Board’s decision cannot be effectively transferred. We are aware of no case that suggests that a federal claim is lost when it is transferred together with any and all existing liability for past acts of infringement. To refuse to recognize such a transfer would create a situation in which the assets acquired by the transferee remained potentially liable for infringement, but the transferee would have lost the right to challenge patent validity. Croc points to nothing in the statutory structure or legislative history of the inter partes reexamination statute that suggests that the general rule regarding the assignment of causes of action should not apply to this situation, and we similarly are aware of none.”<sup>322</sup>

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<sup>317</sup> \_\_\_ F.3d at \_\_\_.

<sup>318</sup> \_\_\_ F.3d at \_\_\_.

<sup>319</sup> \_\_\_ F.3d at \_\_\_.

<sup>320</sup> 554 U.S. 269 (2008).

<sup>321</sup> \_\_\_ F.3d at \_\_\_.

<sup>322</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit majority held hat, “under the statute, the requester’s right (including its right to appeal) may be transferred at least when it occurs as part of the transfer of the requester’s past infringement liability.”<sup>323</sup>

The Federal Circuit also addressed Mojave’s potential lack of Art. III standing. The Federal Circuit concluded that “Mojave suffers an Article III injury connected with the false advertising counterclaims in the District of Colorado litigation that it acquired from U.S.A. Dawgs. Mojave acquired U.S.A. Dawgs’s false advertising counterclaims subject to ‘any rights to setoff or recoupment’ by Crocs. \* \* \* Thus, Crocs’s infringement claim, if successful, would reduce Crocs’s liability on Mojave’s false advertising claim.”<sup>324</sup>

The Federal Circuit panel majority concluded that “Mojave is the successor-in-interest to U.S.A. Dawgs, that it has standing to pursue this challenge to the [patent-at-issue], and that the Board erred in not substituting Mojave for U.S.A. Dawgs as the third-party requester during the inter partes reexamination.”<sup>325</sup>

## XI. *INTER PARTES* REVIEW (IPR) – AIA

### A. Constitutionality

1. Federal Circuit Rejects Constitutional Challenge to Structure of the PTAB – Constitutional Challenge Was Based on the PTAB Allegedly Having an Impermissible Financial Interest in Instituting AIA Proceedings    

In *Mobility Works, LLC v. Unified Patents, LLC*,<sup>326</sup> the Federal Circuit (Circuit Judge Newman’s concurring-in-part, dissenting-in-part opinion generally urged that the constitutional challenges should have garnered more attention than accorded by the panel majority) rejected Mobility’s constitutional challenge to the structure of the PTAB which had asserted that the PTAB had an impermissible financial interest in instituting AIA proceedings.

Mobility owned the patent-at-issue generally drawn to allocation of communication resources in a network. Mobility sued T-Mobile and Verizon Wireless in the E.D. Tex. for infringement. Unified Patents petitioned for IPR of certain claims. The PTAB concluded that most of the challenged claims were unpatentable as having been obvious. Mobility appealed.

Mobility’s constitutional challenge was raised for the first time on appeal. The Federal Circuit concluded that (1) agency tribunals generally did not have power to declare a law

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<sup>323</sup> \_\_\_ F.3d at \_\_\_.

<sup>324</sup> \_\_\_ F.3d at \_\_\_.

<sup>325</sup> \_\_\_ F.3d at \_\_\_.

<sup>326</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Schall, concurring-in-part, dissenting-in-part opinion by Circuit Judge Newman)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-01150).

unconstitutional and there was accordingly no requirement to bring that challenge to the PTAB in the first instance, and (2) in all events, the Federal Circuit had discretion whether to consider arguments for the first time on appeal.

Mobility’s constitutional challenge was based on three Supreme Court opinions – *Tumey v. Ohio*,<sup>327</sup> *Dugan v. Ohio*,<sup>328</sup> and *Ward v. Monroeville*.<sup>329</sup> *Tumey* and *Dugan* were decided in 1927 and ’28, respectively, and *Ward* was decided in 1972. All dealt with “due process” concerns of a “mayor’s court” imposing fines.

In *Tumey*, the Supreme Court held that a defendant’s conviction in a “mayor’s court” violated due process because when a convicted defendant was required to pay fees, the mayor presiding over the proceeding received compensation if there was a conviction, but not if there was an acquittal. Also, the fees funded the village, and the mayor was charged with looking after the finances of the village.

In *Dugan*, the city-at-issue was governed by five commissioners, one of whom served as mayor, who only exercised judicial functions and who was paid a fixed salary having no connection with fees received from the mayor’s court. The Supreme Court concluded that structure did not violate due process, distinguishing *Tumey* on the basis that the *Dugan* mayor did not receive fees from convicted defendants.

In *Ward*, fines in the mayor’s court were paid to the village, but the Supreme Court found a violation of due process because the mayor had responsibility for village finances.

Mobility argued that “the fee-generating structure of AIA review[] creates a temptation” for the PTAB to institute AIA proceedings in order to collect post-institution fees and fund the agency. Mobility urged that 24% of the PTAB’s collections were dependent on instituting AIA proceedings, thus running afoul of due process per *Tumey*.

The Federal Circuit panel majority concluded that “[w]e think there is no merit to Mobility’s argument.”<sup>330</sup>

The Federal Circuit noted first that, unlike the mayors in *Tumey* and *Ward*, the Chief APJ, Deputy Chief APJ, and Vice Chief APJs did not have responsibility for the PTO’s finances. Although APJs in leadership positions assisted the PTO Director in preparing budget requests, the PTO Director had the responsibility for the PTO’s budgetary requests. The Federal Circuit panel majority viewed the role of the leadership APJs in budgeting as “too remote” to constitute a due process concern.

The Federal Circuit panel majority noted, *inter alia*, that the President, not the PTO, submits a budget, and Congress, in the end, set the PTO’s budget. The Federal Circuit panel majority pointed to other courts of appeal holding that similar congressional control over an agency’s budget eliminated any argument under *Tumey*.

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<sup>327</sup> 273 U.S. 510 (1927).

<sup>328</sup> 277 U.S. 61 (1928).

<sup>329</sup> 409 U.S. 57 (1972).

<sup>330</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit panel majority also rejected Mobility’s argument that individual APJs had an unconstitutional interest in instituting AIA proceedings because their own compensation, in the form of performance bonuses, was affected. The Federal Circuit panel majority noted, *inter alia*, that APJ compensation was governed by statute and regulations, and was a fixed salary. The Federal Circuit panel majority concluded that, even if APJs salaries were based, in part, on performance, APJs did not have “a significant financial interest in instituting AIA proceedings to earn a bonus” in contrast to *Tumey* and *Ward*.

The Federal Circuit panel majority accordingly remanded the case to the PTAB for the limited purpose of allowing Mobility to request PTO Director rehearing.

Circuit Judge Newman, in a concurring-in-part, dissenting-in-part opinion, agreed with the decision to remand as appropriately implementing the Supreme Court’s decision in *United States v. Arthrex, Inc.*<sup>331</sup> However, Judge Newman urged that “[t]he Court in *Arthrex* did not discuss any other aspect of this new (since 2012) system whereby issued patents are subject to review and cancellation by the Patent and Trademark Office (PTO). Mobility Workx raises several issues concerning this system, including constitutional issues. In addition, the Court’s *Arthrex* decision now raises another possible Appointments Clause concern, stemming from the PTO’s conduct of the procedure of ‘institution.’”<sup>332</sup>

Judge Newman urged that the “promises” of the AIA had not been kept, and noted that “Mobility states that the PTO’s institution procedures are duplicative, expensive, delaying, and subject to bias. These aspects require more attention than my colleagues have accorded them, and raise new constitutional concerns.”<sup>333</sup>

## B. Inter Partes Review – § 311

1. **1<sup>st</sup> Impression** As a Matter of First Impression: Forum Selection Clause in Non-Disclosure Agreement Does Not Preclude Later Petition For IPR



In *Kannuu Pty Ltd. v. Samsung Electronics Co., Ltd.*,<sup>334</sup> the Federal Circuit panel majority affirmed the district court’s denial of a preliminary injunction sought to compel Samsung to dismiss a petition for IPR. Kannuu sought to enforce a forum selection clause in an earlier Non-Disclosure Agreement. Circuit Judge Newman dissented.

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<sup>331</sup> 141 S. Ct. 1970 (2021).

<sup>332</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., concurring-in-part, dissenting-in-part).

<sup>333</sup> \_\_\_ F.3d at \_\_\_.

<sup>334</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Chen, joined by Circuit Judge Prost, dissenting opinion by Circuit Judge Newman)(appeal from the United States District Court for the Southern District of New York in No. 1:19-cv-04297-ER, Judge Edgardo Ramos).

Samsung, in 2012, contacted Kannuu seeking information about Kannuu’s remote control search-and-navigation technology for media-related products. The parties entered into an NDA that contained a forum selection clause, reading in part:

Any legal action, suit, or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby must be instituted exclusively in a court of competent jurisdiction, federal or state, located within the Borough of Manhattan, City of New York, State of New York and in no other jurisdiction.

In 2013, the parties ceased communications. In 2019, Kannuu filed suit alleging infringement and violation of the NDA. Samsung filed petitions for IPR asserting that all claims or all asserted patents were unpatentable. Kannuu argued before the PTAB that review should be denied because of the forum selection clause in the NDA. The PTAB declined review for three patents-at-issue based on a lack of a showing of unpatentability. However, the PTAB granted review of two patents.

Kannuu sought a preliminary injunction from the district court compelling Samsung to seek dismissal of the IPR. The district court denied the request. On appeal, the Federal Circuit panel majority affirmed.

The Federal Circuit reiterated that “[a] plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.”<sup>335</sup>

On the likelihood of success prong, the Federal Circuit panel majority agreed with the district court that the language of the forum selection clause did not encompass IPR proceedings. The Federal Circuit panel majority primarily reasoned that the IPR proceeding did not “relate to” the NDA itself.

On the irreparable harm prong, the Federal Circuit panel majority again agreed with the district court that Kannuu had not presented any irreparable harm flowing from the IPR.

On the last two factors, the Federal Circuit panel majority also agreed with the district court that the balance of equities and public interest weighed in favor of permitting Samsung to litigate the validity of the patents-at-issue before the PTAB.

Circuit Judge Newman dissented urging that the forum selection clause was clear and unambiguous, and should be respected and enforced.

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<sup>335</sup> \_\_\_ F.3d at \_\_\_, quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008).

2. PTAB Erred by Relying on Applicant Admitted  
Prior Art (AAPA) in Specification in Finding  
Claims Unpatentable 

In *Qualcomm Incorporated v. Apple Inc.*,<sup>336</sup> the Federal Circuit held that AAPA did not fall within the language of § 311(b) limiting review “only on a ground that could be raised under section 102 or 103 and *only on the basis of prior art consisting of patents or printed publications.*” (emphasis by court)

Qualcomm’s patent-at-issue was drawn to integrated circuit devices with power detection circuits for systems with multiple supply voltages.

Apple filed two IPR petitions based on the same two grounds, but challenging different sets of claims. The first ground asserted unpatentability under § 103 based on three prior art references – Steinacker, Doyle, and Park. In its FWD, the PTAB concluded that Apple had not shown unpatentability on that ground.

Apple’s second ground was the description in Qualcomm’s specification of certain prior art coupled with a prior art reference – Majcherczak. Qualcomm conceded that the combination of AAPA and Majcherczak taught each element of the challenged claims. But, Qualcomm urged that patent owner admissions cannot be used to challenge validity in an IPR.

The PTAB reasoned that “prior art consisting of patents or printed publications” in § 311(b) included AAPA because it constituted prior art contained in a patent. The Federal Circuit disagreed.

The Federal Circuit noted that the PTIO had issued guidelines on the “Treatment of Statements of the Applicant in the Challenged Patent in Inter Partes Reviews Under § 311(b)” after the date of the PTAB’s FWD in this case. However, the Federal Circuit expressed some disagreement with those guidelines.

The Federal Circuit concluded that “[w]e agree with Qualcomm and the PTIO that the ‘patents or printed publications’ that form the ‘basis’ of a ground for *inter partes* review must themselves be prior art to the challenged patent. That conclusion excludes any descriptions of the prior art contained in the challenged patent. This interpretation is consistent with prior judicial interpretations of the statute and represents a more natural reading of § 311(b).”<sup>337</sup>

The Federal Circuit, though did not bar “all” use of AAPA in an IPR. The Federal Circuit reasoned that “[w]hile, under § 311(b), AAPA contained in the challenged patent is not prior art consisting of patents or printed publications,’ it does not follow that AAPA is categorically excluded from an *inter partes* review. Indeed, Qualcomm concedes that our precedent permits consideration of AAPA, at least to some extent, to challenge patent claims in an *inter partes* review.”<sup>338</sup>

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<sup>336</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Chen, joined by Circuit Judges Taranto and Bryson)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-01315, IPR2018-01316).

<sup>337</sup> \_\_\_ F.3d at \_\_\_.

<sup>338</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit noted that in *Koninklijke Philips N.V. v. Google LLC*,<sup>339</sup> the Federal Circuit had held that “it is appropriate to rely on admissions in a patent’s specification when assessing whether that patent’s claims would have been obvious” in an *inter partes* review proceeding. The Federal Circuit explained that is “because a petitioner may rely on evidence beyond prior art documents in an *inter partes* review, even if such evidence itself may not qualify as the ‘basis’ for a ground set forth in a petition.”<sup>340</sup>

The Federal Circuit further explained that “[a]s a patentee’s admissions about the scope and content of the prior art provide a factual foundation as to what a skilled artisan would have known at the time of invention, \* \* \*, it follows that AAPA may be used in similar ways in an *inter partes* review, \* \* \*. Such uses include, for example, furnishing a motivation to combine, \* \* \*, or supplying a missing claim limitation, \* \* \*. Thus, even though evidence such as expert testimony and party admissions are not themselves prior art references, they are permissible evidence in an *inter partes* review for establishing the background knowledge possessed by a person of ordinary skill in the art.”<sup>341</sup>

The Federal Circuit remanded to the PTAB with instructions that AAPA cannot provide the “basis” for a ground of unpatentability.

### C. Institution of *Inter Partes* Review – § 314

1. The “no appeal” Provisions of § 314(d) Do Not Apply to Reviewing § 315(e)(1) Estoppel Issues That Arise After Institution of an IPR in Certain Circumstances 🥒 🥒 🥒
2. Party Held Not Estopped Under § 315(e)(1) For Factual Reasons 🥒 🥒

In *Uniloc 2017 LLC v. Facebook Inc.*,<sup>342</sup> concluded, *inter alia*, that estoppel challenges under § 315(e)(1) were not precluded from review under § 314(d) because estoppel challenges were raised after institution of an IPR. The Federal Circuit also held that such estoppel challenges were without merit.

The Federal Circuit’s decision was expressly limited to the “circumstances of this case” which somewhat complex.

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<sup>339</sup> 948 F.3d 1330, 1339 (Fed. Cir. 2020).

<sup>340</sup> \_\_\_ F.3d at \_\_\_.

<sup>341</sup> \_\_\_ F.3d at \_\_\_.

<sup>342</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Chen, joined by Circuit Judges Lourie and Wallach)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-01428, IPR2017-02088).

As a reminder, § 314(d) provides:

(d) No Appeal.— The determination by the Director whether to institute an inter partes review under this section shall be final and non-appealable.

Also, as a reminder, § 315(e)(1) provides:

(e) Estoppel.—

(1) Proceedings before the office.— The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

Uniloc was the owner of the patent-at-issue drawn to a system and method for enabling Voice over Internet Protocol (VoIP) messaging.

Apple had a pending IPR challenging claims 1-6 and 8 of Uniloc’s patent. Facebook (FB) filed two IPR petitions on May 11, 2017 – the ’1427 IPR challenged claims 1-8 as obvious over Zydney and Clark for claims 1-6 and 8, and adding Appelman *vis-à-vis* claim 7. The ’1428 petition challenged claims 9, 12, 14, 17, 25 and 26 as being obvious over Zydney, claims 11, 15 and 16 as being obvious over Zydney in view of Greenlaw, and claim 10 has being obvious over Zydney and Newton.

<b>Pending</b>		<b>Apple IPR ‘0225 – challenging claims 1-6, 8</b>
<b>5/17/2017</b>		<b>Facebook – 2 pet’s – (1) ‘1427 IPR – challenging cls. 1-8, (2) ‘1428 IPR – challenging cls. 9, 12, 14, 17, 25, 26 and cls. 11, 15 and 16</b>

On June 16, 2017, FB filed a third petition, identical to Apple’s petition, challenging claims 1-6 and 8, along with a motion to join Apple’s IPR.

On September 11, 2017, LG filed petitions identical to FB’s ’1427 and ’1428 petitions along with motions to join FB’s IPRs.

On October 3, 2017, the PTAB instituted IPR on FB’s third petition and granted the motion to join the Apple IPR:

<b>Pending</b>		<b>Apple IPR ‘0225 – challenging claims 1-6, 8</b>
<b>5/17/2017</b>		<b>Facebook – 2 pet’s – (1) ‘1427 IPR – challenging cls. 1-8, (2) ‘1428 IPR – challenging cls. 9, 12, 14, 17, 25, 26 and cls. 11, 15 and 16</b>
<b>6/16/2017</b>		<b>Facebook – pet identical to Apple’s – challenging cls. 1-6, 8 + motion to join Apple IPR</b>
<b>9/11/2017</b>		<b>LG – pet’s identical to FB ‘1427 and ‘1428 pet’s + motion to join</b>
<b>10/3/2017</b>		<b>PTAB – institutes FB’s 3<sup>rd</sup> pet – grants motion to join Apple IPR</b>

On December 4, 2017, the PTAB granted FB’s ’1427 and ’1428 petitions. Because FB was now a party to multiple IPRs involving overlapping claims, the PTAB ordered the parties, in the ’1427 IPR, to brief the § 315(e)(1) estoppel issue.

<b>Pending</b>	<b>Apple IPR ‘0225 – challenging claims 1-6, 8</b>
<b>5/17/2017</b>	<b>Facebook – 2 pet’s – (1) ‘1427 IPR – challenging cls. 1-8, (2) ‘1428 IPR – challenging cls. 9, 12, 14, 17, 25, 26 and cls. 11, 15 and 16</b>
<b>6/16/2017</b>	<b>Facebook – pet identical to Apple’s – challenging cls. 1-6, 8 + motion to join Apple IPR</b>
<b>9/11/2017</b>	<b>LG – pet’s identical to FB ‘1427 and ‘1428 pet’s + motion to join</b>
<b>10/3/2017</b>	<b>PTAB – institutes FB’s 3<sup>rd</sup> pet – grants motion to join Apple IPR</b>
<b>12/4/2017</b>	<b>PTAB – institutes FB’s ‘1427 and ‘1428 pet’s – ordered parties to brief estoppel issue per § 315(e)(1) in ‘1427 IPR</b>
	<b>Parties briefed estoppel issue</b>

In that briefing, FB contended that it should not be estopped *vis-à-vis* any challenged claims after a FWD issues in the Apple IPR, but, in all events, should not be estopped *vis-à-vis* claim 7 which was not part of the Apple IPR.

FB further argued that if LG’s petition was granted and LG was joined as a party to the ’1427 and ’1428 IPRs, those IPRs should proceed as to all challenged claims regardless whether FB was estopped because LG was not a party to the Apple IPR.

Uniloc urged that after a FWD decision in the Apple IPR was issued, FB should be estopped *vis-à-vis* all claims in the ’1427 IPR, and the proceeding should be terminated. Uniloc urged that LG should file its own petition for IPR.

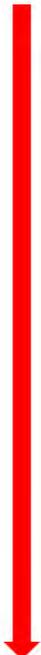
On March 6, 2018, the PTAB instituted IPRs on LG’s petitions and granted LG’s motion to join FB’s ’1427 and ’1428 IPRs.

On May 23, 2018, the PTAB issued a FWD in the Apple IPR upholding the patentability of all challenged claims.

On May 29, 2018, the PTAB issued a decision in the ’1427 IPR dismissing FB in-part due to § 315(e)(1) estoppel *vis-à-vis* claims 1-6 and 8. However, the PTAB concluded that FB was not estopped *vis-à-vis* claim 7 because § 315(e)(1) was limited to estoppel “with respect to that claim ” and claim 7 was not included in the Apple IPR.

The PTAB also concluded that “[t]he dismissal of Face-book\* \* \* does not limit LG’s participation in any way,” and therefore, LG was “to assume the role of challenger as to all claims, with Facebook[s] \* \* \* participation limited as to issues concerning solely claim 7.”

On November 20, 2018, the PTAB issued its FWD in the consolidated FB IPRs, concluding that all of the challenged claims were unpatentable:

<b>Pending</b>		<b>Apple IPR ‘0225 – challenging claims 1-6, 8</b>
<b>5/17/2017</b>		<b>Facebook – 2 pet’s – (1) ‘1427 IPR – challenging cls. 1-8, (2) ‘1428 IPR – challenging cls. 9, 12, 14, 17, 25, 26 and cls. 11, 15 and 16</b>
<b>6/16/2017</b>		<b>Facebook – pet identical to Apple’s – challenging cls. 1-6, 8 + motion to join Apple IPR</b>
<b>9/11/2017</b>		<b>LG – pet’s identical to FB ‘1427 and ‘1428 pet’s + motion to join</b>
<b>10/3/2017</b>		<b>PTAB – institutes FB’s 3<sup>rd</sup> pet – grants motion to join Apple IPR</b>
<b>12/4/2017</b>		<b>PTAB – institutes FB’s ‘1427 and ‘1428 pet’s – ordered parties to brief estoppel issue per § 315(e)(1) in ‘1427 IPR</b>
		<b>Parties briefed estoppel issue</b>
<b>3/6/2018</b>		<b>PTAB grants LG pet + motion to join FB ‘1427 and ‘1428 IPRs</b>
<b>5/23/2018</b>		<b>PTAB – FWD Apple IPR – upheld patentability of all claims</b>
<b>5/29/2018</b>		<b>PTAB – decision – ‘1427 IPR – FB estopped re cls. 1-6, 8, but not re cl. 7 – dismissal of FB does not limit LG’s participation and LG may assume role of challenger re all claims</b>
<b>11/20/2018</b>		<b>PTAB – FWD – consolidated ‘1427, ‘1428 – all challenged claims unpatentable</b>

Appealability of § 315(e)(1) Estoppel Issues Under § 314(d)

The Federal Circuit concluded that “[c]onsidering the strong presumption of reviewability of agency action, we see no indication that § 314(d) precludes judicial review of the Board’s application of § 315(e)(1)’s estoppel provision in this case, in which the alleged estoppel-triggering event occurred after institution.”<sup>343</sup>

The Federal Circuit viewed that conclusion as a necessary consequence of its decision in *Credit Acceptance Corp. v. Westlake Services*,<sup>344</sup> in which the Federal Circuit held that judicial review of a challenge to the Board’s application of the estoppel provision of § 325(e)(1) is not precluded by § 324(e)11 because this provision “is not limited to the institution stage” and “could operate to terminate a proceeding even where there existed no cause for termination at the time a petition was instituted \* \* \*,” involving nearly identical provisions applied to CBM proceedings.

The Federal Circuit explained that “[c]ritically, the particular circumstances in *Credit Acceptance*, i.e., one in which no cause for termination at the time of petition existed and the basis for termination developed while the proceeding was ongoing, is exactly that which happened here. When the Board instituted review in the ‘1427 IPR, no estoppel could apply because no final written decision had been reached in the Apple IPR. Though the Board’s institution decision ordered supplemental briefing regarding the potential, future applicability of § 315(e)(1)’s estoppel provision, due to its awareness of the advanced state of the Apple

<sup>343</sup> \_\_\_ F.3d at \_\_\_ (emphasis added).

<sup>344</sup> 859 F.3d 1044, 1050 (Fed. Cir. 2017).

IPR, the Apple IPR final written decision did not issue until months after institution in this proceeding. The Board’s ‘no estoppel’ decision thus was later than and separate from its earlier institution decision, and, consistent with the facts and reasoning of *Credit Acceptance*, is a decision we may review.”<sup>345</sup>

Estoppel Under § 315(e)(1)

Regarding Uniloc’s estoppel challenge *vis-à-vis* LG, namely that LG was a “real party in interest” to FB, the Federal Circuit noted that “[d]etermining whether a [party] is a [RPI] demands a flexible approach that takes into account both equitable and practical considerations,” with the heart of the inquiry focused on “whether a petition has been filed at a [party]’s behest.”<sup>346</sup>

The Federal Circuit concluded that the PTAB’s determination that “LG is not an RPI or privy of Facebook is supported by substantial evidence. Uniloc’s somewhat conclusory arguments never attempt to differentiate its position as to RPI and privy, instead simply asserting that LG must be one or the other. But just because LG expressed an interest in challenging the ’433 patent’s patentability, through its filing of its own IPR petition and joinder motion, does not by itself make LG an RPI to Facebook’s IPR.”<sup>347</sup>

The Federal Circuit further noted that “[t]he record lacks any evidence that LG exercised any control over Facebook’s decision to file for *inter partes* review (either in the Apple IPR and in this IPR) or Facebook’s arguments made during the proceedings, and vice versa. Moreover, nothing in the record suggests that Facebook recruited LG to join as a party to the Facebook IPR, thereby making LG an agent advancing Facebook’s interests. That is, we see no evidence in the record to suggest that LG is acting ‘as a proxy [in the ’1427 IPR] for [Facebook] to relitigate the same issues’ Facebook already presented in the Apple IPR.”<sup>348</sup>

The Federal Circuit concluded that “[i]n view of the foregoing, substantial evidence supports the finding that LG acted of its own accord in the ’1427 IPR for claims 1–6 and 8 and is not estopped from maintaining its patentability challenge in this proceeding.”<sup>349</sup>

The Federal Circuit further concluded that “[d]espite Uniloc’s contentions, we see no error in the Board’s determination that the Apple IPR final written decision, which did not address claim 7, does not estop Facebook from maintaining its challenge in this proceeding to claim 7. Section 315 explicitly limits the estoppel to the claims previously challenged and for those proceedings that resulted in a final written decision \* \* \*.”<sup>350</sup>

The Federal Circuit concluded that the PTAB obviousness determinations were supported by substantial evidence.

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<sup>345</sup> \_\_\_ F.3d at \_\_\_.

<sup>346</sup> \_\_\_ F.3d at \_\_\_.

<sup>347</sup> \_\_\_ F.3d at \_\_\_.

<sup>348</sup> \_\_\_ F.3d at \_\_\_.

<sup>349</sup> \_\_\_ F.3d at \_\_\_.

<sup>350</sup> \_\_\_ F.3d at \_\_\_.

D. Relation to Other Proceedings or Actions – § 315

1. Estoppel

- a) Federal Circuit Holds That “§ 315(e)(1) estops a petitioner as to invalidity grounds for an asserted claim that it failed to raise but “reasonably could have raised” in an earlier decided IPR, regardless of whether the petitions were simultaneously filed and regardless of the reasons for their separate filing.” 

In *Intuitive Surgical, Inc. v. Ethicon LLC*,<sup>351</sup> the Federal Circuit concluded, on statutory interpretation grounds (§ 315(e)(1) estoppel extends to “request or maintain a proceeding?”) that estoppel extends to a third IPR petition, filed simultaneously with two other IPR petitions, where PTAB decisions were earlier entered in those two other petitions.

Ethicon’s patent-at-issue was drawn to a robotically controlled endoscopic surgical instrument.

Intuitive filed three IPR petitions on June 14, 2018 – (1) the Timm/Anderson IPR, (2) the Prisco/Cooper IPR, and (3) the Giordano/Wallace IPR. All three challenged, *inter alia*, the patentability of claim 24, but on different prior art references. The PTAB instituted the Timm/Anderson and Giordano/Wallace IPRs in January 2019, and instituted the Prisco/Cooper IPR in February.

In the Timm/Anderson IPR, Intuitive urged that claim 24 would have been obvious in view of the prior art references Timm and Anderson. Intuitive also urged that claims 25 and 26 would have been obvious over Timm and Anderson further in view of Wallace.

In the Giordano/Wallace IPR, Intuitive urged that claim 24 would have been obvious over Giordano in view of Wallace.

On January 13, 2020, the PTAB issued a FWD in the Timm/Anderson IPR and the Giordano/Wallace IPR upholding the patentability of claim 24 (as well as claims 25 and 26 in the Timm/Anderson IPR).

In the Prisco/Cooper IPR, Intuitive urged that claims 24-26 were anticipated by Prisco. That IPR remained pending after the FWD in the two other IPRs. On January 21, 2020, Ethicon moved to terminate Intuitive as a party to the Prisco/Cooper IPR, arguing that Intuitive was estopped from proceeding with that IPR under § 315(e)(1) because of the FWD in the other two IPRs.

The PTAB agreed, and issued a FWD that (1) terminated Intuitive as a petitioner in the Prisco/Cooper IPR based on estoppel, and (2) upheld the patentability of claims 24-26.

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<sup>351</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge O’Malley, joined by Circuit Judges Cleenger and Stoll)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-01248).

On appeal, the Federal Circuit affirmed the termination of Intuitive, and dismissed the appeal on the merits.

The Federal Circuit first concluded that it had jurisdiction under 28 U.S.C. § 1295(a)(4)(A) to review the PTAB’s estoppel decision, and that review was not precluded by 35 U.S.C. § 314(d) because the estoppel-triggering event (the FWD in the other two IPRs) occurred long after the PTAB’s institution decision in the Prisco/Cooper IPR.

With respect to the estoppel issue, the Federal Circuit noted that § 315(e)(1) provided that “[t]he petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision \* \* \* may not request *or maintain* a proceeding before the Office with respect to that claim on any ground that the petitioner *raised or reasonably could have raised during that inter partes review.*” (emphasis by the court)

Intuitive urged, *inter alia*, that it could not “reasonably have raised” its grounds in the Prisco/Cooper IPR, filed simultaneously with the Timm/Anderson and Giordano/Wallace petitions because the 14,000 word limit on IPR petitions necessitated three separate petitions.

The Federal Circuit was not persuaded. The Federal Circuit announced “we hold that § 315(e)(1) estops a petitioner as to invalidity grounds for an asserted claim that it failed to raise but ‘reasonably could have raised’ in an earlier decided IPR, regardless of whether the petitions were simultaneously filed and regardless of the reasons for their separate filing.”<sup>352</sup>

The Federal Circuit relied on the “plain language” of § 315(e)(1). The Federal Circuit reasoned that “Intuitive *actually* knew of the Prisco prior art at the time it filed the other two petitions and knew which claims it wanted to challenge based on that art. Certainly, Intuitive reasonably could have raised its grounds from the Prisco/Cooper IPR in either the Giordano/Wallace or Timm/Anderson IPRs. Yet, it did not.”<sup>353</sup>

The Federal Circuit also reasoned that Intuitive could have “more concisely written” the petitions to fit within the word limits. The Federal Circuit also reasoned that Intuitive could have, but did not, move to consolidate the three IPRs.

In *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*,<sup>354</sup> the Federal Circuit had held that estoppel does not bar challenges on grounds asserted in a petition but on which the PTAB refused institution. The Federal Circuit noted that *Shaw* did not directly address the issue of estoppel on grounds never raised in a petition – a question on which district courts had split.

In *Cal. Inst. of Tech. v. Broadcom Ltd.*,<sup>355</sup> the Federal Circuit held that to the extent *Shaw* held that estoppel can only apply to instituted grounds for a given claim because those grounds were the only ones raised “during” an IPR, and not to grounds for that same claim that a

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<sup>352</sup> \_\_\_ F.3d at \_\_\_.

<sup>353</sup> \_\_\_ F.3d at \_\_\_.

<sup>354</sup> 817 F.3d 1293 (Fed. Cir. 2016).

<sup>355</sup> No. 2020-2222, 2021-1527, 2022 WL 333669, at \*9–11 (Fed. Cir. Feb. 4, 2022).

petitioner could have “reasonably raised” but did not, had been abrogated by the Supreme Court’s decision in *SAS Inst., Inc. v. Lancr.*<sup>356</sup>

- b) Federal Circuit Panel Overrules Earlier Panel Opinion Based on Supreme Court Rationale in Subsequent Case 
- c) Resolving District Court Split, Defendant Estopped to Raise Grounds For Obviousness in District Court Where Those Grounds Were Known and Could Have Been Raised in Earlier Decoded IPR 

In *California Institute of Technology v. Broadcom Limited*,<sup>357</sup> the Federal Circuit panel, without convening an *en banc* court, overruled the prior panel opinion in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*,<sup>358</sup> reasoning that the panel had the authority to do so because of the Supreme Court’s subsequent decision in *SAS Institute, Inc. v. Lancr.*,<sup>359</sup> the rationale of which, according to the panel, effectively overrule *Shaw* even though *Shaw* was not identified in the Court’s opinion.

The Federal Circuit then affirmed the district court’s grant of summary judgment that defendants, *Broadcom et al.*, were estopped under § 315(e)(2) from raising in district court grounds for invalidity that the defendants were aware of during earlier IPRs, but that had not been raised.

*Caltech* sued *Broadcom* (and several *Broadcom* entities) and *Apple Inc.* for infringement of three patents drawn to error correction during data transmission. Before trial, *Apple* had filed several IPR petitions challenging the validity of the claims-at-issue over various prior art references. The PTAB issued several FWDs concluding that *Apple* had failed to show that the challenged claims were unpatentable for obviousness.

Section 315(e)(2) provides, in part, “[t]he petitioner in an inter partes review of a claim in a patent \* \* \* that results in a final written decision \* \* \*, or the real party in interest or privy of the petitioner, may not assert either in a civil action \* \* \* that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.”

The district court held that *Broadcom* and *Apple* were estopped to assert invalidity for obviousness based on prior art that they were aware of, but did not raise, during those IPRs. As noted above, on appeal, the Federal Circuit affirmed.

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<sup>356</sup> 138 S. Ct. 1348 (2018).

<sup>357</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Linn, joined by Circuit Judge Lourie, concurring-in-part, dissenting-in-part opinion by Circuit Judge Dyk)(appeals from the United States District Court for the Central District of California in No. 2:16-cv-03714-GWAGR, Judge George H. Wu).

<sup>358</sup> 817 F.3d 1293 (Fed. Cir. 2016).

<sup>359</sup> 138 S. Ct. 1348 (2018).

In *Shaw*, the Federal Circuit had held that an IPR “does not begin until it is instituted,” and that the only the grounds actually at issue in an IPR were those that were raised or reasonably could have been raised.

At the time of *Shaw*, though, IPR proceedings were frequently instituted on less than all of the grounds raised in a petition. Several district courts had held that *Shaw* did not allow a petitioner to avoid estoppel *vis-à-vis* all arguments that could have been raised in an IPR petition, while other district courts held to the contrary.

The Federal Circuit reasoned that the Supreme Court in *SAS* held that the PTAB had no statutory authority to institute an IPR on less than all of the grounds raised in an IPR petition. The Federal Circuit reasoned that thus it was the IPR petition, not the institution decision, that defined the scope of the IPR. The Federal Circuit concluded that “[t]hus, the Supreme Court’s later decision in *SAS* makes clear that *Shaw*, while perhaps correct at the time in light of our pre-*SAS* interpretation of the statute cannot be sustained under the Supreme Court’s interpretation of related statutory provisions in *SAS*.<sup>360</sup>

The Federal Circuit wrote that “[a]ccordingly, we take this opportunity to overrule *Shaw* and clarify that estoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all claims and grounds not in the IPR but which reasonably could have been included in the petition. In a regime in which the Board must institute on all grounds asserted and the petition defines the IPR litigation, this interpretation is the only plausible reading of ‘reasonably could have been raised’ and ‘in the IPR’ that gives any meaning to those words.”<sup>361</sup>

The Federal Circuit concluded that “[i]t is undisputed that Apple and Broadcom were aware of the prior art references that they sought to raise in the district court when Apple filed its IPR petitions. Despite not being included in any of Apple’s IPR petitions, the contested grounds reasonably could have been included in the petitions, and thus in the IPR. We affirm the district court’s decision barring Apple and Broadcom from raising invalidity challenges based on these prior art references.”<sup>362</sup>

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<sup>360</sup> \_\_\_ F.3d at \_\_\_.

<sup>361</sup> \_\_\_ F.3d at \_\_\_.

<sup>362</sup> \_\_\_ F.3d at \_\_\_.

E. CONDUCT OF *INTER PARTES* REVIEW – § 316

1. Procedural Issues

- a) PTAB “had an obligation to make the comparison [for authentication purposes], as Rule 901(b)(3) contemplates and as the cases require”   

*See Vabe Corp. v. Ironburg Inventions Ltd.*,<sup>363</sup> above in which the Federal Circuit, *inter alia*, reversed the PTAB’s conclusion that a certain document, asserted to constitute prior art, had not been properly authenticated and did not constitute a prior art “printed publication.”

- b) PTAB Errs by Adopting a Claim Construction, Different From an Agreed Construction, Without Notice   

In *Qualcomm Inc. v. Intel Corp.*,<sup>364</sup> the Federal Circuit reiterated that the PTAB may adopt a claim construction not advocated by either party, but concluded that the PTAB had erred by adopting a claim construction differing from an agreed construction without adequate notice to the parties.

Qualcomm’s patent-at-issue was drawn to techniques for generating a power tracking supply voltage for a circuit having multiple radio frequency signals. The invention was asserted to, *inter alia*, increase bandwidth.

Intel petitioned for six IPRs. In each petition, Intel proposed that the claim phrase “a plurality of carrier aggregated transmit signals” means “signals for transmission on multiple carriers at the same time to increase the bandwidth for a user.” Qualcomm proposed “signals from a single terminal utilizing multiple component carriers which provide extended transmission bandwidth for a user transmission from the single terminal.”

The parties never disputed that the signals were required to increase user bandwidth. In parallel ITC proceedings, the ITC’s construction also included an increased bandwidth requirement. All briefing by both parties before the PTAB included an increased bandwidth requirement.

During oral argument before the PTAB, one member asked Intel a question about increased bandwidth –

[Q:] What is the purpose, and where is the support, for requiring “to increase the bandwidth for a user”?

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<sup>363</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Newman and Lourie)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-00858, IPR2017-01928).

<sup>364</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Reyna and Stoll)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-01526, IPR2018-01327, IPR2018-01328, IPR2018-01329, IPR2018-01330, IPR2018-01340).

[A:] That’s a good question, Your Honor. \* \* \* We \* \* \*. would be comfortable \* \* \* 8 if the Board were inclined to remove the bandwidth for a user portion of it. \* \* \* .

Shortly thereafter, the same PTAB judge asked Intel –

[Q:] [I]f we were to construe a plurality of carrier aggregated transmit signals being sent simultaneously, would you agree that the construction is signals for transmission on multiple carriers at the same time? *Potentially to increase the bandwidth for a user, you know, we’ll think about whether that’s necessary.* But at least is that where the “at the same time” comes from?

[A:] Yes, Your Honor.

Qualcomm was not asked questions about bandwidth requirements.

The PTAB subsequently asked for additional briefing on the meaning of other claim language, but did not request briefing on the increased bandwidth requirement.

The PTAB issued six FWDs concluding that all challenged claims were unpatentable. In doing so, the PTAB construed “a plurality of carrier aggregated transmit signals” in each asserted claim to mean “signals for transmission on multiple carriers,” omitting any requirement that the signals increase or extend bandwidth.

On appeal, Qualcomm urged that it had not been afforded notice of, or an adequate opportunity to respond to, the PTAB’s construction of “a plurality of carrier aggregated transmit signals.” The Federal Circuit agreed.

The Federal Circuit reiterated that “‘[a] patent owner in [an IPR] is undoubtedly entitled to notice of and a fair opportunity to meet the grounds of rejection,’ based on due process and Administrative Procedure Act (APA) guarantees. \* \* \* For IPRs, ‘the APA imposes particular requirements on the PTO. The agency must “timely inform[ ]” the patent owner of ‘the matters of fact and law asserted,’ \* \* \* must provide “all interested parties opportunity for the submission and consideration of facts [and] arguments \* \* \* [and] hearing and decision on notice,” \* \* \* and must allow “a party \* \* \* to submit rebuttal evidence \* \* \* as may be required for a full and true disclosure of the facts,” \* \* \* ‘ \* \* \* Under the APA, we must ‘hold unlawful and set aside agency action \* \* \* not in accordance with law [or] \* \* \* without observance of procedure required by law.’ ”<sup>365</sup>

The Federal Circuit further reiterated that “[w]e have held that the Board may adopt a claim construction of a disputed term that neither party proposes without running afoul of the APA. \* \* \* Parties are well aware that the Board may stray from disputed, proposed constructions. \* \* \* ”<sup>366</sup>

But, the Federal Circuit reasoned, “[u]nlike these cases, the issue of whether increased bandwidth was a required part of the claim construction was not in dispute. \* \* \* The Board’s construction of ‘a plurality of carrier aggregated transmit signals’ diverged from the agreed-upon increased bandwidth requirement for the term; it did not merely adopt its own

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<sup>365</sup> \_\_\_ F.3d at \_\_\_.

<sup>366</sup> \_\_\_ F.3d at \_\_\_.

construction of a disputed term. \* \* \* \* \* Here, the patent owner agreed with the increased bandwidth requirement proposed by the petitioner. While the Board did not change theories midstream or depart from a construction it previously adopted, it is still difficult to imagine either party anticipating that this agreed-upon matter of claim construction was a moving target. And, unlike with disputed terms, it is unreasonable to expect parties to brief or argue agreed-upon matters of claim construction. This is particularly true here given that a separate agency (the Commission) had already adopted the increased bandwidth requirement for the claim term. Accordingly, under the circumstances of this case, the Board needed to provide notice of and an adequate opportunity to respond to its construction.”<sup>367</sup>

The Federal Circuit rejected Intel’s argument that Qualcomm had not suffered any prejudice. The Federal Circuit noted that Qualcomm had argued throughout the IPR that the prior art failed to disclose the increased bandwidth requirement. “By removing that requirement, the Board eliminated an element on which Intel bore the burden of proof. The Board’s decision to eschew an agreed-upon requirement without notice prejudiced Qualcomm. Further, without notice of the Board’s elimination of the increased bandwidth requirement, Qualcomm had no reason to brief that requirement or establish an evidentiary record supporting it, particularly given the limited word count and breadth of issues in these IPRs. Thus, Qualcomm has made an adequate showing of prejudice.”<sup>368</sup>

The Federal Circuit also rejected the argument that the hearing provided adequate notice – “The single question-answer exchange between one judge and Intel regarding the increased bandwidth requirement, followed by that judge’s offhand comment that the panel would ‘think about whether that’s necessary,’ did not *provide* Qualcomm notice that the Board might depart from the increased bandwidth requirement. \* \* \* The Board did not announce a construction, criticize the parties’ agreed-upon requirement, ask any follow-up questions to Intel, or ask any related questions to Qualcomm. Even after the hearing, the Board *sua sponte* issued an order requesting additional briefing on a completely separate claim term with no mention of the agreed-upon increased bandwidth requirement. Under the facts of this case, the Board’s actions failed to provide notice that it would depart from the agreed-upon increased bandwidth requirement.”<sup>369</sup>

The Federal Circuit also rejected Intel’s argument that Qualcomm could have sought rehearing. The Federal Circuit reasoned that “Intel’s position would effectively require an aggrieved party to seek rehearing before appealing a Board’s failure to provide notice and an opportunity to respond. We have generally held that a party need not seek rehearing in order to seek relief from a Board decision on appeal. \* \* \* Finally, we ‘are not free to impose an exhaustion requirement as a rule of judicial administration where the agency action has already become “final” under the APA \* \* \* Though it may have been a more efficient use of resources had Qualcomm sought rehearing, Qualcomm was not required to do so. Accordingly, we reject Intel’s argument that Qualcomm’s failure to seek rehearing dooms its procedural challenge.”<sup>370</sup>

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<sup>367</sup> \_\_\_ F.3d at \_\_\_.

<sup>368</sup> \_\_\_ F.3d at \_\_\_.

<sup>369</sup> \_\_\_ F.3d at \_\_\_.

<sup>370</sup> \_\_\_ F.3d at \_\_\_.

2. Amendments

- a) Federal Circuit Affirms Precedential Opinion Panel Grant of Motion to Amend 
- b) Federal Circuit Declines to Decide When and Should the PTAB Raise Unpatentability Arguments Regarding Proposed Substitute Claims   

The Federal Circuit’s opinion in *Hunting Titan, Inc. v. DynaEnergetics Europe GmbH*,<sup>371</sup> reaches a very narrow holding, and is more notable for what the Federal Circuit declined to decide than what it actually decided.

Hunting Titan (HT) petitioned for IPR of claims 1-15 of DEE’s patent drawn to a perforating gun used in oil wellbore drilling operations. HT raised 16 grounds of unpatentability, including that all claims were anticipated by a prior art reference – Schacherer.

DEE moved to amend by adding substitute claims 16-22. HT opposed the motion to amend asserting only obviousness grounds. HT had not asserted that Schacherer anticipated the proposed substitute claims.

Nevertheless, the PTAB concluded that both the original claims and the proposed substitute claims were unpatentable as anticipated by Schacherer.

DEE requested rehearing and Precedential Opinion Panel review of the PTAB’s denial of the motion to amend. The Panel granted DEE’s request for rehearing, vacated the PTAB’s decision denying the motion to amend, and then, after concluding that HT had not proven that the proposed substitute claims were unpatentable, granted the motion to amend.

The Federal Circuit affirmed the PTAB’s decision that original claims 1-15 were anticipated by Schacherer.

Regarding the motion to amend, the Panel noted the Federal Circuit’s opinion in *Nike, Inc. v. Adidas AG*,<sup>372</sup> had resolved the question whether the PTAB may advance a ground of unpatentability that a petitioner did not advance, or had insufficiently developed, against substitute claims proposed in a motion to amend. The Federal Circuit had answered that the PTAB may do so.

However, the Panel expressed its view that *Nike* had not addressed whether the PTAB “should” advance such a ground of unpatentability. The Panel was of the opinion that the PTAB should only do so in “rare circumstances,” and the better approach would be to rely on the adversarial system. The Panel noted that HT had never raised an anticipation argument *vis-à-vis* the proposed substitute claims. The Panel also concluded that this case did not qualify

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<sup>371</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Hughes, joined by Circuit Judge Reyna, concurring opinion by Circuit Judge Prost)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00600).

<sup>372</sup> 955 F.3d 45 (Fed. Cir. 2020).

as a “rare circumstance” in which the PTAB was obliged to advance a ground of unpatentability not advanced, or insufficiently developed, by the petitioner, namely HT.

The Panel then proceeded to consider, in the first instance, HT’s obviousness argument. The Panel concluded that HT’s obviousness arguments were insufficient to support a finding that the proposed substitute claims were unpatentable for obviousness.

The Federal Circuit concluded that under neither *Aqua Products, Inc. v. Matal*,<sup>373</sup> or *Nike*, did the PTAB have an affirmative duty to *sua sponte* raise patentability challenges to proposed substitute claims.

The Federal Circuit found the Panel’s reasoning to confine the PTAB’s discretion to *sua sponte* raise patentability issues *vis-à-vis* substitute claims to “rare circumstances.”

The Federal Circuit concluded “[n]evertheless, the Panel’s conclusion, at least to the extent at issue here, is not inconsistent with *Nike* and *Aqua Products*. The Panel identified circumstances in which the Board should advance ‘a ground of unpatentability that a petitioner did not advance, or insufficiently developed, against substitute claims in a motion to amend.’ \* \* \* And it acknowledged that ‘even where both a petitioner and patent owner participate in the motion to amend process, there may be situations where certain evidence of unpatentability has not been raised by the petitioner, but is readily identifiable and persuasive such that the Board should take it up in the interest of supporting the integrity of the patent system’ (the readily identifiable evidence exception).”<sup>374</sup>

The Federal Circuit noted that HT had not urged on appeal that the Panel had misapplied the “readily identifiable exception,” and had therefore forfeited that argument.

The Federal Circuit concluded by carefully defining its holding:

We must therefore affirm the Panel’s decision granting the motion to amend. We emphasize, however, that this affirmance is based only on this narrow ground. We are not determining the patentability of the proposed substitute claims, nor are we deciding whether the Panel abused its discretion in determining that the Schacherer anticipation ground was not readily identifiable and persuasive such that the Board should have *sua sponte* raised this ground of unpatentability. Likewise, we are not opining on the other limitations that the Panel placed on the Board’s ability to advance patentability issues not raised by a petitioner, and whether those limitations are consistent with 35 U.S.C. § 318. \* \* \* Finally, we do not decide whether the Board has an independent obligation to determine patentability of proposed substitute claims. These questions need not be answered to re-solve the appeal before us.<sup>375</sup>

Thus, those remain open questions for future cases.

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<sup>373</sup> 872 F.3d 1290, 1325–26 (Fed. Cir. 2017) (*en banc*).

<sup>374</sup> \_\_\_ F.3d at \_\_\_.

<sup>375</sup> \_\_\_ F.3d at \_\_\_.

F. Appeal – § 319

1. The Statute

The statute provides:

A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision pursuant to sections 141 through 144. Any party to the inter partes review shall have the right to be a party to the appeal.

In *Consumer Watchdog v. Wisconsin Alumni Research Foundation*,<sup>376</sup> the Federal Circuit held that while a PTAB petitioner does not have to have Article III case-or-controversy standing to appear before an administrative tribunal, such petitioner does not have standing to appeal to the Federal Circuit from a PTAB decision. The Federal Circuit held that Consumer Watchdog, a non-profit public interest organization did not have standing to appeal to the Federal Circuit from a PTAB decision that sustained the validity of a patent Consumer Watchdog had challenged.

2. Art. III Standing

3. Federal Circuit Vacates and Remands Where  
*Arthrex* Issue Raised For First Time in Opening  
Appellate Brief, But Where *Arthrex* Issued After  
PTAB's FWD and After Seeking PTAB Rehearing  


4. Circuit Judge Newman Dissents–in-Part Urging  
That Forum Selection Clause in Patent License  
Agreement Precludes CBM Review  

In *New Vision Gaming & Development, Inc. v. SG Gaming, Inc.*,<sup>377</sup> the PTAB, in two CBM reviews, held all claims in New Vision's two patents-at-issue unpatentable as being drawn to patent-ineligible subject matter.

New Vision requested that the Federal Circuit vacate and remand in view of *Arthrex*.<sup>378</sup> The Federal Circuit granted the request (Circuit Judge Newman's dissenting-in-part opinion was on a different point), finding that because *Arthrex* had issued after the PTAB's final written decisions (FWD) and after New Vision had sought PTAB rehearing, New Vision had not waived its *Arthrex* challenge by raising it for the first time in its opening brief on appeal.

Circuit Judge Newman, dissenting-in-part, noted that the parties, in a license agreement, had agreed that the exclusive jurisdiction for “any dispute” would rest in the state

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<sup>376</sup> 753 F.3d 1258 (Fed. Cir. 2014).

<sup>377</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Moore, joined by Circuit Judge Taranto, concurring-in-part, dissenting-in-part opinion by Circuit Judge Newman)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. CBM2018-00005, CBM2018-00006).

<sup>378</sup> *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019).

and federal courts of Nevada. The PTAB declined to enforce the forum selection clause, and proceeded to decide the CBM reviews.

Judge Newman urged that the question of forum warranted attention before requiring a new trial by a new PTAB panel.

5. Federal Circuit Concludes That No Statute Confers Jurisdiction Over Appeals From Decisions Denying Institution of an IPR   
6. Federal Circuit Agrees That, in Extraordinary Circumstances, Judicial Review is Available Through a Petition for Mandamus – But Concludes That Was Not Available Here   
7. Federal Circuit Seems to Validate PTAB's Six-Factor Analysis For Deciding Whether Institution of IPR Would Be an Effective Use of PTAB Resources   

In *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*,<sup>379</sup> the Federal Circuit denied a request for a writ of mandamus to overturn PTAB decisions denying institution of IPRs as an inefficient use of the PTAB's resources.

Janssen sued Mylan in 2019 for infringement of certain claims in the patent-at-issue. Mylan then petitioned for IPR of that patent.

Janssen argued, in opposing institution, that an IPR would be an ineffective use of the PTAB's resources because of two co-pending district court actions – the suit against Mylan and another suit against Teva Pharmaceuticals USA, Inc – involved validity issues that overlapped with Mylan's petition and that both actions would likely reach final judgment before any IPR final written decision.

The PTAB agreed with Janssen and denied institution. The PTAB applied its six-factor analysis of *Apple v. Fintiv*,<sup>380</sup> the *Fintiv* factors, namely –

- (1) whether the [district] court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
- (2) proximity of the [district] court's trial date to the Board's projected statutory deadline for a final written decision;
- (3) investment in the parallel proceeding by the [district] court and the parties;
- (4) overlap between issues raised in the petition and in the parallel proceeding;

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<sup>379</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Moore, joined by Circuit Judges Newman and Stoll)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2020-00440).

<sup>380</sup> IPR2020-00019, 2020 WL 2126495 (P.T.A.B. Mar. 20, 2020) (precedential).

(5) whether the petitioner and the defendant in the parallel proceeding are the same party; and (6) other circumstances that impact the Board’s exercise of discretion, including the merits.

The PTAB concluded that there was substantial overlap between the issues raised in Mylan’s IPR petition and the co-pending district court actions. The PTAB also found both district court actions would likely reach final judgement before any final written decision. The PTAB, in part, relied on the Teva trial date, which was a few weeks away. Thus, the PTAB concluded it would be an inefficient use of resources to institute IPR.

Mylan appealed asserting that “(1) that the Board’s determination to deny institution \* \* \* based on the timing of a separate district-court litigation to which Petitioner is not a party, undermines Petitioner’s constitutional and other due process rights; and (2) the Board’s continued adoption and application of non-statutory institution standards through *ad hoc* proceedings lie in contrast to congressional intent.” The request for a writ of mandamus relied on the same grounds.

The Federal Circuit explained that –

Our general grant of jurisdiction, 28 U.S.C. § 1295(a)(4), and the appeal bar, 35 U.S.C. § 314(d), are most relevant here. Read together, those statutes preclude direct appeal from a decision denying institution:

- § 1295(a)(4): [We] shall have exclusive jurisdiction \* \* \* of an appeal from a decision of [Board] with respect to \* \* \* inter partes review \* \* \*.
- § 314(d): No Appeal. The determination by the Director whether to institute an inter partes review under this section shall be final and non-appealable.

(emphases added). At a first glance, the “appeal from a decision” language in § 1295(a)(4) seems broad, perhaps broad enough to reach an appeal from a decision denying institution. But § 314(d), the more specific statute, dispels any such notion. \* \* \* Section 314(d) prevents “appeal” from a decision denying institution. Without the ability to “appeal,” parties cannot make use of § 1295(a)(4)’s jurisdictional grant.<sup>381</sup>

The Federal Circuit rejected the argument that the Supreme Court had undermined the Federal Circuit’s decision in *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*,<sup>382</sup> recognized the limits § 314(d) places on our § 1295 jurisdiction, and holding “that we may not hear [an] appeal from the Director’s denial of [a] petition for *inter partes* review.” The Federal Circuit concluded that “[e]very relevant Supreme Court case involved an appeal from a final written decision—not an institution decision. \* \* \* That suggests that, consistent with *St. Jude*, decisions denying institution are not subject to review on direct appeal.”<sup>383</sup>

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<sup>381</sup> \_\_\_ F.3d at \_\_\_.

<sup>382</sup> 749 F.3d 1373 (Fed. Cir. 2014).

<sup>383</sup> \_\_\_ F.3d at \_\_\_.

With respect to writs of mandamus, the Federal Circuit explained that “[w]hen institution is denied, the appeal bar in § 314(d) prevents any direct appeal. But that statute is silent with respect to mandamus. There is no reason, therefore, to think § 314(d) also divests us of mandamus jurisdiction. In fact, when the Board denies institution, our mandamus jurisdiction is especially important. Like unreasonable delay of agency action, a decision denying institution ‘defeats [our] prospective jurisdiction.’ \* \* \* A decision denying institution prevents the Board from issuing any final decision that falls within our direct appellate jurisdiction. We must, therefore, be able to protect our prospective jurisdiction through mandamus. We conclude that \* \* \* we have jurisdiction to review any petition for a writ of mandamus denying institution of an IPR.”<sup>384</sup>

The Federal Circuit explained that “[m]andamus is a ‘drastic and extraordinary remedy reserved for really extraordinary causes.’ \* \* \* ‘As the writ is one of the most potent weapons in the judicial arsenal, three conditions must be satisfied before it may issue.’ \* \* \* The petitioner must: (1) show that it has a clear and indisputable legal right; (2) show it does not have any other adequate method of obtaining relief; and (3) convince the court that the writ is appropriate under the circumstances.”<sup>385</sup>

The Federal Circuit added that “[w]hen a mandamus petition challenges a decision denying institution, the mandamus standard will be especially difficult to satisfy. The scope of our review of a mandamus petition over a denial of institution is very narrow. As the Supreme Court has explained, ‘the [Patent Office]’s decision to deny a petition is a matter committed to the Patent Office’s discretion. \* \* \*’ The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution. For example, the Director is free, as in this case, to determine that for reasons of administrative efficiency an IPR will not be instituted, as agencies generally are free, for similar reasons, to choose not to initiate enforcement proceedings. \* \* \* And the Supreme Court has determined that such a decision is committed to agency discretion by law. \* \* \* Given this determination and the statute’s bestowal of discretion on the Director combined with its prohibition on appeal of such decisions, we conclude that there is no reviewability of the Director’s exercise of his discretion to deny institution except for colorable constitutional claims.”<sup>386</sup>

The Federal Circuit added that, for future cases, “[w]hile we need not explore the outer contours of possibility, it is difficult to imagine a mandamus petition that challenges a denial of institution and identifies a clear and indisputable right to relief. Certainly, this is not such a petition. Mylan lacks a clear and indisputable right to review of the Patent Office’s determination to apply the *Fintiv* factors or the Patent Office’s choice to apply them in this case through adjudication rather than notice-and-comment rulemaking. Given the limits on our reviewability, Mylan’s *ultra vires* argument cannot be a basis for granting the petition for mandamus. Mylan’s time bar argument under § 315(b) fails for the same reason.”<sup>387</sup>

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<sup>384</sup> \_\_\_ F.3d at \_\_\_.

<sup>385</sup> \_\_\_ F.3d at \_\_\_.

<sup>386</sup> \_\_\_ F.3d at \_\_\_.

<sup>387</sup> \_\_\_ F.3d at \_\_\_.

Accordingly, Mylan’s petition for writ of mandamus was denied.

## XII. CLAIM CONSTRUCTION

### A. Preambles

1. Preamble Deemed Limiting Where What the Parties Treated as the Preamble Recited Structure That Was Functionally Defined in Claim Body   
2. Construing Preamble As Limiting Does Not Violate Guideline Against Construing Claims That Exclude a Preferred Embodiment Where Excluded Embodiment is “Optional”   

In *SIMO Holdings Inc. v. Hong Kong Cloudlink Network Technology Ltd.*,<sup>388</sup> the Federal Circuit reversed the district court’s summary judgment of infringement, and rendered judgment of non-infringement.

SIMO’s patent-in-suit was drawn to apparatuses and methods that allowed individuals to reduce roaming charges. Claim 8, the only claim having the language on appeal, provided

—  
A wireless communication client or extension unit comprising a plurality of memory, processors, programs, communication circuitry, authentication data stored on a subscribed identify module (SIM) card and/or in memory and nonlocal calls database, at least one of the plurality of programs stored in the memory comprises instructions executable by at least one of the plurality of processors for:  
enabling \* \* \*;  
establishing a data communication link \* \* \*;  
establishing a local authentication information request \* \* \*;  
relaying the local authentication information request \* \* \*;  
establishing local wireless services provided by the local cellular communication network \* \* \*; and  
providing a communication service \* \* \*. [emphasis added]

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<sup>388</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Tamaro, joined by Circuit Judges O’Malley and Wallach)(appeal from the United States District Court for the Southern District of New York in No. 1:18-cv-05427-JSR, Judge Jed S. Rakoff).

The parties treated the following as a “preamble” –

A wireless communication client or extension unit comprising a plurality of memory, processors, programs, communication circuitry, authentication data stored on a subscribed identify module (SIM) card and/or in memory and nonlocal calls database, at least one of the plurality of programs stored in the memory comprises instructions executable by at least one of the plurality of processors for: [emphasis added]

Initially, there was a question of what language actually constituted the “preamble.”

The Federal Circuit noted that “[t]he language at issue follows, rather than precedes, the word ‘comprising,’ which is one of the transition words that typically mark the end of the preamble, with what follows constituting the body of the claim.”<sup>389</sup>

The Federal Circuit explained that “[t]he placement of the language therefore suggests that it is part of the body of the claim, a characterization that, if accepted, would place its limiting character beyond dispute.”<sup>390</sup>

Nevertheless, the Federal Circuit noted that the parties had treated the language at issue as part of the preamble, and had treated the succeeding six paragraphs as the body of the claim. The Federal Circuit concluded that “[b]ut even under that characterization, we conclude, the language at issue is limiting.”<sup>391</sup>

The Federal Circuit reasoned that the language at issue contained the only language in the claim that identified the physical components of the device, and the body of the claim simply described the actions taken by the structure set out in the disputed language.

Pointing to *Catalina Market-ing Int’l, Inc. v. Coolsavings.com, Inc.*,<sup>392</sup> the Federal Circuit noted that there the preamble language provided “essential structure,” and the body did not define “a structurally complete invention”—which were two key reasons for preamble language to be deemed limiting.

The Federal Circuit added that here the preamble—“a wireless communication client or extension unit”—provided an antecedent basis for terms in the body of the claim – “[w]e have repeatedly held a preamble limiting when it serves as antecedent basis for a term appearing in the body of a claim.”<sup>393</sup>

The district court, however, concluded that claim 8 did not have a “non-local calls database.” In particular, the claim called for “a plurality of \* \* \* and nonlocal calls database.”

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<sup>389</sup> \_\_\_ F.3d at \_\_\_.

<sup>390</sup> \_\_\_ F.3d at \_\_\_.

<sup>391</sup> \_\_\_ F.3d at \_\_\_.

<sup>392</sup> 289 F.3d 801, 808, 809 (Fed. Cir. 2002) (internal quotation marks omitted).

<sup>393</sup> \_\_\_ F.3d at \_\_\_, quoting *In re Fought*, 941 F.3d 1175, 1178 (Fed. Cir. 2019).

The Federal Circuit in *Oatey Co. v. IPS Corp.*,<sup>394</sup> had held that the Federal Circuit “normally do[es] not interpret claim terms in a way that excludes embodiments disclosed in the specification” and that “[a]t leas[t] where claims can reasonably [be] interpreted to include a specific embodiment, it is incorrect to construe the claims to exclude that embodiment, absent probative evidence [to] the contrary.”

The specification described the “non-local calls database” as “optional.” The district court reasoned that the list of components in the “plurality” should be read disjunctively meaning that not all of the listed components were required to practice claim 8. The Federal Circuit disagreed.

Pointing to *SuperGuide Corporation v. DirecTV Enterprises, Inc.*,<sup>395</sup> the Federal Circuit noted that, as a matter of ordinary and customary meaning, a phrase grammatically comparable to “a plurality of” at the start of a list of items joined together by “and” applied to each item in the list, not to the list considered as a whole.

The Federal Circuit reasoned that principle applied to “a plurality of” in the disputed language. The Federal Circuit concluded that the “a plurality of” phrase applied to the individual items in the list.

Second, the Federal Circuit noted that *Oatey* did not require inferring that any particular embodiment was included in a claim. The Federal Circuit concluded that here the language of the claim was clear that it did not cover embodiments that lacked a non-local calls database.

The Federal Circuit noted that “[s]imply stating that a ‘non-local calls database’ is optional does not mean that the embodiment without the database is preferred.”<sup>396</sup> Here, according to the Federal Circuit, its construction “simply leaves out some alternative embodiments of what SIMO’s specification describes as inventive, while capturing one embodiment expressly described.”<sup>397</sup>

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<sup>394</sup> 514 F.3d 1271, 1276–77 (Fed. Cir. 2008).

<sup>395</sup> 358 F.3d 870 (Fed. Cir. 2004).

<sup>396</sup> \_\_\_ F.3d at \_\_\_.

<sup>397</sup> \_\_\_ F.3d at \_\_\_.

3. Case Law Regarding Whether Preambles Are Limiting or Not Does Not Require a Binary Distinction Between Statements of Mere Intended Purposes Versus Limiting Preambles  

4. Preamble Language in Method Claims Drawn to What the Method “Does” (as Opposed to an “Intended Purpose” in an Apparatus Claims) is Typically Limiting  


In *Eli Lilly and Co. v. Teva Pharmaceuticals Int’l GmbH*,<sup>398</sup> the Federal Circuit affirmed the PTAB’s conclusion that the challenged claims of three Teva patents were unpatentable as having been obvious. One of the issues on appeal was whether certain preambles were limiting.

Teva’s three patents-at-issue were drawn to methods of using humanized antagonist antibodies that target calcitonin gene-related peptide (CGRP), a 37-amino acid peptide that is “a neurotransmitter in the central nervous system, and has been shown to be a potent vasodilator in the periphery, where CGRP-containing neurons are closely associated with blood vessels.”

Before the advent of the patents-at-issue, research had identified a possible connection between CGRP as a vasodilator and the pathology of migraine headaches. Namely that restricting the activity of CGRP in the body was a potential treatment for migraine.

Claim 1 of one of the patents-at-issue called for:

1. A method for reducing incidence of or treating at least one vasomotor symptom in an individual, comprising administering to the individual an effective amount of an anti-CGRP antagonist antibody, wherein said anti-CGRP antagonist antibody is a human monoclonal antibody or a humanized monoclonal antibody.

Claim 1 of the two other patents-in-suit began:

1. A method for treating headache in an individual, comprising:  
administering to the individual an effective amount of a humanized monoclonal anti-Calcitonin Gene-Related Peptide (CGRP) antagonist antibody, comprising:

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<sup>398</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Bryson and O’Malley)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-01710, IPR2018-01711, IPR2018-01712).

Lilly petitioned for IPR of certain challenged claims asserting that those claims would have been obvious in view of a combination of references including Olesen (an article), Tan (an article), and Queen (a patent).

The PTAB, in construing the preambles, noted that “[t]he parties do not dispute that the preamble claim language is a statement of intended purpose.” The PTAB concluded that the preambles were “limiting to the extent that they require that the recited method must be performed with the intentional purpose of ‘reducing incidence of or treating’ at least one vasomotor symptom \* \* \* or headache.”

Lilly challenged that construction urging that no weight should be given to the preambles. Lilly argued that a preamble containing only a statement of purpose cannot, as a matter of law, be a claim limitation.

The Federal Circuit disagreed. The Federal Circuit explained that “our case law does not support Lilly’s proposed binary distinction between statements of mere intended purpose on the one hand and limiting preambles on the other. On the contrary, we have stressed that there is no ‘litmus test’ for determining whether a preamble is limiting. \* \* \* Rather, ‘[w]hether to treat a preamble as a claim limitation is determined on the facts of each case in light of the claim as a whole and the invention described in the patent.’ ”<sup>399</sup>

The Federal Circuit further explained that “[t]he claims in this case are directed to methods, and more specifically to methods of using a composition for a specific purpose. Each claim is directed to a method for treating or reducing the incidence of vasomotor symptoms, and the method comprises a single step of administering an effective amount of a composition, namely, a humanized anti-CGRP antagonist antibody. This claim format is particularly relevant in our consideration of the claim as a whole because, while there is no bright-line rule for determining whether a preamble is limiting, we have generally construed statements of intended purpose in such method claims as limiting.”<sup>400</sup>

The Federal Circuit further explained that “[i]n contrast to apparatus and composition claims, claims to methods of using such apparatuses or compositions are not directed to what the method ‘is,’ but rather they typically rely entirely on what the method ‘does.’ And what a method does is usually recited in its preamble. Accordingly, our claim construction analysis of statements of intended purpose in methods of using apparatuses or compositions has tended to result in a conclusion that such preamble language is limiting.”<sup>401</sup>

The Federal Circuit added that “[i]n addition to giving life and meaning to the method step of each claim, the preambles also provide antecedent basis for at least one later claim term in the independent claims, namely, the term ‘administering to the individual,’ which refers back to the preamble term ‘treating \* \* \* in an individual.’ ”<sup>402</sup>

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<sup>399</sup> \_\_\_ F.3d at \_\_\_.

<sup>400</sup> \_\_\_ F.3d at \_\_\_.

<sup>401</sup> \_\_\_ F.3d at \_\_\_.

<sup>402</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit concluded that “[i]n view of our case law regarding statements of intended purpose in claims directed to methods of using compositions, and in view of the intrinsic evidence, including the claim language and the written description of the challenged patents, we find no error in the Board’s conclusion that the preambles are limiting.”<sup>403</sup>

The Federal Circuit then turned to the question of combing reference teachings and a reasonable expectation of success.

The Federal Circuit emphasized “the clear distinction in our case law between a patent challenger’s burden to prove that a skilled artisan would have been motivated to combine prior art references and the additional requirement that the patent challenger also prove that the skilled artisan would have had a reasonable expectation of successfully achieving the claimed invention from the combination.”<sup>404</sup>

The Federal Circuit noted that “[a] finding by the Board that a patent challenger has demonstrated a motivation to combine references does not necessarily imply that the challenger has also met its burden of showing a reasonable expectation of success in achieving a claimed method of treatment.”<sup>405</sup>

The Federal Circuit explained that “[t]he claims in this case, which are written in a ‘method for treating’ format and comprise a single step of administering an effective amount of a compound, are analogous to the claims at issue in *West-Ward* [*West-Ward Pharmaceuticals International Ltd.*,<sup>406</sup>]. Like the appellant-defendant in *West-Ward*, Lilly must not only prove that a skilled artisan would be motivated to combine Olesen, Tan, and Queen, but also that the skilled artisan would have reasonably expected success in administering a humanized anti-CGRP antagonist antibody for ‘treating at least one vasomotor symptom.’”<sup>407</sup>

The Federal Circuit concluded that the PTAB had not erred in considering Lilly’s evidence regarding a lack of a reasonable expectation of success.

5. Where Patentee Relies on Preamble in Urging That the Claims Recite Patent-Eligible Subject Matter Under § 101, Patentee Cannot Later Argue That Preamble is Non-Limiting 🍋🍋

In *Data Engine Technologies LLC v. Google LLC*,<sup>408</sup> the Federal Circuit affirmed the district court’s construction of the preamble as limiting primarily because the patentee had

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<sup>403</sup> \_\_\_ F.3d at \_\_\_.

<sup>404</sup> \_\_\_ F.3d at \_\_\_.

<sup>405</sup> \_\_\_ F.3d at \_\_\_.

<sup>406</sup> 923 F.3d 1051 (Fed. Cir. 2019).

<sup>407</sup> \_\_\_ F.3d at \_\_\_.

<sup>408</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Reyna, Hughes)(appeal from the United States District Court for the District of Delaware in No. 1:14-cv-01115-LPS, Judge Leonard P. Stark).

relied on the preamble in earlier arguing that the claims were drawn to patent-eligible subject matter under § 101.

DET’s three patents-in-suit (the “Tab Patents”) were drawn to systems and methods for displaying and navigating three-dimensional electronic spreadsheets by using customizable “notebook tabs” on the spreadsheet interface.

Claim 12 was deemed representative, and called for, *inter alia*:

12. In an electronic spreadsheet system for storing and manipulating information, a computer-implemented method of representing a *three-dimensional spreadsheet* on a screen display, the method comprising

The question was whether “three-dimensional spreadsheet” in the preamble was limiting.

The district court had earlier granted Google’s motion for judgment on the pleadings that the claims were drawn to patent-ineligible subject matter under § 101. DET, in a prior first appeal, *Data Engine Techs. LLC v. Google LLC (Data Engine II)*,<sup>409</sup> had argued that, *inter alia*, the “key innovation” of the Tab Patents “was to improve the user interface by reimagining the three-dimensional electronic spreadsheet using a notebook metaphor.” The Federal Circuit agreed with DET reversed the district court’s judgment *vis-à-vis* patent eligibility, and remanded.

After remand, the district court, at Google’s request, reopened claim construction. The district court agreed with Google that the preamble was limiting, and concluded that “three-dimensional spreadsheet” meant a “spreadsheet that defines a mathematical relation among cells on different spreadsheet pages, such that cells are arranged in a 3-D grid.”

The district court then granted Google’s motion for summary judgment, concluding that Google’s accused product was not a “three-dimensional spreadsheet” because the accused spreadsheets did not allow a user to define the relative position of cells in all three dimensions.

On appeal, the Federal Circuit affirmed.

With respect to the question of whether the preamble was limiting, the Federal Circuit reiterated that “[w]e have repeatedly rejected efforts to twist claims, ‘like “a nose of wax,” ’ in ‘one way to avoid [invalidity] and another to find infringement.’ \* \* \* Analogously, where, as here, a patentee relies on language found in the preamble to successfully argue that its claims are directed to eligible subject matter, it cannot later assert that the preamble term has no patentable weight for purposes of showing infringement. Indeed, we have held that where the preamble is relied on to distinguish prior art during prosecution, it cannot later be argued that the preamble has no weight.”<sup>410</sup>

Accordingly, the Federal Circuit concluded that “in view of DET’s emphasis on this preamble term in support of patent eligibility, we conclude that the preamble term ‘three-dimensional spreadsheet’ is limiting.”<sup>411</sup>

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<sup>409</sup> 906 F.3d 999 (Fed. Cir. 2018).

<sup>410</sup> \_\_\_ F.3d at \_\_\_.

<sup>411</sup> \_\_\_ F.3d at \_\_\_.

With respect to construction, the Federal Circuit, based on prosecution history, agreed with the district court that “three-dimensional spreadsheet” required a mathematical relation.

B. Cases Generally Focusing on Claim Language – In General, Not Limited by Specification

1. District Court Erred in Granting Summary Judgment of Non-Infringement Where Apparatus Claims Were Improperly Limited to How Apparatus Was Later Put to Use 

In *Edgewell Personal Care Brands, LLC v. Munchkin, Inc.*,<sup>412</sup> the Federal Circuit vacated, reversed and remanded the district court’s grant of summary judgment non-infringement, concluding, *inter alia*, that the district court had not properly construed the claims.

Edgewell manufactured and sold a “Diaper Genie” which was a diaper pail system having two main components – a pail and a replaceable cassette that was placed inside the pail and formed a wrapper around soiled diapers. Edgewell’s two patents-in-suit – the ’420 and ’029 patents – were drawn to asserted improvements in the cassette design.

Edgewell sued Munchkin which marketed refill cassettes said to be compatible with Edgewell’s Diaper Genie.

The district court construed claims in both patents. After construction, Edgewell continued to assert literal infringement of the ’420 patent, but asserted only infringement under the doctrine of equivalents *vis-à-vis* the ’029 patent. The district court granted summary judgment of non-infringement of both patents.

The ’420 patent was directed to a cassette having a “clearance” at the bottom of the cassette that was intended to prevent users from installing the cassette upside down. The claims called for “the annular receptacle includes a clearance in a bottom portion of the central opening.”

During claim construction, the parties disputed whether “clearance” could cover circumstances where there was not actually a space between a cassette and another structure when the cassette was “normally positioned” in a pail. There was no dispute that the cassette itself, when not installed in a pail, contained a clearance.

The district court concluded that “clearance” required space after cassette installation and construed clearance as “the space around [interfering] members that remains (if there is any), not the space where the interfering member or cassette is itself located upon insertion.” The district court granted summary judgment of non-infringement because the Munchkin design left no space between the cassette and the pail after the cassette was installed.

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<sup>412</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Newman and Hughes)(appeal from the United States District Court for the Central District of California in No. 2:18-cv-03005-PSG-JPR, Judge Philip S. Gutierrez). The opinion was originally issued on March 9, 2021, and was then reissued as a modified opinion on May 26, 2021, following a petition for rehearing by Munchkin. In the interim, Circuit Judge Moore assumed the office of Chief Judge.

The Federal Circuit reiterated that “[a]n apparatus claim is generally to be construed according to what the apparatus is, not what the apparatus does. \* \* \* Thus, it is usually improper to construe non-functional claim terms in apparatus claims in a way that makes infringement or validity turn on the way an apparatus is later put to use.”<sup>413</sup>

The claims were limited only to a cassette. Therefore, the Federal Circuit noted, “absent an express limitation to the contrary, the term ‘clearance’ should be construed as covering all uses of the claimed cassette.”<sup>414</sup>

The Federal Circuit concluded that “[t]he claim does not require a clearance after insertion; in fact, such a requirement would be at odds with many of the disclosed embodiments and is simply not required by the claims.”<sup>415</sup>

With respect to the ’029 patent, the Federal Circuit concluded that the district court had erred in finding that two claim terms would be vitiated by applying the doctrine of equivalents.

2. Apparatus Claims Are Not Necessarily Limited to the Recited Structural Limitations 

See discussion below of *Bio-Rad Laboratories, Inc. v. Int’l Trade Comm’n*,<sup>416</sup> wherein the Federal Circuit affirmed the TTC’s determination that importation of certain microfluid chips infringed the patents-at-issue, and therefore violated section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337.

3. While Other Claims May Inform the Meaning of a Claim, Federal Circuit Refuses to “Read In” a Claim Limitation 

In *Evolution Concepts, Inc. v. HOC Events, Inc.*,<sup>417</sup> the Federal Circuit reversed the district court’s grant of summary judgment of non-infringement concluding that the district court had improperly “read in” an extraneous limitation.”

There were two related cases on appeal. The main case resulted from a suit filed by Evolution against Juggernaut Tactical, Inc.

Semi-automatic rifles typically have detachable magazines. Fearing Congress may ban assault-type weapons with detachable magazines, Evolution’s patent-in-suit was drawn to modifying semi-automatic rifles such that the magazines were not detachable.

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<sup>413</sup> \_\_\_ F.3d at \_\_\_.

<sup>414</sup> \_\_\_ F.3d at \_\_\_.

<sup>415</sup> \_\_\_ F.3d at \_\_\_.

<sup>416</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Newman and Dyk)(appeals from the United States International Trade Commission in Investigation No. 337-TA-1068).

<sup>417</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Taranto, joined by Circuit Judges Prost and Chen)(appeal from the United States District Court for the Central District of California in No. 8:18-cv-01378-JSDFM, Judge Josephine L. Staton).

The asserted claims called for a “magazine catch bar.” The asserted claims *per se* did not say whether that “magazine catch bar” could be an OEM installed bar.

The specification, though, explained that the invention was installed after removing the OEM magazine catch assembly. Non-asserted method claim 15 also called for “removing the factory installed magazine release button assembly” which included a factory installed magazine catch bar.

The district court held that “magazine catch bar” in the asserted claims excluded an OEM magazine catch bar, relying in part on non-asserted claim 15. Accordingly, the district court concluded that there was no literal infringement.

The Federal Circuit, in reversing, reasoned that nothing in the asserted claims limited “magazine catch bar” to exclude a factory installed one with a detachable magazine. With respect to claim 15, the Federal Circuit reasoned that the claim called for removing the OEM magazine release assembly, but did not preclude re-using the OEM magazine catch bar.

### C. Cases in Which Claim Construction Was Limited Based Primarily on Prosecution History

#### 1. Federal Circuit Concludes That the Prosecution History Supports District Court’s Claim Construction

In *SpeedTrack, Inc. v. Amazon.com, Inc.*,<sup>418</sup> the Federal Circuit affirmed the district court’s judgment of non-infringement based on claim construction, which, in turn, relied on the prosecution history.

SpeedTrack was the owner of the patent-in-suit drawn to a computer filing system for accessing files and data according to user-designated criteria. The patent-at-issue disclosed the use of “hybrid” folders, which “contain those files whose content overlaps more than one physical directory,” and thus allowed “total freedom from the restrictions imposed by hierarchical and other present day computer filing systems.”

One of the limitations at issue was –

(a) initially creating in the computer system a category description table containing a plurality of category descriptions, each category description comprising a descriptive name, *the category descriptions having no predefined hierarchical relationship with such list or each other*;

The district court adopted SpeedTrack’s proposed construction, namely –

The category descriptions have no predefined hierarchical relationship. A hierarchical relationship is a relationship that pertains to hierarchy. A hierarchy is a structure in which components are ranked into levels of subordination;

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<sup>418</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost (having vacated the position of chief judge on May 21, 2021), joined by Circuit Judges Bryson and Reyna)(appeals from the United States District Court for the Northern District of California in No. 4:09-cv-04479-JSW, Judge Jeffrey S. White).

each component has zero, one, or more subordinates; and no component has more than one superordinate component.

That construction paralleled constructions in one of SpeedTrack’s prior lawsuits.

SpeedTrack subsequently moved to (1) clarify the district court’s construction regarding prosecution-history disclaimer, (2) preclude Amazon et al. from introducing arguments based on prosecution-history disclaimer to the jury, and (3) strike portions of Amazon’s non-infringement contentions regarding the same.

The district court retained its initial construction, but added –

Category descriptions based on predefined hierarchical field-and-value relationships are disclaimed. “Predefined” means that a field is defined as a first step and a value associated with data files is entered into the field as a second step. “Hierarchical relationship” has the meaning stated above. A field and value are ranked into levels of subordination if the field is a higher-order description that restricts the possible meaning of the value, such that the value must refer to the field. To be hierarchical, each field must have zero, one, or more associated values, and each value must have at most one associated field.

The district court, *inter alia*, concluded that “[t]he prosecution history demonstrates clear and unambiguous disavowal of category descriptions based on hierarchical field-and-value systems.”

SpeedTrack, under that construction, stipulated to noninfringement, and the district court entered final judgment. The Federal Circuit affirmed.

The Federal Circuit noted that it was undisputed that Amazon et al. did not infringe under the district court’s clarified construction. The Federal Circuit concluded that construction was correct.

The Federal Circuit reiterated that “[t]he words of a claim ‘are generally given their ordinary and customary meaning,’ which is ‘the meaning that the term would have to a person of ordinary skill in the art.’ \* \* \* Claim terms ‘must be read in view of the specification.’ \* \* \* And ‘the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be.’ \* \* \* ‘A patentee may, through a clear and unmistakable disavowal in the prosecution history, surrender certain claim scope to which he would otherwise have an exclusive right by virtue of the claim language.’ \* \* \* We review claim construction based on intrinsic evidence de novo and review any findings of fact regarding extrinsic evidence for clear error.”<sup>419</sup>

SpeedTrack acknowledged that the applicants added the hierarchical limitation during prosecution “[t]o overcome” a Schwartz patent, and that the applicants “distinguished Schwartz as being different from the amended claims,” \* \* \*. But the parties disagreed regarding the effect of that history on the claim scope—in particular, whether the claims

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<sup>419</sup> \_\_\_ F.3d at \_\_\_.

covered predefined hierarchical field-and-value relationships.”<sup>420</sup> The Federal Circuit concluded – “They do not.”

The Federal Circuit reiterated that “[p]rosecution disclaimer can arise from both claim amendments and arguments,” and concluded that “[h]ere, we have both. On this prosecution record, we agree with the district court’s assessment. In no uncertain terms, ‘the applicant[]s argued that Schwartz had a “hierarchical” relationship between fields and values that fell outside the scope of the amended claims.’ \* \* \* Therefore, the claims exclude predefined field-and-value relationships as explained by the district court. They are disclaimed.”<sup>421</sup>

## 2. Federal Circuit Emphasizes That Prosecution History Disclaimer Must be “clear and unmistakable”

In *Genuine Enabling Technology LLC v. Nintendo Co., Ltd.*,<sup>422</sup> the district court construed the term “input signal” and relied on statements made during prosecution to find prosecution disclaimer. The district court then granted summary judgment of non-infringement. On appeal, the Federal Circuit reversed.

The inventor, Nghi Nho Nguyen, filed the application maturing into the patent-in-suit that was drawn to technology for combining data streams used in a “voice mouse.”

During prosecution, Nguyen made certain statements in response to a rejection. In a subsequent action against Nintendo, Nintendo asserted that Nguyen had disclaimed, *inter alia*, “input signals” of 500 Hertz or less. Nintendo asserted that those statements constituted prosecution history disclaimer, and proposed a narrow claim construction, which the district court adopted. The district court then granted Nintendo summary judgment of non-infringement.

The Federal Circuit reversed. The Federal Circuit reiterated that “[t]he doctrine of prosecution disclaimer ‘preclud[es] patentees from recapturing through claim interpretation specific meanings disclaimed during prosecution.’ \* \* \* ‘As a basic principle of claim interpretation, prosecution disclaimer promotes the public notice function of the intrinsic evidence and protects the public’s reliance on definitive statements made during prosecution.’ \* \* \* For a statement during prosecution to qualify as a disavowal of claim scope, it must be ‘so clear as to show reasonable clarity and deliberateness,’ and ‘so unmistakable as to be unambiguous evidence of disclaimer.’ \* \* \* If the challenged statements are ambiguous or amenable to multiple reasonable interpretations, prosecution disclaimer is not established.”<sup>423</sup>

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<sup>420</sup> \_\_\_ F.3d at \_\_\_.

<sup>421</sup> \_\_\_ F.3d at \_\_\_.

<sup>422</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Reyna, joined by Circuit Judges Newman and Stoll)(appeal from the United States District Court for the Western District of Washington in No. 2:19-cv-00351-RSM, Judge Ricardo S. Martinez).

<sup>423</sup> \_\_\_ F.3d at \_\_\_.

The parties agreed that Nguyen had disclaimed claim scope during prosecution. The disagreement was whether he had disclaimed claim scope beyond signals below the audio frequency spectrum.

The Federal Circuit, based on a factual analysis of the prosecution history, concluded that Nguyen had disclaimed claim scope below the audio frequency spectrum. But there was no “clear and unmistakable” disclaimer for the other “limitations” included in the district court’s construction of “input signals.”

The Federal Circuit concluded that “[w]e hold that the district court erred in construing the term ‘input signal.’ In particular, the district court erred in finding that Mr. Nguyen disclaimed subject matter other than signals below the audio frequency spectrum during prosecution, and it further erred in relying on extrinsic evidence to limit the claim scope to signals above 500 Hz. We therefore conclude that the proper construction of ‘input signal’ is ‘a signal having an audio or higher frequency.’”<sup>424</sup>

#### D. Terms – Singular v. Plural

##### 1. Federal Circuit Finds No Reason to Depart From General Rule That Grammatically Plural Terms Are Construed as Such

In *Apple Inc. v. MPH Technologies OY*,<sup>425</sup> the Federal Circuit affirmed the PTAB’s conclusion that Apple had failed to show that the challenged claims in MPH’s three patents-at-issue were unpatentable as having been obvious.

The patents-at-issue were drawn to an alleged improvement in secure messaging across networks.

MPH sued Apple for infringement, and Apple responded with a petition for IPR. On appeal, Apple raised several arguments urging that the PTAB had erred. However, those arguments were rejected based primarily on factual grounds. One argument is addressed here.

One of the claims-at-issue called for “information fields.” The PTAB had construed that as requiring “two more fields.” The prior art that Apple relied on showed only one field. Apple argued on appeal that there was a presumption that a plural term covered one or more items, and that a patentee could overcome that presumption by using a word, such as “plurality.” The Federal Circuit disagreed.

The Federal Circuit reiterated that “[i]n accordance with common English usage, we presume a plural term refers to two or more items. \* \* \* That presumption can be overcome

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<sup>424</sup> \_\_\_ F.3d at \_\_\_.

<sup>425</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Chief Judge Moore, joined by Circuit Judges Prost and Taranto)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2019-00823, IPR2019-00824, IPR2019-00826).

when the broader context shows a different meaning applies. \* \* \* This is simply an application of the general rule that claim terms are usually given their plain and ordinary meaning.”<sup>426</sup>

The Federal Circuit reasoned that “[h]ere, the term ‘information fields’ is plural and, thus, presumably requires more than one field. Nothing in the phrase ‘partition containing information fields related to the connection’ or surrounding claim language suggests otherwise. There is no indication, for example, that the use of the plural fields represents an effort to ‘achieve grammatical consistency’ with another term.”<sup>427</sup>

The Federal Circuit also found nothing in the written description that suggested otherwise. The Federal Circuit accordingly held that “absent any contrary intrinsic evidence, the Board correctly held that fields referred to more than one field.”<sup>428</sup>

E. Construction Remains the Same For Infringement and Validity

1. Federal Circuit Resurrects “[t]hat which infringes, if later, would anticipate, if earlier.”  

2. Federal Circuit Resurrects a “patent may not, like a nose of wax, be twisted one way to avoid anticipation and another to find infringement.”  

3. Inconsistent Arguments Regarding Infringement Versus Validity Lead to a Conclusion of Valid But Not Infringed  


In *Commscope Technologies LLC v. Dali Wireless Inc.*,<sup>429</sup> the Federal Circuit viewed the patent owner’s argument *vis-à-vis* infringement to be inconsistent with its argument *vis-à-vis* validity. Accordingly, the Federal Circuit affirmed the district court’s finding of “not invalid,” but reversed the finding of infringement.

Commscope sued Dali for infringement of five Commscope patents relating to telecommunications technology. Dali counterclaimed for infringement of two of its patents also related to telecommunications technology.

A jury returned a verdict of infringement, “not invalid,” and damages for both Commscope and Dali. Commscope appealed and Dali cross-appealed.

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<sup>426</sup> \_\_\_ F.3d at \_\_\_.

<sup>427</sup> \_\_\_ F.3d at \_\_\_.

<sup>428</sup> \_\_\_ F.3d at \_\_\_.

<sup>429</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Reyna and Schall)(appeals from the United States District Court for the Northern District of Texas in No. 3:16-cv-00477-M, Chief Judge Barbara M.G. Lynn).

The Federal Circuit focused on Dali’s ’521 patent. The Federal Circuit reversed the judgment of infringement viewing Dali’s arguments *vis-à-vis* infringement were inconsistent with its arguments *vis-à-vis* validity. But affirmed the judgment of “not invalid.”

The ’521 patent generally related to related to wireless communication technology, and especially resolving a problem caused by amplifying a signal that caused distortions. In particular, claim 1 of the ’521 patent called for “switching a controller off to disconnect signal representative of the output of the power amplifier.”

The district court construed the phrase to mean “[s]witching a controller to a nonoperating state to disconnect signal representative of the output of the power amplifier.” CommScope argued that three items of prior art anticipated the claims. The Federal Circuit focused on a patent to Wright. Wright used a “switch” similar to that used in the accused CommScope system that selected one feedback signal to calculate predistortion values.

The Federal Circuit began its discussion with quoting from the 1889 Supreme Court decision in *Peters v. Active Mfg. Co.*,<sup>430</sup> advising “[t]hat which infringes, if later, would anticipate, if earlier.”

The Federal Circuit agreed with the district court’s construction. Dali relied principally on testimony by its expert that the accused CommScope system met that limitation. In particular, that expert relied on a switch labelled “SW” in CommScope diagram. For factual reasons, though, the Federal Circuit concluded that testimony did not provide substantial evidence to support a jury’s finding that the accused CommScope system infringed.

Also, there was unrebutted evidence from CommScope’s expert the “switch” (and controller) in the accused system were continuously operating. Dali argued that was “hair-splitting.”

The Federal Circuit disagreed – “CommScope’s reliance on the claim terms as construed by the district court is not ‘hairsplitting,’ as Dali argues, but instead properly shows that Dali failed to meet its burden at the district court and that no reasonable jury could have found otherwise.”<sup>431</sup>

The Federal Circuit further concluded that Dali’s argument *vis-à-vis* infringement was inconsistent with its arguments urging that Wright did not anticipate. According to the Federal Circuit’s Wright’s “switch” operated exactly like the selector switch in the accused system.

The Federal Circuit reasoned that “Dali cannot simultaneously argue: (1) that the FlexWave infringes by using a switch that is effectively nonoperating for a single power amplifier when feeding back the signal for the other power amplifier, and (2) that Wright does not anticipate, given it has a switch that operates identically to select feedback from multiple power amplifier.”<sup>432</sup>

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<sup>430</sup> 129 U.S. 530, 537 (1889).

<sup>431</sup> \_\_\_ F.3d at \_\_\_.

<sup>432</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit reasoned that “[t]his case falls squarely within the principle that a patent may not, like a nose of wax, be twisted one way to avoid anticipation and another to find infringement.”<sup>433</sup>

The Federal Circuit therefore reversed the district court’s denial of CommScope’s motion for JMOL of no infringement and affirmed the denial of CommScope’s motion for JMOL of invalidity of the ’521 patent over Wright.

F. Construction That Most Naturally Aligns With Patent’s Description of the Invention

1. Federal Circuit in a “Close Case” Chooses Meaning That Most Closely Aligns With Patent’s Description of the Invention 

In *AstraZeneca AB v. Mylan Pharmaceuticals Inc.*,<sup>434</sup> the Federal Circuit panel majority, in a “close case,” chose the meaning that most closely aligned with the patent’s description of the invention.

3M Company submitted an ANDA seeking approval to market a generic version of Symbicort® pMDI. Later, interests in that ANDA were transferred to Mylan. AstraZeneca sued Mylan for infringement under the terms of the Hatch-Waxman Act.

The subject claim called for “*the PVP K25 is present at a concentration of 0.001% w/w,*” namely, the dispute focused on the construction of 0.001%.

The district court construed to term according to its “plain and ordinary meaning” namely expressed with one significant digit. The district court held that Mylan had failed to show, under that construction, that the asserted claims would have been obvious in view of asserted prior art. On appeal, the Federal Circuit reversed.

The Federal Circuit noted that “[t]he question here is whether the concentration of PVP being ‘0.001%’ means 0.001% within one significant figure—encompassing a concentration of PVP in the range of 0.0005% to 0.0014%, as AstraZeneca contends and as the district court construed this term—or it has a narrower meaning in view of the specification and the prosecution history—precisely 0.001% w/w PVP with only ‘minor variations,’ as Mylan contends.”<sup>435</sup> The Federal Circuit viewed “[t]his is a close call,” but ultimately concluded that “Mylan’s proposed construction, albeit articulated differently, is

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<sup>433</sup> \_\_\_ F.3d at \_\_\_, quoting *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001) (“cleaned up” – according to Federal Circuit citation).

<sup>434</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judge Hughes, dissenting-in-part opinion by Circuit Judge Taranto) (Appeal from the United States District Court for the Northern District of West Virginia in No. 1:18-cv-00193-IMK-RWT, 1:19-cv-00203-IMK, Judge Irene M. Keeley).

<sup>435</sup> \_\_\_ F.3d at \_\_\_.

correct because it “most naturally aligns with the patent’s description of the invention,” as further informed by the prosecution history.<sup>436</sup>

The opinion is primarily based on factual determinations. The Federal Circuit panel majority concluded that “[a]lthough the term ‘0.001%’ without any broader context might indicate a range from 0.0005% to 0.0014%, here, in the context of the concentration of PVP, in light of the testing data in the specification and the amendments and arguments in the prosecution history, we conclude that the construction of this term most consistent with the intrinsic evidence is not so broad. Accordingly, we construe ‘0.001%’ as that precise number, with only minor variations, i.e., 0.00095% to 0.00104%. We therefore vacate the stipulated judgment of infringement and remand for the district court to find in the first instance whether Mylan’s ANDA Product infringes the asserted claims under the proper claim construction.”<sup>437</sup>

Circuit Judge Taranto dissented-in-part based on that claim construction. Judge Taranto urged that “‘0.001%’ should be construed to have its significant-figure meaning, i.e., the interval 0.0005% to 0.0014%, as the district court held \* \* \*.”<sup>438</sup>

## G. In *Inter Partes* Reviews (IPRs)

1. Under Broadest Reasonable Interpretation (BRI),  
Intrinsic Evidence Remains the Primary Source  
for Claim Construction 🍌🍌🍌

In *Seabed Geosolutions (US) Inc. v. Magseis HF LLC*,<sup>439</sup> the Federal Circuit vacated and remanded the PTAB’s conclusion that Seabed had not proved that the challenged claims of the patent-at-issue were anticipated or would have been obvious. The Federal Circuit concluded that the PTAB had erred in its claim construction by relying too heavily on extrinsic evidence.

The patent-at-issue was drawn to seismometers used in seismic exploration. Every independent claim called for a “geophone internally fixed within” either a “housing” or an “internal compartment” of a seismometer.

Magseis HF LLC’s predecessor sued Seabed for infringement. Seabed petitioned for IPR on multiple grounds. The PTAB concluded that the prior art did not disclose the geophone limitation, and therefore Seabed had not proved that the claims were unpatentable. The Federal Circuit disagreed.

The petition for IPR was filed on April 27, 2018. The Federal Circuit reminded readers that “[f]or *inter partes* review petitions filed before November 13, 2018, the Board uses the broadest reasonable interpretation (BRI) standard to construe claim terms. \* \* \* Under that standard, ‘claims are given their broadest reasonable interpretation consistent with the

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<sup>436</sup> \_\_\_ F.3d at \_\_\_.

<sup>437</sup> \_\_\_ F.3d at \_\_\_.

<sup>438</sup> \_\_\_ F.3d at \_\_\_ (J. Taranto, dissenting-in-part).

<sup>439</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021) (Opinion by Chief Judge Moore, joined by Circuit Judges Linn and Chen) (appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00960).

specification, not necessarily the correct construction under the framework laid out in *Phillips*.<sup>440</sup>

However, the Federal Circuit reiterated that “[b]ut we still ‘give[] primacy’ to intrinsic evidence, and we resort to extrinsic evidence to construe claims only if it is consistent with the intrinsic evidence.”<sup>441</sup>

The PTAB had construed “geophone internally fixed within [the] housing” to require a non-gimballed geophone. The PTAB found, based entirely on extrinsic evidence, that “fixed” had a special meaning in the relevant art at the time of the invention: “not gimballed.”

The Federal Circuit, however, turned to the intrinsic evidence. The Federal Circuit concluded that based on the intrinsic evidence that “fixed” carried its ordinary meaning of attached or fastened.

In particular, the Federal Circuit found that the claim language did not exclude gimballed, and the specification never mentioned gimballed or non-gimballed, or provide a reason to exclude gimbals. Accordingly, the Federal Circuit vacated and remanded.

## H. Claim Differentiation

### 1. Decisive or Supportive

#### a) Dependent Claims “Re-Joined” After Restriction Requirement Were Instrumental in Assessing Breadth of Parent Claim 🍆🍆

In *Littlefuse, Inc. v. Mersen USA EP Corp.*,<sup>442</sup> dependent claims “re-joined” after a restriction requirement proved to be decisive.

Littlefuse’s patent-in-suit was drawn to fuse end caps for providing an electrical connection between a fuse and an electrical conductor. Each fuse end cap disclosed in the specification had a “mounting cuff” for a fuse body, and a “terminal” for receiving an electrical conductor.

The specification described three embodiments – (1) a machined end cap, (2) a stamped end cap, and (3) an assembled end cap.

According to the specification, the machined end cap could be formed from a single piece of electrically conductive material through machining, cold heading, or otherwise forming.

The stamped end cap could be formed from a single piece of electrical conductive material by stamping.

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<sup>440</sup> \_\_\_ F.3d at \_\_\_.

<sup>441</sup> \_\_\_ F.3d at \_\_\_.

<sup>442</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Bryson, joined by Circuit Judges Prost and Stoll)(appeal from the United States District Court for the District of Massachusetts in No. 1:17-cv-12375-IT, Judge Indira Talwani).

The assembled end cap was formed from two pieces of electrically conductive material – the terminal and mounting cuff were formed separately and then press-fit or otherwise joined.

Independent claim 1 called for a “mounting cuff,” a “terminal,” and a “fastening stem.” Dependent claim 8 called for the mounting cuff and terminal to be machined from a single piece of conductive material. Dependent claim 9 called for the mounting cuff and terminal to be stamped from a single piece of conductive material. Other independent-dependent claim combinations were similar.

During prosecution, the examiner required restriction between the three disclosed species. Littelfuse elected to prosecute the “assembled end cap” species. The examiner then withdrew the dependent claims drawn to the machined and stamped end cap embodiments.

Littelfuse amended the independent claims such that those claims were generic for all three disclosed species. The examiner, in accordance with PTO practice, then “re-joined” the dependent claims, and issued all claims.

During litigation claim construction, the district court concluded that the independent claims did not cover a single-piece apparatus. On that basis, the parties stipulated to non-infringement. The Federal Circuit reversed.

The Federal Circuit reasoned that “[i]ndependent claims 1 and 10 recite a fuse end cap comprising three elements: a mounting cuff, a terminal, and a fastening stem. \* \* \* Dependent claims 8, 9, 19, and 20 further limit claims 1 and 10 by requiring that the end cap be formed ‘from a single, contiguous piece of conductive material.’ ”

The Federal Circuit explained that “[b]y definition, an independent claim is broader than a claim that depends from it, so if a dependent claim reads on a particular embodiment of the claimed invention, the corresponding independent claim must cover that embodiment as well. \* \* \* Otherwise, the dependent claims would have no scope and thus be meaningless. A claim construction that leads to that result is generally disfavored. \* \* \* Accordingly, the recitation of a single-piece apparatus in claims 8, 9, 19, and 20 is persuasive evidence that claims 1 and 10 also cover a single-piece apparatus.”<sup>443</sup>

The Federal Circuit acknowledged that “claim differentiation” was a guideline, as opposed to a “rule” – “We note that the presumption of differentiation in claim scope is ‘not a hard and fast rule.’ \* \* \* Indeed, ‘any presumption created by the doctrine of claim differentiation ‘will be overcome by a contrary construction dictated by the written description or prosecution history.’ ”<sup>444</sup>

But, here, the Federal Circuit reasoned that “Littelfuse’s construction is supported by the specification. Furthermore, Mersen’s construction would not merely render the dependent claims superfluous, but would mean that those claims would have no scope at all, a result that should be avoided when possible.”<sup>445</sup>

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<sup>443</sup> \_\_\_ F.3d at \_\_\_.

<sup>444</sup> \_\_\_ F.3d at \_\_\_.

<sup>445</sup> \_\_\_ F.3d at \_\_\_.

I. Miscellaneous

1. Claim Is Not a Nose of Wax – Same Construction  
For Infringement and Validity 

In *Commscope Technologies LLC v. Dali Wireless Inc.*,<sup>446</sup> the Federal Circuit reinvigorated Justice Bradley’s memorable comment in 1886 in *Whible v. Dunbar*,<sup>447</sup> that “[s]ome persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express. The context may, undoubtedly, be resorted to, and often is resorted to, for the purpose of better understanding the meaning of the claim; but not for the purpose of changing it, and making it different from what it is.”

The Federal Circuit has frequently reiterated that “[a] patentee may not proffer an interpretation for the purposes of litigation that would alter the indisputable public record consisting of the claims, the specification and the prosecution history, and treat the claims as a ‘nose of wax.’”<sup>448</sup>

Commscope and Dali both appealed from the district court’s judgment. The Federal Circuit noted that the appeal and cross-appeal involved several patents and numerous issues, but the Federal Circuit focused on one patent – the ’521 patent – owned by Dali. The Federal Circuit affirmed the district court on the other issues without discussion.

Commscope sued Dali for infringement of five patents related to telecommunications technology. Dali counterclaimed alleging infringement of two patents, including the ’521 patent, also generally related to telecommunications technology.

The focus of the dispute regarding the ’521 patent was a claim limitation calling for “switching a controller off to disconnect signal representative of the output of the power amplifier.” The district court construed that term to mean “[s]witching a controller to a nonoperating state to disconnect signal representative of the output of the power amplifier.”

Commscope argued at trial that the asserted claims were anticipated by three prior art references – Wright, Bauder, and Khan.

A jury reached a verdict of infringement, no invalidity, and damages for both Commscope and Dali. The district court denied, *inter alia*, both parties’ motions for JMOL. Regarding the ’521 patent, the Federal Circuit reversed the district court’s denial of JMOL on no infringement and affirmed the district court’s denial of JMOL on invalidity.

In particular, the Federal Circuit criticized Dali for asserting inconsistent claim interpretations for infringement versus validity.

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<sup>446</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Reyna and Schall)(appeals from the United States District Court for the Northern District of Texas in No. 3:16-cv-00477-M, Chief Judge Barbara M.G. Lynn).

<sup>447</sup> 119 U.S. 47, 51-52 (1886).

<sup>448</sup> *Southwest Technologies, Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1578 (Fed. Cir. 1995).

The Federal Circuit reiterated that “[a]lthough the questions of infringement and anticipation are separate inquiries, the two are related. As the Supreme Court has stated, [t]hat which infringes, if later, would anticipate, if earlier.”<sup>449</sup>

On the infringement issue, the district court had accepted CommScope’s proposed claim construction, and the Federal Circuit concluded that “Dali fails to mount a meaningful appellate challenge to this construction.”<sup>450</sup>

The Federal Circuit concluded that substantial evidence did not support the jury’s verdict that CommScope’s accused product under the proper claim construction.

The Federal Circuit, *inter alia*, agreed with CommScope’s argument that Dali’s infringement argument could not stand in light of Dali’s argument that the asserted claims were not anticipated by the prior art Wright reference.

The Federal Circuit reasoned that “[t]his case falls squarely within the principle that a ‘patent may not, like a nose of wax, be twist ed one way to avoid anticipation and another to find infringement.’ ”<sup>451</sup>

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<sup>449</sup> \_\_\_ F.3d at \_\_\_, quoting *Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889).

<sup>450</sup> \_\_\_ F.3d at \_\_\_.

<sup>451</sup> \_\_\_ F.3d at \_\_\_, quoting *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001) (the Federal Circuit characterizing the quote as “cleaned up”).

### XIII. CONSTRUCTION OF MEANS – AND STEP-PLUS-FUNCTION LIMITATIONS

- A. Is The Claim Limitation Truly A “Means-Plus-Function” Limitation?
  - 1. Presumption From Not Using “means” Prevails
    - a) Federal Circuit Reverses District Court’s Conclusion That Certain Claim Limitations Constituted “Means-Plus-Function” Limitations, Based Primarily on Testimony From Defendant’s Expert – Reverses District Court’s Conclusion That Claims Are Invalid Under § 112 ¶ 2 For Failure to Disclose Corresponding Algorithms   
    - b) Defendant Failed to Overcome Presumption From Not Using “Means”   
    - c) Terms “Code” and “Application” Connote Structure, Namely a Computer Program Intended to Provide Some Service to a User, And Here Existing “off-the-shelf software” Performed Specified Services and Functions   
    - d) The Term “System” in “Wherein” Clause Connotes Structure When Viewed in Context of Antecedent Preamble and Preceding Limitations Structurally Defining “System”   

In *Dylan, LLC v. Target Corp.*,<sup>452</sup> the Federal Circuit reversed the district court’s conclusion that certain claim limitations constituted means-plus-function limitations that resulted in those claims being invalid under § 112, ¶ 2 because the corresponding algorithms were not disclosed. The Federal Circuit concluded that those limitations did not constitute means-plus-function limitations governed by § 112, ¶ 6.

Dytan’s two patents-in-suit, entitled “System for Location Based Triggers for Mobile Devices,” were drawn to systems for delivering messages to users based on their locations. For example, information based on a user’s particular interests or location in a shopping center.

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<sup>452</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Lourie and Dyk)(appeal from the United States District Court for the Western District of Texas in No. 6:19-cv-00179-ADA, Judge Alan D. Albright).

The district court had held that certain “code/application” and “systems” limitations constituted means-plus-function limitations governed by § 112(6), that resulted in invalidation of those claims under § 112, ¶ 2, because the corresponding algorithms were not disclosed. The Federal Circuit reversed.

The Federal Circuit reiterated that “[t]he overall means-plus-function analysis is a two-step process. \* \* \* The first step is to determine whether a claim limitation is drafted in means-plus-function format, which requires us to construe the limitation to determine whether it connotes sufficiently definite structure to a person of ordinary skill in the art. \* \* \* If the limitation connotes sufficiently definite structure, it is not drafted in means-plus-function format, and § 112 ¶ 6 does not apply. If, however, we conclude that the limitation is in means-plus-function format, we perform the second step of determining ‘what structure, if any, disclosed in the specification corresponds to the claimed function.’”<sup>453</sup>

The Federal Circuit further reiterated that “[b]ecause invoking § 112 ¶ 6 is typically a choice left to the claim drafter, we presume at the first step of the analysis that a claim limitation is subject to § 112 ¶ 6 when the claim language includes the term ‘means.’ \* \* \* The inverse is also true—we presume that a claim limitation is not drafted in means-plus-function format in the absence of the term ‘means’ \* \* \*. We have made clear, however, that this presumption is rebuttable. The presumption can be overcome if a challenger demonstrates that the claim term ‘fails to “recite sufficiently definite structure.”’ \* \* \* We have also held that ‘nonce words that reflect nothing more than verbal constructs may be used in a claim in a manner that is tantamount to using the word “means,”’ and can invoke § 112 ¶ 6. \* \* \* We have emphasized that ‘the essential inquiry is not merely the presence or absence of the word “means,” but whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.’ \* \* \* ‘What is important is \* \* \* that the term, as the name for structure, has a reasonably well understood meaning in the art.’” \* \* \*

The Federal Circuit further reiterated that “[i]ntrinsic evidence, such as the claims themselves and the prosecution history, can be informative in determining whether the disputed claim language recites sufficiently definite structure or was intended to invoke § 112 ¶ 6. \* \* \* In addition, because this inquiry turns on the understanding of a person of ordinary skill in the art, we often look to extrinsic evidence when determining whether a disputed limitation would have connoted structure to a person of ordinary skill. \* \* \*.”<sup>454</sup>

The Federal Circuit additionally reiterated that “[c]laim terms ‘need not connote a single, specific structure,’ and may instead ‘describe a class of structures’ and still recite ‘sufficiently definite structure’ to not invoke § 112 ¶ 6. \* \* \*”<sup>455</sup>

The Federal Circuit explained that “[i]n cases where it is clear that a claim term itself connotes some structure to a person of ordinary skill in the art, ‘the presumption that § 112,

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<sup>453</sup> \_\_\_ F.3d at \_\_\_.

<sup>454</sup> \_\_\_ F.3d at \_\_\_.

<sup>455</sup> \_\_\_ F.3d at \_\_\_.

¶ 6 does not apply is determinative’ in the absence of ‘more compelling evidence of the understanding of one of ordinary skill in the art.’ \* \* \*

The Federal Circuit further explained that “[w]e have also explained, however, that even in the absence of terms such as ‘means,’ claims are nevertheless subject to § 112 ¶ 6 when the limitation in question has ‘no commonly understood meaning and is not generally viewed by one skilled in the art to connote a particular structure.’ \* \* \*<sup>456</sup>

Here, the Federal Circuit concluded that the disputed limitations failed the first prong of the analysis.

The following is representative of “code”/“applications” limitations:

said code, when executed, further configured to \* \* \* after the first visual information is caused to be output based on the first location-relevant information; after the at least one mobile device is moved in the building; and in response to the receipt, from the at least one server and via the second wireless communications protocol, of the second response message including the second location-relevant information: cause to be output, via the at least one mobile device, the second visual information based on the second location-relevant information \* \* \*.

The Federal Circuit noted that the district court had correctly started its analysis by concluding that there was a presumption that § 112, ¶ 6 did not apply because of the absence of the word “means.”

The Federal Circuit explained that “[t]o overcome this presumption, Target had to show, by a preponderance of the evidence, that persons of ordinary skill in the art would not have understood the ‘code’/‘application’ limitations to connote structure in light of the claim as a whole. \* \* \*.”<sup>457</sup> Here, the district court concluded that Target had done so.

The Federal Circuit disagreed noting that “the district court erred by ignoring key evidence—unrebutted deposition testimony from Target’s own expert, Dr. Goldberg—regarding how a person of ordinary skill would have understood the ‘code’/‘application’ limitations.”<sup>458</sup>

Dr. Goldberg had testified that an “application” was “a term of art” that a person of ordinary skill in the art would have understood as a particular structure. Namely, Dr. Goldberg had testified that the term “application” would have been commonly understood to mean a “computer program intended to provide some service to a user,” and that developers could have, at the relevant time, selected existing “off-the-shelf software” to perform specific services and functions.

Dr. Goldberg further testified that POSITAs would have understood that the word “code,” when coupled with language describing its operation, here connoted structure.

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<sup>456</sup> \_\_\_ F.3d at \_\_\_.

<sup>457</sup> \_\_\_ F.3d at \_\_\_.

<sup>458</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit concluded that “Dr. Goldberg’s testimony thus demonstrates that, contrary to the district court’s unsupported assertion, the claim limitations do not recite ‘purely functional language.’ \* \* \* Instead, Dr. Goldberg’s unrebutted testimony demonstrates that the ‘code’/‘application’ limitations connote a class of structures to a person of ordinary skill.”<sup>459</sup>

The Federal Circuit explained that “[u]nlike in the mechanical arts, the specific structure of software code and applications is partly defined by its function. \* \* \* In determining whether software limitations like those at issue here recite sufficient structure, we can look beyond the initial ‘code’ or ‘application’ term to the functional language to see if a person of ordinary skill would have understood the claim limitation as a whole to connote sufficiently definite structure. \* \* \* Dr. Goldberg explained that here, ‘code’ and ‘application’ (which themselves connote structure) in combination with the recitation of the code or application’s operation would have connoted structure to persons of ordinary skill.”<sup>460</sup>

The Federal Circuit summed up that “we conclude that the ‘code’/‘application’ limitations are not written in means-plus-function format because they would have connoted sufficiently definite structure to persons of ordinary skill in the art.”<sup>461</sup>

With respect to the “systems” limitations, representative claim 15 provided in the preamble and initial limitations –

15. A system, comprising:

a building \* \* \*

a first broadcast short-range communications unit \* \* \*

a second broadcast short-range communications unit \* \* \*

code \* \* \*

said code, when executed, further configured to \* \* \*

\* \* \* cause to be output, via the at least one mobile device, the first visual information based on the first location-relevant information. \* \* \*

\* \* \* cause to be output, via the at least one mobile device, the second visual information based on the second location-relevant information. \* \* \*

at least one server \* \* \*

Which were followed by the disputed “system” limitation in a “wherein” clause –

*wherein the system is configured such that the first visual information is automatically caused to be output without requiring communication of the at least one first message with the first broadcast short-range communications unit after the receipt of the indication of the receipt of the one or more first broadcast messages, and the second visual information is automatically caused to be output without requiring communication of the at least one second*

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<sup>459</sup> \_\_\_ F.3d at \_\_\_.

<sup>460</sup> \_\_\_ F.3d at \_\_\_.

<sup>461</sup> \_\_\_ F.3d at \_\_\_.

*message with the second broadcast short-range communications unit after the receipt of the indication of the receipt of the one or more second broadcast messages.*

Again, the Federal Circuit reasoned that the district court had not properly applied the presumption that § 112, ¶ 6 did not apply due to the absence of the word “means.” The Federal Circuit concluded that Target had not borne its burden of demonstrating by a preponderance of the evidence that the “system” limitation failed to recite sufficiently definite structure.

The Federal Circuit rejected Target’s and the district court’s suggestion that “system” was a “nonce word” substituted for “means.”

The Federal Circuit reasoned that “[w]e agree that, in a vacuum, the term ‘system’ may well be a nonce term.”<sup>462</sup>

But here, the Federal Circuit noted, the antecedent basis for “system” in the “whereas” clause appeared in the preamble and preceding “structural” limitations – “But in this case, the claim language itself defines the ‘system’ to include specified structure. The ‘system’ limitation in the wherein clause derives antecedent basis from the ‘system’ recited in the preamble, which the claim states comprises ‘a building’ having ‘a first broadcast short-range communications unit,’ ‘a second broadcast short-range communications unit,’ ‘code’ executed by at least one ‘mobile device,’ and ‘at least one server.’ \* \* \* Each of these limitations recited in the claims are structural components of the ‘system.’”<sup>463</sup>

The Federal Circuit concluded that “the ‘system’ limitations are not written in means-plus-function format because they connote sufficiently definite structure to persons of ordinary skill in the art.”<sup>464</sup>

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<sup>462</sup> \_\_\_ F.3d at \_\_\_.

<sup>463</sup> \_\_\_ F.3d at \_\_\_.

<sup>464</sup> \_\_\_ F.3d at \_\_\_.

B. Written Description and Definiteness Issues – § 112(b), (f)

1. Disclosure of “Corresponding Structure” in Computer Implemented Inventions
  - a) Federal Circuit Reverses District Court and Concludes Claims Drawn to a Computer Implemented Invention Are Indefinite Because of a Lack of Disclosed Corresponding Structure
  - b) “Applicants are free to invoke § 112 ¶ 6 for a[n] [apparatus] claim term nested in a method claim.” 

In *Rain Computing, Inc. v. Samsung Electronics America, Inc.*,<sup>465</sup> the Federal Circuit concluded that the district court had correctly construed a claim limitation as a means-plus-function limitation. The Federal Circuit further concluded that the claim was indefinite for failing to disclose “corresponding structure.”

Rain sued Samsung for infringement of its patent drawn to delivering software application packages to a client terminal based on user demands.

The district court, *inter alia*, construed “executing the [first/second] software application package \* \* \* in a memory of the client terminal device” and “user identification module configured to control access of \* \* \* software application packages.” The district court concluded that “user identification module” was a means-plus-function term governed by § 112(6) (now, § 112(f)). The district court also concluded that the claims were not indefinite. The Federal Circuit disagreed.

The Federal Circuit reiterated that “[u]nder § 112 ¶ 6, a patentee may draft claims ‘as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof.’ But such claims are construed to cover only ‘the structure, materials, or acts described in the specification as corresponding to the claimed function and equivalents thereof.’”<sup>466</sup>

The Federal Circuit further reiterated that “[t]o determine whether § 112 ¶ 6 applies to a claim limitation, we must inquire ‘whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.’ \* \* \* If those words lack a sufficiently definite meaning, § 112 ¶ 6 applies. If the limitation uses the word ‘means,’ there is a rebuttable presumption that § 112 ¶ 6 applies. \* \* \* If not, there is a rebuttable presumption that the provision does not apply. \* \* \* But that ‘presumption can be overcome and § 112 para. 6 will apply if the challenger demonstrates that

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<sup>465</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Moore, joined by Circuit Judges Lourie and Dyk)(appeals from the United States District Court for the District of Massachusetts in No. 1:18-cv-12639-RGS, Judge Richard G. Stearns).

<sup>466</sup> \_\_\_ F.3d at \_\_\_.

the claim term fails to recite sufficiently definite structure or else recites function without reciting sufficient structure for performing that function.’<sup>467</sup>

The Federal Circuit reasoned that because “user identification module” did not use the word “means,” there was a rebuttal presumption that § 112(6) did not apply. However, the Federal Circuit noted that “module” was well-known “nonce word that could operate as “a substitute” for “means,” citing *Williamson v. Citrix Online, LLC*,<sup>468</sup> and reached the same conclusion here – “Likewise, ‘module’ here does not provide any indication of structure, and Rain fails to point to any claim language providing any structure for performing the claimed function of being configured to control access. \* \* \* Thus, the claim language fails to provide any structure for performing the claimed functions.”<sup>469</sup>

The Federal Circuit also noted that “the specification does not impart any structural significance to the term; in fact, it does not even mention a ‘user identification module.’”<sup>470</sup>

Rain also urged, pointing to an appeal brief filed by PTO examiners, that “user identification module configured to control access of said one or more software application packages,” was a method limitation not subject to § 112(6).

The Federal Circuit rejected that argument, writing that “[t]o the extent the examiners or the Patent and Trademark Office understood that a means-plus-function term cannot be nested in a method claim, they were incorrect. Applicants are free to invoke § 112 ¶ 6 for a claim term nested in a method claim. We have never held otherwise.”<sup>471</sup>

The Federal Circuit reiterated that “[h]aving concluded ‘user identification module’ is a means-plus-function term, we must consider the term’s construction, which occurs in two steps. The first step in construing a means-plus function claim is to ‘identify the claimed function.’ \* \* \* After identifying the function, we then ‘determine what structure, if any, disclosed in the specification corresponds to the claimed function.’ \* \* \* ‘Under this second step, structure disclosed in the specification is corresponding structure only if the specification or prosecution history clearly links or associates that structure to the function recited in the claim.’”<sup>472</sup>

The Federal Circuit also reiterated that “[i]f the function is performed by a general-purpose computer or microprocessor, then the second step generally further requires that the specification disclose the algorithm that the computer performs to accomplish that function. \* \* \* However, ‘in the rare circumstances where any general-purpose computer without any special programming can perform the function \* \* \* an algorithm need not be disclosed.’ \* \* \*

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<sup>467</sup> \_\_\_ F.3d at \_\_\_.

<sup>468</sup> 792 F.3d 1339, 1350 (Fed. Cir. 2015)(“module” in the claim term “distributed learning control module” “does not provide any indication of structure be-cause it sets forth the same black box recitation of structure \* \* \* as if the term ‘means’ had been used.”).

<sup>469</sup> \_\_\_ F.3d at \_\_\_.

<sup>470</sup> \_\_\_ F.3d at \_\_\_.

<sup>471</sup> \_\_\_ F.3d at \_\_\_.

<sup>472</sup> \_\_\_ F.3d at \_\_\_.

For means-plus-function claims ‘in which the disclosed structure is a computer, or microprocessor, programmed to carry out an algorithm,’ we have held that ‘the disclosed structure is not the general purpose computer, but rather the special purpose computer programmed to perform the disclosed algorithm.’”<sup>473</sup>

Lastly, the Federal Circuit reiterated that “if the patentee fails to disclose adequate corresponding structure, the claim is indefinite.”<sup>474</sup>

Here, the claimed function was “to control access to one or more software application packages to which the user has a subscription.” The Federal Circuit concluded that the district court had erred in finding that a disclosure of computer-readable media or storage devices provided sufficient structure for the “control access” function. The Federal Circuit viewed those items as simply a general purpose computer.

The Federal Circuit reasoned that some special programming was necessary to perform that function. The Federal Circuit found nothing in the claim language or specification that described an algorithm for performing the “control access” function of the “user identification module,” noting, *inter alia*, that Rain was unable to do so during oral argument.

The Federal Circuit concluded that “[w]ithout an algorithm to achieve the ‘control access’ function, we hold the term ‘user identification module’ lacks sufficient structure and renders the claims indefinite.”<sup>475</sup>

- c) Federal Circuit Declines to Extend Algorithm Disclosure Requirement of *WMS Gaming* to “circuitry” 

In *Qualcomm Inc. v. Intel Corp.*,<sup>476</sup> the Federal Circuit declined to extend the algorithm disclosure requirement of *WMS Gaming Inc. v. International Game Technology*,<sup>477</sup> to “circuitry,” as opposed to a general purpose computer.

Qualcomm’s patent-at-issue was drawn to techniques for generating a power tracking supply voltage for a circuit having multiple radio frequency signals. The invention was asserted to, *inter alia*, increase bandwidth.

Intel petitioned for six IPRs. In each petition, Intel proposed that the claim phrase “a plurality of carrier aggregated transmit signals” means “signals for transmission on multiple carriers at the same time to increase the bandwidth for a user.” Qualcomm proposed “signals from

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<sup>473</sup> \_\_\_ F.3d at \_\_\_.

<sup>474</sup> \_\_\_ F.3d at \_\_\_.

<sup>475</sup> \_\_\_ F.3d at \_\_\_.

<sup>476</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Chief Judge Moore, joined by Circuit Judges Reyna and Stoll)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-01326, IPR2018-01327, IPR2018-01328, IPR2018-01329, IPR2018-01330, IPR2018-01340).

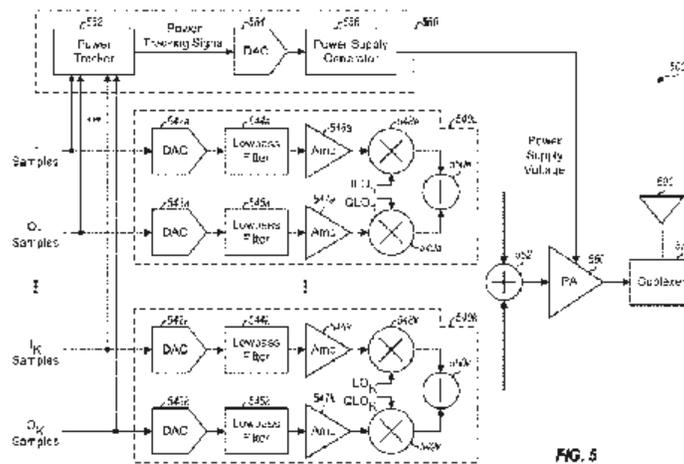
<sup>477</sup> 184 F.3d 1339 (Fed. Cir.1999).

a single terminal utilizing multiple component carriers *which provide extended transmission bandwidth for a user transmission* from the single terminal.”

Claim 28 called for, *inter alia*, “means for determining a single power tracking signal based on a plurality of inphase (I) and quadrature (Q) components of a plurality of carrier aggregated transmit signals being sent simultaneously, wherein a power tracker receives the plurality of I and Q components corresponding to the plurality of carrier aggregated transmit signals and generates the single power tracking signal based on a combination of the plurality of I and Q components, wherein the plurality of carrier aggregated transmit signals comprise Orthogonal Frequency Division Multiplexing (OFDM) or Single Carrier Frequency Division Multiple Access (SC-FDMA) signals.”

The PTAB held in three FWDs in the IPRs in which claim 28 or an associated dependent claim was at issue, that “means for determining a single power tracking signal \* \* \*” (power tracker limitation) in claim 28 is a means-plus-function limitation and that “power tracker 582” is the corresponding structure.

Fig. 5 showed the following embodiment:



Power tracker 582 was described as receiving samples of I and Q signals for all transmit signals to be sent simultaneously, and computed the overall power of the transmit signals based on the samples.

In *WMS Gaming, Inc. v. International Game Technology*, the Federal Circuit held that a “general purpose computer, or microprocessor, programmed to carry out an algorithm creates ‘a new machine, because a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software.’”<sup>478</sup>

The Federal Circuit concluded that “[t]hus, [i]n a means-plus-function claim in which the disclosed structure is a computer, or microprocessor, programmed to carry out an

<sup>478</sup> 184 F.3d at 1348.

algorithm, the disclosed structure is not the general purpose computer, but rather the special purpose computer programmed to perform the disclosed algorithm.”<sup>479</sup>

In *Aristocrat Technologies Australia Pty Ltd. v. International Game Technology*, the Federal Circuit further explained that “[b]ecause general purpose computers can be programmed to perform very different tasks in very different ways, simply disclosing a computer as the structure designated to perform a particular function does not limit the scope of the claim to ‘the corresponding structure, material, or acts’ that perform the function, as required by section 112 paragraph 6.”<sup>480</sup>

The Federal Circuit noted that power tracker 582 was not a general-purpose computer or microprocessor, but rather circuitry.

The Federal Circuit concluded that “[b]ecause power tracker 582 is not a general-purpose computer, it does not trigger the algorithm requirement of *WMS Gaming*.”<sup>481</sup>

The Federal Circuit expressly refused to extend the algorithm requirement to circuitry, as urged by Qualcomm, reasoning that “[u]nlike a general-purpose computer or microprocessor, circuitry does not ‘perform very different tasks in very different ways.’ \* \* \* Nor does circuitry require special programming to perform particular functions. \* \* \* Circuitry therefore provides structure that necessarily limits the scope of a claim without the aid of special programming. Our holding is consistent with our prior precedent.”<sup>482</sup>

## C. Infringement of Means-Plus-Function Limitations

### 1. Function – Way – Result

- a) Infringement Evidence Insufficient on “Way” Prong Where “Corresponding Structure” Consists of a Complex Algorithm and Infringement Expert Addresses Accused System on a Generalized Level 

In *Traxcell Technologies, LLC v. Sprint Communications Co. LP*,<sup>483</sup> the Federal Circuit affirmed, *inter alia*, the district court’s grant of summary judgment of non-infringement where the evidence was deemed insufficient to meet the “way” prong of the infringement test for means-plus-function limitations.

The test employed by the Federal Circuit for infringement of a means-plus-function limitation is akin to determining infringement under the doctrine of equivalents. The Federal

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<sup>479</sup> *Id.* at 1349.

<sup>480</sup> 521 F.3d 1328, 1333 (Fed. Cir. 2008).

<sup>481</sup> \_\_\_ F.3d at \_\_\_.

<sup>482</sup> \_\_\_ F.3d at \_\_\_.

<sup>483</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judges O’Malley and Stoll)(appeals from the United States District Court for the Eastern District of Texas in No. 2:17-cv-00718-RWS-RSP, Judge Robert Schroeder, III).

Circuit has held that “[l]iteral infringement of a means-plus-function claim limitation requires that the relevant structure in the accused device perform the identical function recited in the claim and be identical or equivalent to the corresponding structure in the specification.”<sup>484</sup> “Once the relevant structure in the accused device has been identified, a party may prove it is equivalent to the disclosed structure by showing that the two perform the identical function in substantially the same way, with substantially the same result.”<sup>485</sup>

Traxcell sued Sprint (and others) for infringement of four patents drawn to self-optimizing wireless networks and navigation technology.

Claim 12 of one of the patents-in-suit called for “means for receiving said performance data and corresponding locations from said radio tower and correcting radio frequency signals of said radio tower.” The parties agreed that constituted a means-plus-function limitation, that the stated function was “receiving said performance data and corresponding locations from said radio tower and correcting radio frequency signals of said radio tower,” and that the “corresponding structure” for performing that function was an algorithm identified in Traxcell’s specification.

The district court held that Traxcell had not presented sufficient evidence that the accused Sprint system required the structure necessary to meet the means-plus-function limitation. The district court noted that the algorithm disclosed in the specification was “very detailed” and required numerous steps. But Traxcell’s infringement expert had discussed the accused technology at only a generalized level and did not discuss at least nine steps of the algorithm.

On appeal, the Federal Circuit agreed.

## XIV. LICENSES AND ASSIGNMENTS

### A. University Employment Agreements

1. University Employment Agreement and Bylaw  
Held Not to Constitute an Automatic Assignment  
of Inventions 

In *Omni MedSci, Inc. v. Apple Inc.*,<sup>486</sup> the Federal Circuit panel majority affirmed the district court’s conclusion that a university employment agreement and university Bylaw did not effectuate an automatic assignment of patent rights. As a result, the Federal Circuit panel majority affirmed the district court’s denial of Apple’s motion to dismiss for lack of standing.

In general terms, the Federal Circuit has drawn a distinction between agreement clauses that presently assign to-be-issued patents automatically versus clauses that constitute

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<sup>484</sup> *Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 448 F.3d 1324, 1333 (Fed. Cir. 2006).

<sup>485</sup> *Id.*

<sup>486</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Linn, joined by Circuit Judge Chen, dissenting opinion by Circuit Judge Newman)(appeals from the United States District Court for the Northern District of California in Nos. 4:19-cv-05673-YGR, 4:19-cv-05924-YGR, Judge Yvonne Gonzalez Rogers).

promise to assign a patent in the future. Again, in general, the Federal Circuit has construed language such as “will assign” as constituting an agreement to assign rather than a present assignment.<sup>487</sup> On the other hand, the Federal Circuit has construed language such as “agrees to grant and does hereby grant” as a present automatic assignment.<sup>488</sup>

Here, Dr. Islam was a tenured professor of electrical and computer engineering at the University of Michigan. In 2011, Dr. Islam was also appointed to the Cardiovascular Center at UM’s medical school.

When Dr. Islam joined UM’s faculty, he executed an employment agreement that provided, *inter alia*, that he would abide by UM’s bylaws. UM Bylaw 3.10 “stipulate[d] the conditions governing the assignment of property rights to members of the University Faculty and Staff.” The Bylaw provided:

1) Patents and copyrights issued or acquired as a result of or in connection with administration, research, or other educational activities conducted by members of the University staff and supported directly or indirectly (e.g., through the use of University resources or facilities) by funds administered funds, and all royalties or other revenues derived therefrom *shall be the property of the University*.

\* \* \*

4) Patents, copyrights, and property rights in computer software resulting from activities which have received no support, direct or indirect, from the University *shall be the property of the inventor, author, or creator thereof, free of any limitation which might otherwise arise by virtue of University employment*.

5) In cases which involve both University-supported activity and independent activity by a University staff member, patents, copyrights, or other property right in resulting work products *shall be owned as agreed upon in writing and in advance of an exploitation thereof by the affected staff member and the Vice-Provost for Research in consultation with the Committee on Patents and Copyrights and with the approval of the University’s Office of the General Counsel*. It is understood that such agreements shall continue to recognize the traditional faculty and staff prerogatives and property rights concerning intellectual work products.

In 2012, Dr. Islam took an unpaid leave-of-absence from UM to start a new company. During that leave, Dr. Islam filed multiple provisional applications. After returning to UM in 2013, Dr. Islam filed non-provisional applications claiming priority to those provisional applications. When those patents issued, Dr. Islam assigned them to Omni. One of those patents was in the genealogy of the patent-in-suit.

Dr. Islam asked UM’s Office of Technology Transfer to confirm his ownership of the inventions. UM refused. After further communications, UM maintained it was the owner of

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<sup>487</sup> See *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1580 (Fed. Cir. 1991).

<sup>488</sup> See *FilmTec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1573 (Fed. Cir. 1991) (“*FilmTec P*”).

the subject patents, and notified Dr. Islam of an appeals process for challenging that decision. Dr. Islam did not pursue an appeal.

In 2018, Omni sued Apple in the E.D. Tex. alleging infringement of two patents. Apple moved to dismiss for lack of standing, alleging that UM, rather than Omni, owned the patents. The district court concluded that paragraph 1 of Bylaw 3.10 did not constitute an automatic assignment, but rather was a statement of a future intention to assign. The district court therefore denied Apple’s motion. Apple filed an unopposed motion to certify the standing issue for immediate appeal to the Federal Circuit. The Federal Circuit panel majority agreed with the district court.

The Federal Circuit panel majority explained that “Omni’s standing to assert the patents at issue turns on whether it has an exclusionary right in the asserted patents. This turns on a legal question of contract interpretation: whether paragraph 1 of bylaw 3.10 automatically and presently assigned legal title of Dr. Islam’s inventions to UM. A patent assignment clause may presently assign a to-be-issued patent automatically—in which case no further acts to effectuate the assignment are necessary—or may merely promise to assign the patent in the future. \* \* \* Which type of assignment is intended ‘depends on the contractual language.’ \* \* \* ‘In most circumstances, an inventor must expressly grant his rights in an invention to his employer if the employer is to obtain those rights.’ \* \* \* Further, we note that the general rule is that rights in an invention belong to the inventor.”<sup>489</sup>

The Federal Circuit panel majority concluded that paragraph 1, Bylaw 3.10, did not either unambiguously constitute a present automatic assignment or a promise to assign in the future.

However, the Federal Circuit panel majority concluded that the language was “most naturally read as a statement of intended disposition and a promise of a potential future assignment, not as a present automatic transfer.”<sup>490</sup>

Circuit Judge Newman, in her dissent, reached the opposite conclusion.

The Federal Circuit panel majority rejected Apple’s argument that the “shall be the property of the University” language as effectuating a present automatic assignment. Circuit Judge Newman, in dissent, agreed with Apple. The Federal Circuit panel majority, however, disagreed.

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<sup>489</sup> \_\_\_ F.3d at \_\_\_.

<sup>490</sup> \_\_\_ F.3d at \_\_\_.

## XV. INFRINGEMENT

### A. § 271(b) – Inducement

1. Evidence of Infringement
  - a) Federal Circuit Panel Majority Bows to Jury on Fact Findings Related to Induced Infringement



*See GlaxoSmithKline LLC v. Teva Pharmaceuticals USA, Inc.*,<sup>491</sup> discussed elsewhere in this paper, in which the Federal Circuit panel majority concluded that Teva was liable for induced infringement during (1) a time period during which Teva asserted it had “carved out” an alleged infringing use (“skinny label”) from its label, and (2) a succeeding time period during which Teva used the full label. The Federal Circuit panel majority deferred to the jury’s findings.

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<sup>491</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021) (per curiam, panel consisting of Chief Judge Moore, and Circuit Judges Newman and Prost)(appeals from the United States District Court for the District of Delaware in No. 1:14-cv-00878-LPS-CJB, Judge Leonard P. Stark).

B. § 271(c) – Contributory Infringement

1. Evidence of Infringement

- a) Apparatus Claims Are Not Necessarily Limited to the Recited Structural Limitations



- b) Federal Circuit – “the reality of this case: named inventors of the asserted patents sold their company and patent rights to Bio-Rad, worked for Bio-Rad for a short time, left Bio-Rad to start a new company, and launched new products that have been determined to infringe the patents they assigned to Bio-Rad.”



- c) Federal Circuit – ITC Had Substantial Evidence to Support Finding of Indirect Infringement



- d) The Exculpatory Statutory Provision For Contributory Infringement That The Accused Product is Not a Staple Article or Commodity of Commerce “Suitable” For a Substantial Non-Infringing Use Requires “real available non-infringing uses”



In *Bio-Rad Laboratories, Inc. v. Int’l Trade Comm’n*,<sup>492</sup> the Federal Circuit affirmed the ITC’s determination that importation of certain microfluid chips infringed the patents-at-issue, and therefore violated section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337.

Bio-Rad’s three patents-at-issue were in the field of microfluidics, in which a microscopic droplet has a one type of fluid encapsulated within a different type of fluid thus allowing chemical reactions to be conducted within each droplet.

A microfluidic “chip” consisted of a substrate having input and output wells connected by hair-width channels. The patents-at-issue were drawn to specific chip architectures.

Three of the inventors were among the founders of QuantaLife, Inc. in 2008. In 2011, Bio-Rad purchased QuantaLife, including its patent rights and the applications that matured into the patents-at-issue. Those inventors then became employees of Bio-Rad for two years, during which time they assigned their rights to the applications to Bio-Rad.

Two of the inventors then left to form 10X Genomics, Inc. The third inventor later joined 10X. 10X developed microfluidic technology and products, and the three inventors were extensively involved in those developments.

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<sup>492</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Newman and Dyk)(appeals from the United States International Trade Commission in Investigation No. 337-TA-1068).

There were two accused products – (1) 10X’s GEM Chips, which 10X imported and sold to the public, and (2) 10X’s Chip GB, which 10X imported and used in its internal manufacturing process, but did not sell to the public.

The ALJ granted Bio-Rad’s motion for summary determination that assignor estoppel estopped 10X from challenging the validity of the patents-at-issue. The ITC chose not to review that decision, and that issue was not on appeal.

The ALJ also issued a claim construction order adopting an agreed definition of “sample” as “a compound, composition, and/or mixture of interest, from any suitable source(s).” The ALJ also construed “droplet-generation region” to mean “the intersection of (1) a sample-containing dispersed phase fluid inlet channel, (2) a continuous phase fluid inlet channel, and (3) a droplet outlet channel.”

The ITC adopted the ALJ’s initial determination that the Chip GB did not infringe one of the patents-at-issue because a solution used by 10X did not constitute a “sample” as that term had been construed. With respect to the other two patents-at-issue, the ITC concluded that 10X had knowledge of those patents at least by the filing date of the complaint, and knew or should have known that its activities would induce and/or contribute to its customer’s infringement.

Bio-Rad appealed the ITC’s final determination that the GB Chip did not infringe one of the patents-at-issue. 10X appealed the ITC’s determination that the GEM Chips directly infringed the other two patents-at-issue, as well as concluding that 10X induced or contributed to that infringement. On appeal, the Federal Circuit affirmed both conclusions.

Regarding the Chip GB, the parties primarily argued whether the chip included a “sample.” The Federal Circuit concluded that “[u]nder the applicable standard of review, we find that substantial evidence supports the ALJ’s finding, which the Commission adopted, that Bio-Rad failed to meet its burden of showing that the monomer solution in the Chip GB is a ‘sample.’” The Federal Circuit primarily relied on a distinction the Federal Circuit saw in the patent-at-issue between “samples” and “reagents.” The Federal Circuit found no error in the ALJ’s claim construction, or that the monomer solution in the Chip GB was properly characterized as a “reagent,” not a “sample.” The Federal Circuit deemed Bio-Rad’s argument as essentially trying to redraft the claims.

In particular, the Federal Circuit rejected Bio-Rad’s argument that the claims recited structural limitations all of which were included in the Chip GB. The Federal Circuit reasoned that Bio-Rad’s argument failed “because it is premised on rewriting the claims in an oversimplified form and removing all limitations that differentiate the recited structures from each other,” “[i]nventors are masters of their claims, and the words they use to describe and claim their invention are decisive and binding,” “the inventors chose to characterize the wells and channels based on the material contained within them. Bio-Rad cannot escape that choice by pointing to the general proposition of law that ‘apparatus claims cover what a device *is*, not what a device *does*,” and “we reject Bio-Rad’s argument that we should disregard almost all of the words of the claim simply because the claim limitations are structural.”<sup>493</sup>

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<sup>493</sup> \_\_\_ F.3d at \_\_\_.

With respect to 10X’s appeal *vis-à-vis* the GEM Chips, the Federal Circuit rejected 10X’s argument that the ITC had improperly construed “droplet-generation region.” The Federal Circuit concluded that the ITC had correctly construed the phrase based on the intrinsic evidence.

The Federal Circuit also rejected 10X’s argument that substantial evidence did not support the ITC’s determination of indirect infringement because of the lack of evidence *vis-à-vis* the “knowledge requirement.”

The Federal Circuit reiterated that “[i]nduced infringement under 35 U.S.C. § 271(b) requires proof of underlying direct infringement, as well as proof that (1) ‘the defendant knew of the patent,’ (2) the defendant knew or should have known that ‘the induced acts constitute patent infringement,’ and (3) the defendant ‘possessed specific intent to encourage another’s infringement.’ \* \* \* Contributory infringement under 35 U.S.C. § 271(c) requires proof that (1) the defendant had ‘knowledge of the patent in suit,’ (2) the defendant had ‘knowledge of patent infringement,’ and (3) the accused product is not a staple article or commodity of commerce suitable for a substantial non-infringing use.”<sup>494</sup>

The Federal Circuit rejected 10X’s argument that the evidence showed that “10X had knowledge of patent applications and not patents, and that the inventors had an objectively reasonable belief that the use of GEM Chips would not infringe the patents.” The Federal Circuit concluded that substantial evidence supported the ITC’s determination.

The Federal Circuit noted that “10X’s various arguments attempt to distract from the reality of this case: named inventors of the asserted patents sold their company and patent rights to Bio-Rad, worked for Bio-Rad for a short time, left Bio-Rad to start a new company, and launched new products that have been determined to infringe the patents they assigned to Bio-Rad.”<sup>495</sup>

With respect to contributory infringement and non-infringing uses, the ITC had concluded that “each of 10X’s proposed design-arounds is a ‘hypothetical system that is not yet available to 10X’s customers.’”<sup>496</sup>

The Federal Circuit rejected 10X’s argument that was legal error because the statute provided that contributory infringement was avoided as long as the accused product was “suitable” for non-infringing use. The Federal Circuit concluded that “10X’s argument is not consistent with our precedent, which focuses on the real way in which the accused product is made, used, and sold,” and “because 10X failed to point to any real available noninfringing uses, we find no legal error in the Commission’s decision.”<sup>497</sup>

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<sup>494</sup> \_\_\_ F.3d at \_\_\_.

<sup>495</sup> \_\_\_ F.3d at \_\_\_.

<sup>496</sup> \_\_\_ F.3d at \_\_\_.

<sup>497</sup> \_\_\_ F.3d at \_\_\_.

Comment: In prior cases, the Federal Circuit has held that because an alleged infringer “could” turn off the infringing features, *Fujitsu Ltd. v. Neyeur Inc.*,<sup>498</sup> or that the alleged infringing configuration could be changed to a non-infringing configuration, *Golden Blount, Inc. v. Robert H. Peterson Co.*,<sup>499</sup> did not avoid a charge of contributory infringement. However, this appears to be the first case in which the Federal Circuit had held that the alleged non-infringing alternative be “real” and “available.”

The statute, § 271(c), provides:

(c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

At least on first blush, the statutory term “suitable?” (especially when combined with “staple article or commodity of commerce?”) seems to a broader interpretation than “real” and “suitable.”

Accordingly, the author would strong suggest that readers exercise caution before relying too heavily on this portion of the Federal Circuit’s opinion.

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## XVI. ISSUES UNIQUE TO HATCH-WAXMAN ACT

### A. Infringement

1. Panel Grants Petition for Panel Rehearing, Vacates October 2, 2020 Judgment, and Withdraws October 2, 2020 Opinions   
2. Federal Circuit Bows to Jury on Fact Findings Related to Induced Infringement   

In *GlaxoSmithKline LLC v. Teva Pharmaceuticals USA, Inc.*,<sup>500</sup> the Federal Circuit concluded that Teva was liable for induced infringement during (1) a time period during which Teva asserted it had “carved out” an alleged infringing use (“skinny label”) from its label, and (2) a succeeding time period during which Teva used the full label.

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<sup>498</sup> 620 F.3d 1321, 1330–31 (Fed. Cir. 2010).

<sup>499</sup> 438 F.3d 1354, 1363 (Fed. Cir. 2006).

<sup>500</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021) (per curiam, panel consisting of Chief Judge Moore, and Circuit Judges Newman and Prost)(appeals from the United States District Court for the District of Delaware in No. 1:14-cv-00878-LPS-CJB, Judge Leonard P. Stark).

GSK marketed Coreg®, having the active ingredient carvedilol, a beta-blocker, which had been approved by the FDA for three indications of use – (1) treatment of hypertension, (2) congestive heart failure (CHF), and (3) to reduce cardiovascular mortality in patients suffering from left ventricular dysfunction following a myocardial infarction “post-MI LVD” indication.

Beta-blockers slow heart rate and reduce the heart’s ability to pump blood, thus presenting a potentially deadly combination for patients at risk of heart failure. At the time, angiotensin-converting enzyme (ACE) inhibitors were the only known treatment for improving mortality rates in CHF patients. Nevertheless, GSK continued its research leading to FDA approval of Coreg® that used a beta-blocker to treat CHF and which became the standard of care for reducing mortality in heart failure patients.

GSK’s ’067 patent, which expired on March 5, 2007, was drawn to the carvedilol compound and claimed a method of administering a combination of carvedilol and one or more of an ACE inhibitor, a diuretic, and digoxin to decrease mortality caused by CHF in a patient.

In 2002, Teva filed an ANDA for FDA approval of a generic version of carvedilol for all three indications. Teva certified, however, that it would not launch its product until after the ’067 patent had expired. Teva also included a Paragraph IV certification that the ’067 patent was invalid, unenforceable or not infringed. The FDA granted Teva “tentative approval” for “treatment of heart failure and hypertension” with approval effective when the ’067 patent expired in 2007.

GSK did not sue Teva, but applied for a reissue of the ’067 patent. In 2008, the PTO issued the reissue (RE ’000) claiming a method of decreasing mortality caused by CHF by administering carvedilol with at least one other therapeutic agent.

Before Teva launched its generic carvedilol in 2007, Teva certified to the FDA that its label “will not include the indication defined in use code U-233” until the expiration of the ’067 patent. Patent use code U-233 corresponded to “decreasing mortality caused by congestive heart failure.” Teva’s label dated “8/2007” included only two indications: the post-MI LVD indication and the hypertension indication.

Teva’s press releases and marketing materials, however, noted its generic carvedilol as “indicated for treatment of heart failure and hypertension,” as the “Generic version of [GSK’s] cardiovascular agent Coreg®,” and as an “AB-rated generic equivalent of [GSK’s] Coreg® Tablets.”

In 2011, GSK delisted certain patents, including the ’067 patent, from the FDA’s Orange Book. The FDA instructed Teva to revise its label, *inter alia*, such that it was “identical in content to the approved [GSK Coreg®] labeling (including the package insert and any patient package insert and/or Medication Guide that may be required).” The FDA also requested Teva “provide information regarding [its] position on [the ’000 patent].”

Teva amended its label to include the indication for treating patients with chronic heart failure by administering carvedilol to increase survival and to reduce the risk of hospitalization. In addition, the post-MI LVD and hypertension indications remained on the label.

With respect to the '000 patent, Teva told the FDA it believed it need not “provide certification to [the '000 patent]” because it had received final approval of its ANDA before the '000 patent issued.

In 2014, GSK sued Teva alleging that Teva had induced infringement of the '000 patent. During trial, Teva argued that it could not have induced infringement, at least prior to 2011, because it had “carved out” the indication and prescribing information for treatment of congestive heart failure in its 2007 label. Teva also argued that it could not be liable for induced infringement during any time because it did not cause others to infringe the method claimed in the '000 patent.

A jury was instructed to consider induced infringement during two time periods – the “partial label” period, from January 8, 2008, through April 30, 2011, when Teva’s label had the post-MI LVD and hypertension indications but not the chronic heart failure indication, and the “full label” period, from May 1, 2011, through June 7, 2015, when Teva’s label had all three indications, including the chronic heart failure indication.

The jury found that the '000 patent was not invalid, and that Teva willfully infringed certain claims through inducement during both time periods.

The district court granted Teva’s renewed JMOL motion reasoning that no reasonable juror could have found induced infringement based on the post-MI LVD indication in Teva’s partial label, which GSK had argued instructed practice of the claimed method.

GSK appealed urging that substantial evidence supported the jury’s finding of induced infringement. The panel initially agreed. Teva petitioned for *en banc* rehearing, which was treated as a request for panel rehearing. On February 9, 2021, the Panel granted the petition for panel rehearing, vacated the October 2, 2020 judgment, and withdrew the October 2, 2020 opinions.

Rehearing was granted to address, *inter alia*, concern by some *amici* that the prior panel opinion upset the balance between label “carve-outs” under the statute, and infringement.

One of the *amici*, Novartis, for example, urged that, under one interpretation of the Panel’s initial opinion, “[g]enerics *could* be held liable for actively inducing infringement if they marketed a drug with a label describing a patented therapeutic use or if they took active steps to encourage doctors or patients to use the drug in an infringing manner. But generics could *not* be held liable for merely marketing and selling under a ‘skinny’ label omitting all patented indications, or for merely noting (without mentioning any infringing uses) that FDA had rated a product as therapeutically equivalent to a brand-name drug.”

The Federal Circuit responded that “[w]e agree that Novartis accurately stated the law, and we agreed to rehear this case to make clear how the facts of this case place it clearly outside the boundaries of the concerns expressed by *amici*. As this record reflects, in both time periods, substantial evidence supports that Teva actively induced by marketing a drug with a label *encouraging a patented therapeutic use*. They did not ‘omit[] all patented indications’ or ‘merely note[] (without mentioning any infringing uses) that FDA had rated a product as therapeutically equivalent to a brand-name drug.’ \* \* \* This is a case in which substantial evidence supports a jury finding that the patented use was on the generic label at all relevant times and that, therefore, Teva failed to carve out all patented indications. This narrow, case-specific review

of substantial evidence does not upset the careful balance struck by the Hatch-Waxman Act regarding section viii carve-outs.”<sup>501</sup>

The Federal Circuit reiterated that “[i]nfringement is a question of fact, reviewed for substantial evidence when tried to a jury.” \* \* \* A finding of inducement requires establishing ‘that the defendant possessed specific intent to encourage another’s infringement.’ \* \* \* This requires a plaintiff to show ‘that the alleged infringer’s actions induced infringing acts and that he knew or should have known his actions would induce actual infringements.’ \* \* \* ‘While proof of intent is necessary, direct evidence is not required; rather, circumstantial evidence may suffice.’ \* \* \* When a plaintiff relies on a drug’s label accompanying the marketing of a drug to prove intent, ‘[t]he label must encourage, recommend, or promote infringement.’”<sup>502</sup>

3. Federal Circuit Denies Rehearing *En Banc* – 6-3



In *GlaxoSmithKline LLC v. Tenu Pharmaceuticals USA, Inc.*,<sup>503</sup> the Federal Circuit denied petitions for panel rehearing and rehearing *en banc*.

Chief Judge Moore, along with Circuit Judges Newman, O’Malley, Taranto, Chen and Stoll concurred in that denial.

Circuit Judge Prost, along with Circuit Judges Dyk and Reyna dissented from that denial.

## XVII. RELIEF

### A. Preliminary Injunctions – § 283

1. Likelihood of Success on the Merits
  - a) Clear Forum Selection Clause in Mutual Confidential Agreement (MCA) Precluded IPRs, and Preliminary Injunction Should Have Been Issued 

In *Nippon Shinyaku Co., Ltd. v. Sanofi Therapeutics, Inc.*,<sup>504</sup> the Federal Circuit reversed the district court’s denial of a preliminary injunction and remanded for entry of a preliminary injunction.

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<sup>501</sup> \_\_\_ F.3d at \_\_\_.

<sup>502</sup> \_\_\_ F.3d at \_\_\_.

<sup>503</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(per curiam)(order denying rehearing *en banc*)(Chief Judge Moore with Circuit Judges Newman, O’Malley, Taranto, Chen and Stoll concurring in denial, Circuit Judge Prost with Circuit Judges Dyk and Reyna dissenting from denial)(appeals from the United States District Court for the District of Delaware in No. 1:14-cv-00878-LPS-CJB, Judge Leonard P. Stark).

<sup>504</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Lourie, joined by Circuit Judges Newman and Stoll)(appeal from the United States District Court for the District of Delaware in No. 1:21-cv-01015-LPS, Judge Leonard P. Stark).

In 2020, Nippon Shinyaku and Sarepta Therapeutics, Inc. (“Sarepta”) executed a Mutual Confidentiality Agreement (MCA) to cover discussions regarding therapies for treatment of Duchenne Muscular Dystrophy.

In 2021, Nippon Shinyaku filed a complaint in the D Del. Asserting claims against Sarepta for breach of contract, declaratory judgment of noninfringement and invalidity with respect to Sarepta’s patents, and infringement of Nippon Shinyaku’s patents.

With respect to its breach of contract claim, Nippon Shinyaku alleged that Sarepta breached the MCA by filing seven IPR petitions, which “directly contravenes the MCA’s forum selection clause, which requires that Sarepta and Nippon Shinyaku bring any such patent challenges in the United States District Court for the District of Delaware.” Nippon Shinyaku also filed a motion for a preliminary injunction to enjoin Sarepta from proceeding with its IPR petitions and to require that Sarepta withdraw the petitions.

The district court denied the motion for a preliminary injunction based on its construction of the MCA. The Federal Circuit disagreed.

The Federal Circuit noted that the appeal turned on the interpretation of the MCA. The Federal Circuit held that “[i]n this case, the plain language of the forum selection clause in Section 10 of the MCA resolves the dispute. Section 10 states clearly that ‘all Potential Actions arising under U.S. law relating to patent infringement or invalidity, and filed within two (2) years of the end of the Covenant Term, shall be filed in the United States District Court for the District of Delaware.’ \* \* \* The express definition of ‘Potential Actions’ includes ‘patent or other intellectual property disputes \* \* \* filed with a court *or administrative agency*,’ \* \* \* [emphasis by court], and the district court acknowledged that the ‘definition of “Potential Actions” in Section 10 literally encompasses IPRs.’ \* \* \* Sarepta does not contend otherwise. The MCA’s forum selection clause is thus unambiguous, and we must ‘give effect to the plain meaning of [its] terms.’ ”<sup>505</sup> (emphasis by court)

The Federal Circuit explained that “[u]nder the plain language of Section 10, Sarepta was required to bring all disputes regarding the invalidity of Nippon Shinyaku’s patents—including the allegations and contentions contained in Sarepta’s IPR petitions—in the District of Delaware. Sarepta instead brought those disputes in the form of IPR petitions at the Board, which contravened the plain language of the forum selection clause in Section 10 of the MCA.”<sup>506</sup>

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<sup>505</sup> \_\_\_ F.3d at \_\_\_.

<sup>506</sup> \_\_\_ F.3d at \_\_\_.

B. Actual Damages Under § 284

1. Reasonable Royalty Damages

a) Apportionment

- i. Federal Circuit Affirms *Daubert* Motion to Exclude Damages Expert’s Report For Failure to Apportion Damages   

*See MLC Intellectual Property, LLC v. Micron Technology, Inc.*,<sup>507</sup> below where the Federal Circuit, *inter alia*, affirmed the district court’s orders precluding MLC’s damages expert from opining on the royalty base and royalty rate where the expert failed to apportion for non-patented features.

- ii. Damages Award Runs Afoul of Federal

Circuit’s Strict Requirement For Apportionment   

- iii. Federal Circuit Continues Its Assault on the Freedom of Contract   

In *Omega Patents, LLC v. CalAmp Corp.*,<sup>508</sup> the Federal Circuit panel majority reversed and remanded the damages issue for failure to account for apportionment. The panel majority, over a dissent by Circuit Judge Hughes, continues an overly strict application, in the author’s opinion, of the requirement for apportionment.

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Comment: In general, the fundamental “freedom of contract” in the United States has meant that parties remain free to form contracts with whomsoever they choose, whether to enter into a contract or not, and on what terms to contract.

All without government restrictions or interference except for recognized exceptions such as minimum-wage laws, certain laws of competition, economic sanctions, restrictions on price fixing *etc.* Namely, conduct proscribed as unlawful by statute and/or court decisions.

Patent licenses, obviously, are contracts. And the principal of general “freedom of contract” applies – subject to the aforementioned recognized unlawful restrictions.

A royalty-bearing patent license, of course, includes both a (1) royalty base, and (2) royalty rate. Both of which are subject to negotiation by the parties.

Namely, a licensed patent may only cover a small portion of an overall device/process, but the “freedom of contract” allows the parties to negotiate a license based on a “royalty

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<sup>507</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Newman and Reyna)(appeal from the United States District Court for the Northern District of California in No. 3:14-cv-03657-SJ, Senior Judge Susan Y. Illston).

<sup>508</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judge Dyk, joining-in-part and dissenting-in-part opinion by Circuit Judge Hughes)(appeals from the United States District Court for the Middle District of Florida in No. 6:13-cv-01950-PGB-DCL, Judge Paul G. Byron).

base” of the entire product. Indeed, parties may choose to do so for a variety of reasons – including, importantly, an ease in accounting. The “sales price” of multicomponent products are rarely reflected in corporate accounting reports “by component.”

In the “hypothetical negotiation” exercise typically used to determine a “reasonable royalty,” a necessary element, in the author’s view, is the “freedom of contract.” Namely, in such “hypothetical negotiation” – in the real world – may very well result in a negotiated “royalty base” of the entire device/process, and the “royalty rate” is then adjusted for the “value” of the “patented” feature/component.

Circuit Judge Stoll commented on that in *Exmark Mfg. Co. Inc. v. Briggs & Stratton Power Products Group, LLC*,<sup>509</sup> in which she explained:

Finally, we note that Exmark's use of the accused lawn mower sales as the royalty base is consistent with the realities of a hypothetical negotiation and accurately reflects the real-world bargaining that occurs, particularly in licensing. As we stated in *Lucent Technologies, Inc. v. Gateway, Inc.*, "[t]he hypothetical negotiation tries, as best as possible, to recreate the *ex ante* licensing negotiation scenario and to describe the resulting agreement." 580 F.3d 1301, 1325 (Fed. Cir. 2009). "[S]ophisticated parties routinely enter into license agreements that base the value of the patented inventions as a percentage of the commercial products' sales price," and thus "[t]here is nothing inherently wrong with using the market value of the entire product, especially when there is no established market value for the infringing component or feature, so long as the multiplier accounts for the proportion of the base represented by the infringing component or feature." *Id.* at 1339. This is consistent with the settlement agreement relied on by Exmark's damages expert, which the parties agree provided an effective royalty of 3.64% of the sales of the accused mowers.<sup>510</sup>

Now *Exmark* has frequently been distinguished by Federal Circuit panels because the claims in that case were actually drawn to the complete law mower. But, it was undisputed that the only “novel” feature was a certain “baffle.”

Accordingly, that basis for distinguishing *Exmark* utterly fails, in the author’s view, and Circuit Judge Stoll’s rationale remains. Namely, the “freedom of contract” when evaluating the “hypothetical negotiations” remains a paramount consideration.

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Omega accused CalAmp of infringing 4 patents – the ’278, ’885, ’876, and ’727 patents. The patents were drawn to multi-vehicle-compatible systems that could remotely control various vehicle functions, such as remoting starting, as well as conditions that would report a driver’s actions, such as speeding, to the driver’s employer.

In order to be compatible with multiple vehicle systems, a controller was used to determine the proper protocol for communicating with a particular vehicle’s data bus.

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<sup>509</sup> 879 F.3d 1332 (Fed. Cir. 2018).

<sup>510</sup> 879 F.3d at 1349.

CalAmp assisted businesses and governmental entities in tracking and collecting data for, *inter alia*, fleets of vehicles. CalAmp sold its Location Messaging Unit (LMU), which was a multi-vehicle compatible device that included a GPS receiver for vehicle tracking.

In a first trial, a jury found (1) that all asserted claims were not invalid, (2) CalAmp directly infringed certain claims of all four patents, and (3) that CalAmp had induced infringement of the '885 and '876 patents.

In a first appeal, the Federal Circuit affirmed the judgment of no invalidity, and CalAmp's direct infringement of a claim of the '727 patent. The Federal Circuit reversed the judgment *vis-à-vis* CalAmp's alleged induced infringement of the '885 and '876 patents, and CalAmp's alleged direct infringement of the '278 patent. The Federal Circuit remanded for a new trial on damages and willfulness.

In a second jury trial, a jury found that CalAmp had directly infringed the '278 patent, but that CalAmp had not induced infringement of the '885 and '876 patents. The jury also found that CalAmp's customers had directly infringed the '885 patent. The jury awarded a \$5.00-per-unit royalty totally roughly \$4.5 million. The jury did not find willful infringement.

Thus, only the '885 and '278 patents remained at issue.

CalAmp did not appeal the final judgment *vis-à-vis* induced infringement, the Federal Circuit concluded that the issue of whether CalAmp's customers directly infringed the '885 patent was moot, reasoning "[b]ecause Omega did not appeal the final judgment of no induced infringement, 'frustrat[ing] [CalAmp's] right to appeal,' \* \* \*, the question of whether CalAmp's customers directly infringed the asserted claims of the '885 patent is moot."<sup>511</sup>

The Federal Circuit panel majority affirmed the finding *vis-à-vis* infringement of the '278 patent, but concluded that a new trial on damages was warranted because the district court had improperly excluded certain testimony by CalAmp's expert witness.

Also, the Federal Circuit panel majority concluded that a new trial on damages was necessary because the jury's award of a \$5.00-per-unit royalty did not reflect apportionment.

The Federal Circuit panel majority explained that " 'the patentee must in every case give evidence tending to separate or apportion \* \* \* the patentee's damages between the patented feature and the unpatented features \* \* \*.' \* \* \* Accordingly, where a royalty is at issue, '[n]o matter what the form of the royalty, a patentee must take care to seek only those damages attributable to the infringing features.' \* \* \* And 'where multi-component products are involved, the governing rule is that the ultimate combination of royalty base and royalty rate must reflect the value attributable to the infringing features of the product, and no more.' \* \* \* In other words, '[w]hen the accused infringing products have both patented and unpatented features, measuring this value requires a determination of the value added by such features.' \* \* \* It follows that 'a patentee may assess damages based on the entire market value of the accused product only where the patented feature creates the basis for customer demand or substantially creates the value of the component parts.'"<sup>512</sup>

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<sup>511</sup> \_\_\_ F.3d at \_\_\_.

<sup>512</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit panel majority added that “[w]e have, however, explained that ‘when a sufficiently comparable license is used as the basis for determining the appropriate royalty, further apportionment may not necessarily be required.’ \* \* \* ‘That is because a damages theory that is dependent on a comparable license (or a comparable negotiation) may in some cases have ‘built-in apportionment.’ \* \* \* ‘Built-in apportionment effectively assumes that the negotiators of a comparable license settled on a royalty rate and royalty base combination embodying the value of the asserted patent.’ \* \* \* For built-in apportionment to apply the license must be ‘sufficiently comparable’ in that ‘principles of apportionment were effectively baked into’ the purportedly comparable license. \* \* \* The patentee has the burden of proving damages, \* \* \*, and where licenses are at is-sue, that includes ‘the burden to prove that the licenses were sufficiently comparable,’ \* \* \*.”<sup>513</sup>

The Federal Circuit panel majority rejected Omega’s argument that it was not required to show apportionment because each of the accused LMUs had the components found in the infringed claims. The Federal Circuit panel majority reasoned that “here, even if the LMUs have the same components as those set forth in the asserted claims, Omega still must ‘adequately and reliably apportion[] between the improved and conventional features of the accused [product]’ when using the LMUs ‘as a royalty base.’ \* \* \* We therefore reject Omega’s contention that it was not required to show apportionment simply because the jury heard testimony that the LMUs have no component parts outside what is claimed in the ’278 patent. As we discuss below, there is no question that the LMUs have conventional components that are not the inventive aspects of the ’278 patent.”<sup>514</sup>

On the merits, the Federal Circuit panel majority concluded that Omega failed to present sufficient evidence to the jury to sustain the damages award. The panel majority rejected Omega’s argument that sales of the LMU products were driven primarily by the invention of the ’278 patent. The panel majority reasoned that the additional features in the accused LMUs were conventional and “these features are not inventive aspects of the asserted claims of the ’278 patent.”<sup>515</sup>

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Comment: The “law,” however, for decades has been that claims are considered “as a whole.” Although that “rule” has been frequently violated in recent years, it is generally improper to segregate claim elements into (1) conventional, and (2) “inventive.” Unless, of course, the issue is validity and the primary question is whether the prior art actually discloses a key limitation.

Indeed, perfectly valid claims maybe composed entirely of “convention” “parts and pieces.” Chief Judge Howard Markey, first of the U.S. Court of Customs and Patent Appeals, and later of the U.S. Court of Appeals for the Federal Circuit, oft-quoted exclamation “Only God works from nothing. Men must work with old elements,” in *Fromson v. Advance Offset Plate*,

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<sup>513</sup> \_\_\_ F.3d at \_\_\_.

<sup>514</sup> \_\_\_ F.3d at \_\_\_.

<sup>515</sup> \_\_\_ F.3d at \_\_\_.

*Inc.*,<sup>516</sup> more or less, encapsulates the concept. *See also, Fiskars, Inc. v. Hunt Mfg. Co.*,<sup>517</sup> (“Hunt also states that if any individual element of the Hunt device is in the prior art, that element can not be deemed equivalent to any claimed element. That theory is incorrect. A claim to a mechanical device usually recites a combination of several elements, most or all of which may be separately known.”), *Rosemount, Inc. v. Beckman Instruments, Inc.*, 727 F.2d 1540, 1546 (Fed. Cir. 1984) (“a combination may be patentable whether it be composed of elements all new, partly new, or all old”).

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The Federal Circuit panel majority also rejected Omega’s comparable-license argument. Apparently, Omega’s licensing program called for a licensing fee of “five dollars [per unit] whether it’s one patent or 50 patents.”

The Federal Circuit panel majority reasoned that “Omega’s theory would permit it to obtain a particular royalty rate merely by relying on its internal ‘policy’ without regard to comparability—under the proffered licensing arrangement, Omega sought the same licensing fee *regardless* of what patents were included or what technology was covered. Put differently, Mr. Flick’s testimony does not sufficiently speak to ‘built-in apportionment’ between the patented improvement added to the LMUs and the conventional features of the LMUs. \* \* \* To hold otherwise would improperly permit Omega to hide behind its generic licensing arrangement to avoid the task of apportionment.”<sup>518</sup>

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Comment: The panel majority’s rationale is utterly wrong and misguided, albeit bolstered by pejorative comments, such as “hide behind its generic licensing arrangement.”

Insofar as revealed in the opinion, Omega was trying to “hide behind” anything.

The touchstone of the hypothetical licensing negotiation leading to determination of a reasonable royalty is the “willing buy, willing seller” qualification. In this case, the evidence was that Omega, based on a long licensing program, was not a “willing seller” except on the “five dollars [per unit] whether it’s one patent or 50 patents.”

Perhaps that was an unreasonable licensing program – and if so, then it could not meet the “reasonableness” requirement implicit in the “willing buy, willing seller” qualification.

But, it appears from what is outlined in the opinion, Omega introduced some 18 licenses with third-parties that had adopted that same royalty base and royalty rate. That certainly seems to constitute evidence of “reasonableness” in the relevant industry.

With respect to “apportionment,” that also strongly indicates that “apportionment” – what a “willing buyer” would pay for a license – is “baked into” the “five dollars [per unit] whether it’s one patent or 50 patents.”

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Circuit Judge Hughes dissented on two issues – (1) whether the district court had properly excluded CalAmp’s damages expert on retrial, and (2) whether the evidence presented

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<sup>516</sup> 755 F.2d 1549, 1556 n. 3 (Fed.Cir. 1985) (quoting from Markey, “Why Not the Statute,” 65 JPOS 331 (1983).

<sup>517</sup> 221 F.3d 1318, 1324 (Fed. Cir. 2000).

<sup>518</sup> \_\_\_ F.3d at \_\_\_.

by Omega constitutes sufficient evidence to support the jury’s finding of a five dollar per product royalty for infringement of the ’278 patent.

With respect to the apportionment question, Circuit Judge Hughes disagreed with the panel majority for two reasons, the second being that “to the extent the majority requires further accounting for the incremental value of the ’278 patent beyond that reflected in the licenses introduced as comparable, I believe that approach is too restrictive given our precedent.” That will be addressed here.

Judge Hughes reasoned, *inter alia*, that “where, as here, a party relied on a ‘hypothetical negotiation’ approach and evidence of relevant licenses with other companies to support its suggested royalty rate, the majority’s insistence on further apportionment unnecessarily forces a patent owner to make a specific business decision about how to license its patented technology at the outset, long before a patent infringement suit may even be contemplated.”<sup>519</sup>

Judge Hughes reasoned that “I see no basis for overturning the jury’s damages award based on a hypothetical negotiation theory and comparable license analysis. Mr. Tregillis [Omega’s expert] relied on Omega’s licensing policy and licensing agreements that reflect this policy to explain that whether a license included one data bus patent or several, five dollars per infringing unit was charged. Therefore, once a reasonable juror had concluded that the ’278 patent was a data bus patent, she could have reasonably concluded from Mr. Tregillis’s testimony, the licenses, and Mr. Flick’s [Omega’s present] testimony that Omega would have hypothetically negotiated a five dollar per device license for the ’278 patent. The majority’s insistence on ‘evidence of a comparable license or comparable negotiation to support an identical \$5.00 rate for a one-patent license to the ’278 patent,’ \* \* \* effectively forecloses the idea that ‘there may be more than one reliable method for estimating a reasonable royalty,’ \* \* \*.”<sup>520</sup>

b) Hypothetical Negotiations

i. Comparable Licenses

(a) District Court Should Have Granted Motion For a New Trial on Damages When Damages Expert Did Not Properly Account For Differences Between Prior Licenses and Circumstances of Hypothetical Negotiations 🍆🍆

In *Apple Inc. v. Wi-LAN Inc.*,<sup>521</sup> the Federal Circuit concluded that the district court erred in denying Apple’s motion for a new trial on damages.

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<sup>519</sup> \_\_\_ F.3d at \_\_\_ (Judge Hughes dissenting-in-part).

<sup>520</sup> \_\_\_ F.3d at \_\_\_ (Judge Hughes, dissenting-in-part).

<sup>521</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Chief Judge Moore, joined by Circuit Judges Bryson and Prost)(appeals from the United States District Court for the Southern District of California in Nos. 3:14-cv-02235-DMSBLM, 3:14-cv-1507-DMS-BLM, Judge Dana M. Sabraw).

Apple filed a declaratory judgment action against Wi-LAN seeking a declaratory judgment of non-infringement and invalidity of all claims in two Wi-LAN patents drawn to allocating bandwidth in a wireless communication system. Wi-LAN counterclaimed for infringement.

During a first jury trial, Wi-LAN’s damages expert used a hypothetical-negotiation framework to compute a royalty of \$0.85 per accused phone, or \$145.1 million total. The damages expert relied on testimony of Wi-LAN’s technical expert in measuring the incremental benefits of the patents-in-suit.

The district court granted Apple’s motion for a new trial on damages, finding that Wi-LAN’s technical expert had conflated the patented technology with other technology that was not part of the invention.

In a second damages trial, Wi-LAN’s damages expert proposed a royalty rate of \$0.45 per phone based on three alleged comparable licenses. That is what the jury awarded, totaling \$8.23 million. The district court denied Apple’s subsequent motion for a new trial on damages. On appeal, the Federal Circuit reversed that denial as an abuse of discretion.

The Federal Circuit reiterated “[a]t trial, Wi-LAN used the hypothetical negotiation approach for calculating reasonable royalty damages under 35 U.S.C. § 284. This approach attempts to calculate the royalty rate the parties would have agreed upon had they negotiated an agreement prior to the start of the infringement. In determining a reasonable royalty, ‘parties frequently rely on comparable license agreements.’ \* \* \* When relying on comparable licenses to prove a reasonable royalty, we require a party to ‘account for differences in the technologies and economic circumstances of the contracting parties.’ \* \* \* We review a district court’s decision concerning the methodology for calculating damages for an abuse of discretion. \* \* \* We review a denial of judgment as a matter of law and the denial of a motion for a new trial under the law of the regional circuit. \* \* \* In the Ninth Circuit, denial of a motion for a new trial is reviewed for abuse of discretion.”<sup>522</sup>

Wi-LAN’s damages expert had culled some 150 Wi-LAN licenses down to three – the Vertu, Doro and Unnecto licenses. He chose those licenses because (1) they involved phones as licensed products, (2) became effective in 2013 or later, (3) licensed patents covering LTE or related technology, and (4) were executed after the asserted patents had issued. Those licenses included other patents in the Wi-LAN portfolio involving unrelated technology.

The damages expert acknowledged that those licenses involved patents other than the two patents-in-suit, while the hypothetical negotiations would have involved only the two patents-in-suit.

He accounted for the difference by urging that only a handful of valuable patents, in practice, drive the royalty rate for a license. The damages expert relied on another expert who likewise testified that licensing typically focused on key patents rather than all patents licensed – “like throwing in the chaff with the wheat.”

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<sup>522</sup> \_\_\_ F.3d at \_\_\_.

The damages expert asserted that the two patents-in-suit were the key patents in the three selected licenses. The Federal Circuit, however, concluded that the expert’s testimony was “untethered to the facts of this case.”

The Federal Circuit concluded that the licenses treated the two asserted patents “as chaff, not wheat.” According to the Federal Circuit, (1) there was no evidence one of the two asserted patents had been discussed during negotiations for the alleged comparable licenses, (2) each license divided the licensed patents between asserted patents and non-asserted patents, and one of the two presently asserted patents were not licensed among the “asserted patents,” and (3) two of the licenses did not list one of the presently asserted patents at all.

In short, the Federal Circuit concluded that there was no evidence that the two patents-in-suit were “key patents” in the alleged comparable licenses.

The Federal Circuit concluded that the district court had abused its discretion in denying Apple’s motion for a new trial on damages.

- ii. Negotiations at Different Levels of the Supply Chain
  - (a) Federal Circuit Rejects Argument For Different Negotiations at Different Levels in the Supply Chain That Would Result in Different Royalty Rates For Co-Defendants 

In *California Institute of Technology v. Broadcom Limited*,<sup>523</sup> the Federal Circuit reversed the district court’s damages judgment that had allowed Caltech to argue a two-tier royalty model to the jury based on simultaneous hypothetical negotiations with Broadcom and Apple.

Caltech sued Broadcom (and several Broadcom entities) and Apple Inc. for infringement of three patents drawn to error correction during data transmission. The accused products were certain Broadcom chips and certain Apple phones that used those chips.

Caltech presented expert testimony that Caltech would have engaged in two simultaneous hypothetical negotiations – one with Broadcom at the “chip level” and one with Apple at the “device level.” Those negotiations would have excluded from the Broadcom hypothetical license Broadcom chips used in Apple phones because those would be included in the Apple hypothetical license at a vastly different royalty rate.

The district court had allowed Caltech to argue that theory to the jury. The jury awarded Caltech roughly \$270 million for Broadcom’s infringement and roughly \$838 million for Apple’s infringement. On appeal, the Federal Circuit reversed and remanded for a new trial on damages.

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<sup>523</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Linn, joined by Circuit Judge Lourie, concurring-in-part, dissenting-in-part opinion by Circuit Judge Dyk)(appeals from the United States District Court for the Central District of California in No. 2:16-cv-03714-GW/AGR, Judge George H. Wu).

The Federal Circuit reasoned that “in the absence of some evidence that companies in the positions of Broadcom and Apple would engage in such separate negotiations and in the absence of additional facts that might justify separate and different treatment of the same chips at different levels of the supply chain, the mere fact that Broadcom and Apple are separate infringers alone does not support treating the same chips differently at different stages in the supply chain and does not justify submitting such a two-tier damage theory to the jury. It is generally recognized that in the usual case, ‘a direct infringer or someone who induced infringement should pay the same reasonable royalty based on a single hypothetical negotiation analysis.’”<sup>524</sup>

The Federal Circuit concluded that “[h]ere, there is nothing in the record to suggest that Broadcom and Apple would have been willing to negotiate in this artificial way rather than to more conventionally negotiate a single license at a single rate for the same chips. Neither of Caltech’s experts offered any factual basis to conclude that Broadcom and Apple would have been willing to engage in separate negotiations leading to vastly different royalty rates for the same chips.”<sup>525</sup>

c) Procedural Issues

- i. An Expert is Not Required to Provide a Single Proposed Royalty Rate – a Jury is Entitled to Select a Rate Within the Range Presented



In *Bayer Healthcare LLC v. Baxalta Inc.*,<sup>526</sup> the Federal Circuit, *inter alia*, affirmed the district court’s decision to allow a jury to select a reasonable royalty rate within a range proposed by an expert.

Bayer sued Baxalta for infringement of its patent drawn to a recombinant form of human factor VIII (or FVIII), a protein produced by the liver.

Prior to trial, Baxalta moved to exclude the testimony of Bayer’s damages expert regarding his proposed reasonable-royalty rate. The expert’s report opined that Bayer was entitled to a royalty rate of 23.75%, which was the midpoint of a bargaining range of 5.1% to 42.4%, based on the Nash Bargaining Solution.

The district court concluded that the expert had failed to tie his 50/50 split to the facts of the case, and thus excluded the expert’s opinion that a reasonable royalty rate was ‘the midpoint of the bargaining range. The district court, however, did not exclude the expert from testifying *vis-à-vis* the proposed bargaining range of 5.1% to 42.4%.

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<sup>524</sup> \_\_\_ F.3d at \_\_\_, quoting *LaserDynamics, Inc. v. Quanta Comput., Inc.*, 694 F.3d 51, 76 (Fed. Cir. 2012).

<sup>525</sup> \_\_\_ F.3d at \_\_\_.

<sup>526</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Newman and Linn)(appeals from the United States District Court for the District of Delaware in No. 1:16-cv-01122-RGA, Judge Richard G. Andrews).

A jury found that Bayer was entitled to \$155,190,264 in reasonable-royalty damages based on a 17.78% royalty rate applied to a \$872,836,128 royalty base. The Federal Circuit affirmed.

The Federal Circuit explained that “[t]he district court properly exercised its discretion in allowing Bayer to ask the jury to select a rate between the range presented. While an expert must use reliable methodology for determining the range of possible hypothetical negotiation royalty rates, we are aware of no precedent that requires an expert to provide a single proposed royalty rate.”<sup>527</sup>

C. Enhanced Damages – § 284

1. Willful Infringement

- a) A Finding of Willfulness Requires No More Than a Finding of Deliberate or Intentional Infringement 🍆 🍆 🍆
- b) Court’s Prior References to “wanton, malicious, and bad-faith” Conduct Refers to Enhanced Damages, Not Willfulness 🍆 🍆 🍆
- c) Jury’s Unchallenged Findings of Induced Infringement, Combined With a Defendant’s Lack of Reasonable Bases For Its Infringement and Invalidity Defenses, Provide Sufficient Support For a Jury’s Finding of Willfulness 🍆 🍆

In *SRI International, Inc. v. Cisco Systems, Inc. (SRI II)*,<sup>528</sup> the Federal Circuit reversed the district court’s denial of SRI’s motion to reinstate a jury’s willfulness verdict, and restored the district court’s award of enhanced damages. The Federal Circuit also affirmed the district court’s award of attorney’s fees.

SRI sued Cisco for infringement of two patents generally drawn to networking technology. A jury found that the accused Cisco products infringed and awarded reasonable royalty damages of \$23.66 million. The jury also found that Cisco’s infringement was willful.

Post-trial, Cisco moved for JMOL of no willful infringement. SRI moved for attorney’s fees and enhanced damages. The district court found that substantial evidence supported the finding of willfulness. The district court further awarded SRI attorney’s fees and costs noting that “Cisco pursued litigation about as aggressively as the court has seen in its judicial experience” and that this litigation strategy “created a substantial amount of work

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<sup>527</sup> \_\_\_ F.3d at \_\_\_.

<sup>528</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Lourie and O’Malley)(appeals from the United States District Court for the District of Delaware in No. 1:13-cv-01534-RGA-SRF, Judge Richard G. Andrews).

for both SRI and the court, much of which work was needlessly repetitive or irrelevant or frivolous.”

The district court further awarded enhanced damages of double the awarded damages based on the jury’s finding of willfulness and “given Cisco’s litigation conduct, its status as the world’s largest networking company, its apparent disdain for SRI and its business model, and the fact that Cisco lost on all issues during summary judgment and trial, despite its formidable efforts to the contrary.”

In a first appeal,<sup>529</sup> the Federal Circuit held that the jury’s verdict of willful infringement prior to May 8, 2012, was not supported by substantial evidence because it was undisputed that Cisco did not know of SRI’s patents until after that date. The Federal Circuit vacated the district court’s denial of JMOL of no willful infringement and remanded to the district court to decide whether the jury’s finding of willfulness after that date was supported by substantial evidence.

On remand, the district court read the Federal Circuit’s opinion as requiring a more stringent standard for willful infringement – namely, conduct rising to the level of wanton, malicious, and bad-faith. The district court held that substantial evidence did not support the jury verdict of willful infringement after May 8, 2012.

Although the district court had overturned the willfulness finding, the district court nevertheless concluded that the case was “exceptional” and granted a renewed motion for attorneys fees and expenses.

On appeal, the Federal Circuit concluded that substantial evidence supported the jury’s finding of willfulness after May 8, 2012.

The Federal Circuit noted that it must presume that the jury, in accordance with its instructions, found that Cisco had no reasonable basis to believe that it did not infringe, or that it had a reasonable defense to infringement.

The Federal Circuit also expressly noted that “[t]o eliminate the confusion created by our reference to the language ‘wanton, malicious, and bad-faith’ in *Halo* [*Halo Elecs., Inc. v. Pulse Elecs., Inc.*,<sup>530</sup>], we clarify that it was not our intent to create a heightened requirement for willful infringement. Indeed, that sentence from *Halo* refers to ‘conduct warranting enhanced damages,’ not conduct warranting a finding of willfulness. \* \* \* As we said in *Eko Brands* [*Eko Brands, LLC v. Adrian Rivera Maynez Enters., Inc.*,<sup>531</sup>], ‘[u]nder *Halo*, the concept of “willfulness” requires a jury to find no more than deliberate or intentional infringement.’”<sup>532</sup>

The Federal Circuit concluded that under that standard, there was substantial evidence supporting the jury’s finding of willful infringement.

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<sup>529</sup> *SRI Int’l, Inc. v. Cisco Sys, Inc. (SRI II)*, 930 F.3d 1295 (Fed. Cir. 2019).

<sup>530</sup> 136 S. Ct. 1923 (2016).

<sup>531</sup> 946 F.3d 1367, 1378 (Fed. Cir. 2020).

<sup>532</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit also noted that the jury had found that Cisco induced infringement of the asserted claims, and that Cisco had not challenged that finding on appeal.

The Federal Circuit reasoned that “[b]ased on these unchallenged jury instructions, we may presume that the jury found that Cisco knew of the patent, took action to encourage its customers to infringe, and knew that its customers actions (if taken) would infringe. Such unchallenged findings may support a jury’s finding of willful infringement.”<sup>533</sup>

The Federal Circuit added that “[t]o be clear, a finding of induced infringement does not compel a finding of willfulness. Indeed, the standard required for willful infringement is different than that required for induced infringement. Nonetheless, in this case, the jury’s unchallenged findings on induced infringement, when combined with Cisco’s lack of reasonable bases for its infringement and invalidity defenses, provide sufficient support for the jury’s finding of willful infringement for the period after May 8, 2012, when Cisco had notice of the patent.”<sup>534</sup>

With respect to SRI’s request to reinstate the award of enhanced damages, the Federal Circuit noted that “[a]lthough willfulness is a component of enhancement, ‘an award of enhanced damages does not necessarily flow from a willfulness finding.’ \* \* \* Discretion remains with the district court to determine whether the conduct is sufficiently egregious to warrant enhanced damages.”<sup>535</sup>

The Federal Circuit noted that in awarding enhanced damages, the district court had followed the factors identified in *Read Corp. v. Portec, Inc.*,<sup>536</sup> including, *inter alia*, “the infringer’s behavior as a party to the litigation,” the infringer’s “size and financial condition,” the infringer’s “motivation for harm,” and the “[c]loseness of the case.” The Federal Circuit concluded that the district court had not erred in its findings of fact or conclusions of law, and there was no clear error of judgment amounting to an abuse of discretion.

The Federal Circuit, accordingly, reinstated the district court’s award of double damages.

On Cisco’s cross-appeal challenging the district court’s grant of SRI’s motion for an award of attorneys fees, the Federal Circuit reiterated that “[u]nder 35 U.S.C. § 285, a ‘court in exceptional cases may award reasonable attorney fees to the prevailing party.’ An ‘exceptional’ case is ‘one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.’ \* \* \* We review a district court’s grant or denial of attorney fees for an abuse of discretion.”<sup>537</sup>

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<sup>533</sup> \_\_\_ F.3d at \_\_\_.

<sup>534</sup> \_\_\_ F.3d at \_\_\_.

<sup>535</sup> \_\_\_ F.3d at \_\_\_.

<sup>536</sup> 970 F.2d 816, 826–27 (Fed. Cir. 1992), *abrogated in part on other grounds by Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 116 (1996).

<sup>537</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit also reiterated its view from the first appeal that it saw no error in the district court’s finding that this qualified as an “exceptional” case, but vacated because the district court had relied, in part, on the finding of willfulness.

The Federal Circuit concluded that “[h]ere, the district court reconsidered attorney fees in the absence of a willfulness finding, and again found this case to be ‘exceptional,’ justifying a full award of attorney fees. \* \* \* Upon reconsideration, the district court explained that ‘Cisco’s entire case was weak, yet it pursued the case aggressively and in an unreasonable manner anyway.’ \* \* \* We see no abuse of discretion by the district court in this regard and affirm its award of attorney fees.”<sup>538</sup>

D. Reasonable Attorney’s Fees — § 285

1. Federal Circuit Affirms District Court Finding of “exceptional case” and Award of Attorney’s Fees After Finding of Inequitable Conduct 🍆🍆
2. Litigation Misconduct May Be Considered – But Absence of Litigation Misconduct Does Not Weight Against Finding of “exceptional case” – Persistent Advancement of Unreasonable Litigation Arguments May be Considered 🍆🍆
3. That PTO Subsequently Granted Continuation Applications is Not Relevant to Earlier Affirmed Finding of Inequitable Conduct 🍆🍆

In *Energy Heating, LLC v. Heat On-The-Fly, LLC*,<sup>539</sup> the Federal Circuit affirmed the district court’s finding, after remand, of “exceptional case” and award of attorney’s following earlier affirmation of a finding of inequitable conduct.

HOTF’s patent-in-suit related to providing heated water for the process of “fracking” used in oil and gas production. Energy filed a declaratory judgment action seeking, *inter alia*, a declaration that HOTF’s patent-in-suit had been acquired through inequitable conduct due to undisclosed pre-critical date “in public use” and “on sale” activity. On appeal, the Federal Circuit affirmed, but remanded the district court’s failure to award attorney’s fees.

On remand, the district court awarded Energy attorney’s fees, and the Federal Circuit affirmed.

The Federal Circuit reiterated that “[u]nder § 285, a ‘court in exceptional cases may award reasonable attorney fees to the prevailing party.’ An ‘exceptional’ case under § 285 is

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<sup>538</sup> \_\_\_ F.3d at \_\_\_.

<sup>539</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Chief Judge Moore and Circuit Judge Stoll)(appeal from the United States District Court for the District of North Dakota in No. 4:13-cv-00010-RRE-ARS, Chief Judge Ralph R. Erickson).

‘one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.’ \* \* \* The party seeking fees must prove that the case is exceptional by a preponderance of the evidence, and the district court makes the exceptional-case determination on a case-by-case basis considering the totality of the circumstances. \* \* \* We have explained that ‘prevailing on a claim of inequitable conduct often makes a case “exceptional,” ’ \* \* \*, although not necessarily so, \* \* \*.’<sup>540</sup>

The Federal Circuit, *inter alia*, rejected HOTF’s argument that the district court had failed to properly address the “strength or weakness” of HOTF’s litigation position – namely the absence of a finding of litigation misconduct. The Federal Circuit explained that “contrary to HOTF’s assertion, the district court was not required to affirmatively weigh HOTF’s purported ‘lack of litigation misconduct.’ ”<sup>541</sup> Rather, “while the ‘manner’ or ‘broader conduct’ of litigation is relevant under § 285, the absence of litigation *misconduct* is not separately of mandatory weight.”<sup>542</sup>

The Federal Circuit also rejected HOTF’s argument that the district court had not fully considered that the PTO had granted several continuation applications claiming priority to the patent-in-suit. The Federal Circuit explained that “HOTF’s inequitable conduct as to the ’993 patent was affirmed in the first appeal. The district court did not abuse its discretion in finding the later-issued continuation patents (which concern different claims) of little or no relevance to its exceptionality determination.”<sup>543</sup>

4. Federal Circuit Affirms Award of Attorney’s Fees For Vexatious and Wanton Litigation Misconduct Under Inherent Power of the Court 🍋🍋

In *Lakshmi Arunachalam v. Int’l Business Machines Corp.*,<sup>544</sup> the Federal Circuit affirmed the district court’s award of attorney’s fees under the inherent power of the court for a long litany of vexatious and wanton litigation misconduct.

Dr. Arunachalam, appearing *pro se* during the appeal, and likewise presumably appearing *pro se* in the district court, sued IBM and “Does 1-100” alleging patent infringement and violations of the Racketeer Influenced and Corrupt Organizations Act (RICO Act), 18 U.S.C. §1962, *et. seq.* The case was assigned to District Judge Richard G. Andrews.

Thereafter, Dr. Arunachalam filed a long list of various pleadings, motions *etc.*, all found to be meritless. Only a few will be summarized here.

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<sup>540</sup> \_\_\_ F.3d at \_\_\_\_.

<sup>541</sup> \_\_\_ F.3d at \_\_\_\_.

<sup>542</sup> \_\_\_ F.3d at \_\_\_\_ (emphasis by court).

<sup>543</sup> \_\_\_ F.3d at \_\_\_\_.

<sup>544</sup> \_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2021)(per curiam, for a panel consisting of Circuit Judges Lourie, Wallach and Chen)(appeal from the United States District Court for the District of Delaware in No. 1:16-cv-00281-RGA, Judge Richard G. Andrews).

The list begins with Dr. Arunachalam filing an amended complaint adding SAP America, Inc., JPMorgan Chase & Co., and Judge Andrews as defendants, and motions to both recuse Judge Andrews and enter default judgment against him.

The case was transferred to Chief Judge Stark, and Dr. Arunachalam responded with a motion to recuse Judge Stark. Judge Stark denied the motion to recuse, and ultimately dismissed Judge Andrews from the litigation.

Dr. Arunachalam then filed, among others, motions to vacate the district court’s dismissal of his RICO allegations, and his motion to recuse Judge Andrews. Meanwhile, the PTO, in an IPR, issued a decision finding that claims 20 and 21 of the patent-at-issue were unpatentable, and denying Dr. Arunachalam’s motion to amend by adding new claims. Dr. Arunachalam did not appeal that decision.

Counts II–IV of Dr. Arunachalam’s Amended Complaint had been dismissed per the foregoing. IBM moved to dismiss Count I of the Amended Complaint. IBM argued that because Dr. Arunachalam “has not timely appealed from the PTAB’s [D]ecision,” the PTAB would “issue a certificate of cancellation of claims 20 and 21 of the ’506 patent—the only remaining claims in the patent-in-suit,” and thus “[a] dismissal with prejudice is \* \* \* appropriate.”

Dr. Arunachalam opposed dismissal urging that there was no need to appeal the PTAB’s decision because that decision was *ultra vires* unconstitutional and hence a void decision “invalidating” the patent-at-issue because the PTAB Judges lacked “jurisdiction and immunity.” Dr. Arunachalam argued that “the lawless misconduct and Constitutional public breach and fraud by the PTAB and the Federal Circuit \* \* \* voids their rulings and cause[s] them to lose their jurisdiction” and that we had “refused to uphold” our own precedent “in a blatant civil rights dis-crimination against [her]”<sup>545</sup>

The district court granted IBM’s motion to dismiss Count I with prejudice. Dr. Arunachalam then filed a number of motions, recounted in the Federal Circuit’s opinion, all of which were rejected.

Over the course of a number of motions, the district court granted an award of attorney’s fees against Dr. Arunachalam. The Federal Circuit affirmed.

The Federal Circuit explained that “[c]ourts of justice are universally acknowledged to be vested, by their very creation, with power to impose silence, respect, and decorum, in their presence, and submission to their lawful mandates.’ \* \* \* ‘These powers 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.’ \* \* \* Specifically, federal courts ‘may assess attorney[s]’ fees when a party has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.’ \* \* \* ‘The imposition of sanctions’ under a court’s inherent power serves ‘the dual purpose of vindicating judicial authority without resort to the more drastic sanctions available for contempt of court and making the prevailing party whole for expenses caused by his opponent’s obstinacy.’ \* \* \* .”<sup>546</sup>

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<sup>545</sup> \_\_\_ F.3d at \_\_\_.

<sup>546</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit noted that “[t]he District Court, exercising its inherent authority, concluded that ‘monetary sanctions’ were ‘a reasonable response to [Dr. Arunachalam’s] conduct.’ \* \* \* The District Court explained that Dr. Arunachalam was an ‘abusive’ and ‘prodigious litigant,’ who forced Appellees to defend ‘a baseless racketeering lawsuit’ and to respond to numerous meritless motions and oppositions, ‘willful[ly] and in bad faith’ failed to comply with the District Court’s Local Rules and instructions, filed ‘repetitive motions for recusal’ lacking a ‘valid basis,’ and otherwise engaged in ‘vexatious conduct.’ \* \* \* The District Court subsequently awarded \$57,190.40 in attorneys’ fees to JPMorgan, \$51,772.09 to SAP, and \$40,000 to IBM.”<sup>547</sup>

The Federal Circuit concluded that “[t]he District Court did not abuse its discretion in imposing monetary sanctions. The record amply demonstrates Dr. Arunachalam’s vexatious and wanton litigation conduct.”<sup>548</sup>

The Federal Circuit added that “Dr. Arunachalam’s briefing before us is replete with scandalous and baseless allegations similar to those she made below, all presented without a semblance of factual support.”<sup>549</sup> The Federal Circuit concluded that “[e]ven according Dr. Arunachalam wider latitude in view of her *pro se* status, her baseless, outlandish, and irrelevant invective degrades the dignity and decorum of the court and hampers ‘the orderly and expeditious disposition of cases.’ ”<sup>550</sup>

The Federal Circuit concluded that “[w]e have considered the range of sanctions discussed above. \* \* \* In view of the fact that monetary sanctions have already been assessed in the underlying case, as well as the form of Dr. Arunachalam’s misconduct, we conclude that a lesser sanction is appropriate. Accordingly, the scandalous and irrelevant statements in Dr. Arunachalam’s briefs alleging, inter alia, ‘obstruction of justice,’ ‘a corrupt criminal enterprise,’ ‘libel,’ ‘willful misrepresentations,’ and ‘fraud’ by the District Court, Judges Stark and Andrews, and Appellees’ counsel, \* \* \* as well as ‘treason,’ collusion in a ‘collateral estoppel farce,’ and ‘fraud’ by the PTAB, this Court and its Judges, and ‘the Courts’ generally, \* \* \* are stricken.”<sup>551</sup>

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<sup>547</sup> \_\_\_ F.3d at \_\_\_.

<sup>548</sup> \_\_\_ F.3d at \_\_\_.

<sup>549</sup> \_\_\_ F.3d at \_\_\_.

<sup>550</sup> \_\_\_ F.3d at \_\_\_.

<sup>551</sup> \_\_\_ F.3d at \_\_\_.

E. Limitations on Damages and Other Remedies – Marking and Notice – § 287

1. Marking

- a) Panel Majority Remands Damages Verdict Emphasizing That § 287 Requires Notice of “the infringement,” Not Simply Notice a Patent Issued 🥒🥒
- b) Panel Majority Emphasizes “low bar” For Putting Marking in Issue 🥒🥒🥒
- c) “Corporate officers can be personally liable for their own acts of infringement, even if those acts were committed in their corporate capacity.” 🥒🥒
- d) Circuit Judge Newman Dissents-in-Part Urging That Jury Verdict Should be Controlling 🥒🥒

In *Lubby Holdings LLC v. Chung*,<sup>552</sup> the Federal Circuit affirmed a jury’s finding of direct infringement, but the panel majority reversed and remanded the damages award based on a lack of evidence *vis-à-vis* whether products were properly marked. Circuit Judge Newman, dissenting from the panel majority’s damages conclusion, argued that there was substantial evidence supporting the jury’s verdict.

Lubby was the owner of the patent-in-suit drawn to personal vaporizer. Lubby sued Henry Chung for infringement.

During a jury trial, Chung moved for JMOL under Rule 50(a) arguing that Lubby had not met its burden of proving that it had complied with the marking requirement. The district court took the motion under advisement. A jury found that Chung had directly infringed the patent-in-suit, and awarded Lubby \$863,936.10 in reasonable royalty damages. Chung then renewed his motion for JMOL under Rule 50(b), which the district court denied.

The Federal Circuit (Circuit Judge Newman concurred in this portion of the opinion) concluded that there was substantial evidence to support the jury’s verdict of direct infringement.

The Federal Circuit rejected Chung’s argument that he could not be liable for infringement based on acts by his company, Esquire Distribution Inc., unless Lubby established that it was appropriate to pierce the corporate veil, and there was no evidence regarding the same.

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<sup>552</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judge Wallach, concurring-in-part, dissenting-in-part opinion by Circuit Judge Newman)(appeal from the United States District Court for the Central District of California in No. 2:18-cv-00715-RGKJC, Judge R. Gary Klausner).

The Federal Circuit responded “[b]ut that is not the standard. Corporate officers can be personally liable for their own acts of infringement, even if those acts were committed in their corporate capacity. \* \* \* The fact that Mr. Chung may have acted on behalf of his corporation does not excuse him from individual liability. Given the evidence that Mr. Chung sold the allegedly infringing products and the deferential standard of review, we must uphold the jury’s verdict that Mr. Chung is personally liable for direct infringement of the ’284 patent.”<sup>553</sup>

Chung also argued that there was no evidence Lubby had complied with the marking statute and that damages could only be assessed from the day the complaint was filed. The Federal Circuit panel majority agreed.

In *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*,<sup>554</sup> the Federal Circuit held that (1) “[t]he patentee bears the burden of pleading and proving he complied with § 287(a)’s marking requirement,” (2) “[t]he burden of proving compliance with marking is and at all times remains on the patentee,” (3) “an alleged infringer who challenges the patentee’s compliance with § 287 bears an initial burden of production to articulate the products it believes are unmarked ‘patented articles’ subject to § 287.”<sup>555</sup>

The Federal Circuit panel majority noted that “[w]e have emphasized that ‘this is a low bar.’ \* \* \* As we have explained, ‘[t]he alleged infringer need only put the patentee on notice that he or his authorized licensees sold specific unmarked products which the alleged infringer believes practice the patent. The alleged infringer’s burden is a burden of production, not one of persuasion or proof.’ \* \* \* But ‘[o]nce the alleged infringer meets its burden of production, \* \* \* the patentee bears the burden to prove the products identified do not practice the patented invention.’”<sup>556</sup>

Lubby urged that Chung had not met his initial burden of production to point to products he thought were sold unmarked. The Federal Circuit disagreed.

Lubby, apparently, disclosed its damages calculations on the day prior to trial. Chung objected raising the marking issue. Chung pointed to a product listed on Lubby’s website that did not include a patent number.

The Federal Circuit panel majority concluded that “Mr. Chung met his initial burden of production in his objection by pointing to Lubby’s J-Pen Starter Kit product, clearing *Arctic Cat*’s ‘low bar’ to put Lubby ‘on notice that [it] \* \* \* sold specific unmarked products which [Mr. Chung] believes practice the patent.’ \* \* \* After Mr. Chung’s objection, Lubby ‘b[ore] the burden to prove the products identified do not practice the patented invention.’ \* \* \* Lubby presented no evidence that the identified product did not practice the patent or that it marked the products it actually sold and thus failed to establish that it marked the products as required

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<sup>553</sup> \_\_\_ F.3d at \_\_\_.

<sup>554</sup> 876 F.3d 1350 (Fed. Cir. 2017).

<sup>555</sup> *Arctic Cat*, 876 F.3d at 1365-1368.

<sup>556</sup> \_\_\_ F.3d at \_\_\_.

by § 287. It can recover damages only for the period that it provided actual notice to Mr. Chung.”<sup>557</sup>

The Federal Circuit panel majority concluded that “Lubby established only that Mr. Chung was actually notified of infringement of the patent as required by § 287 as of the filing of the lawsuit on January 26, 2018.”<sup>558</sup>

Lubby argued that Chung had actual notice of the patent because he had admitted in his answer “that he had notice of the issuance of the ’284 patent.” The Federal Circuit panel majority noted that was not sufficient – “Mr. Chung’s admission that he had notice that the ’284 patent issued does not equate to actual notice under § 287. ‘For purposes of section 287(a), notice must be of “the infringement,” not merely notice of the patent’s existence or ownership.’ ”<sup>559</sup>

The Federal Circuit panel majority also rejected Lubby’s argument that because Chung was on notice of the patent-in-suit and his own infringing activity before the filing of the lawsuit, Lubby was entitled to damages from earlier sales. The Federal Circuit panel majority responded that “[a]s we have long explained, ‘the actual notice requirement of § 287(a) is satisfied when the recipient is informed of the identity of the patent and the activity that is believed to be an infringement, accompanied by a proposal to abate the infringement, whether by license or otherwise.’ \* \* \* ‘It is irrelevant [under § 287] \* \* \* whether the defendant knew of the patent or knew of his own infringement. The correct approach to determining notice under [§] 287 must focus on the action of the patentee, not the knowledge or understanding of the infringer.’ ”<sup>560</sup>

Circuit Judge Newman dissented from the reversal and remand of the damages verdict. She urged that the panel majority’s holding “ignores Chung’s admitted knowledge, for these parties had been collaborators in connection with this invention.”<sup>561</sup> Judge Newman noted that “[t]he jury was told of the collaboration between Rado [J. Christian Rado, owner of Lubby Holdings] and Chung, their two Supply Agreements, a Consulting Agreement, two Confidentiality Agreements, and the manufacturing arrangements involving Chung’s contacts in China – all for the e-cigarette device of Rado’s ’284 patent. When the collaboration ended, Rado told Chung not to infringe, and Chung nonetheless did so. This testimony and evidence was before the jury, in examination and cross examination; the jury found liability and awarded damages measured as a royalty on Chung’s sales.”<sup>562</sup>

Judge Newman urged that “[a]ssertion that Chung had no knowledge of infringement was not presented at the trial. A motion to alter a jury verdict can be granted only when ‘the evidence, construed in the light most favorable to the nonmoving party, permits only one

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<sup>557</sup> \_\_\_ F.3d at \_\_\_.

<sup>558</sup> \_\_\_ F.3d at \_\_\_.

<sup>559</sup> \_\_\_ F.3d at \_\_\_.

<sup>560</sup> \_\_\_ F.3d at \_\_\_.

<sup>561</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., dissenting-in-part).

<sup>562</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., dissenting-in-part).

reasonable conclusion, and that conclusion is contrary to the jury’s verdict.’ \* \* \* ‘To the extent that there were conflicts in the evidence, neither the trial court upon motion for judgment n.o.v. nor the appellate court may substitute its choice of result for that of the jury.’”<sup>563</sup>

## F. Equitable Intervening Rights

1. Monetary Recoupment of Investments Made Prior to Grant of Reissue/Reexamination Certificate is Not Sufficient Alone to Defeat a Grant of Equitable Remedy 

In *John Bean Technologies Corp. v. Morris & Associates, Inc.*,<sup>564</sup> the Federal Circuit affirmed the district court’s grant of equitable intervening rights, explaining that recoupment of investment was only one of the factors to be considered.

John Bean’s patent-in-suit was drawn to an auger-type poultry chiller used to process poultry for human consumption. Morris was John Bean’s only domestic competition in the poultry chiller market.

In 2002, Morris wrote John Bean expressing its belief that the patent-at-issue was invalid, citing prior art. John Bean did not respond. Morris then proceeded to develop and sell chillers that included features described in the John Bean patent-at-issue.

In 2013, John Bean requested ex parte reexamination of the patent-at-issue. After amendments and addition of certain claims, the PTO issued a reexamination certificate in 2014.

John Bean then sued Morris alleging infringement. The district court granted Morris’ motion for summary judgment *vis-à-vis* laches and equitable estoppel. The Federal Circuit, in a first appeal, *John Bean Tech. Corp. v. Morris & Associates, Inc.*,<sup>565</sup> reversed the grant of summary judgment and remanded to the district court.

After remand, Morris filed a motion for summary judgment that John Bean’s patent infringement claims were barred by equitable intervening rights and prosecution laches. The district court denied the motion *vis-à-vis* prosecution laches, but granted in-part Morris’ motion for summary judgment for equitable intervening rights. The Federal Circuit affirmed.

The Federal Circuit explained that “[w]hen a defendant is accused of infringing a reissued patent, she may raise the affirmative defense of equitable intervening rights. \* \* \* Under § 252, an alleged infringer may be protected from liability for infringement of substantively and substantially altered claims in a reissued patent. \* \* \* The affirmative defense also applies to reexamined patents. *See* 35 U.S.C. § 307(b); *see also Marine Polymer Techs., Inc. v. HamCon, Inc.*, 672 F.3d 1350, 1362 (Fed. Cir. 2012) (en banc) (“[A]fter a patent emerges from

<sup>563</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., dissenting-in-part).

<sup>564</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Circuit Judges Lourie and Wallach)(appeals from the United States District Court for the Eastern District of Arkansas in No. 4:14-cv-00368-BRW, Senior Judge Bily Roy Wilson).

<sup>565</sup> 887 F.3d 1322 (Fed. Cir. 2018) (“*John Bean P*”).

reexamination, [§ 307(b)] makes available absolute and equitable intervening rights \* \* \* with respect to ‘amended or new’ claims in the reexamined patent.”).

The Federal Circuit explained that “[g]ranting equitable intervening rights is a matter of judicial discretion. Once granted, they give the alleged infringer the continued right to manufacture, sell, or use the accused product after the reexamination certificate is issued ‘when the defendant made, purchased, or used identical products, or made substantial preparations to make, use, or sell identical products, before the reissue date.’”<sup>566</sup>

The Federal Circuit explained that under § 252, “an infringer may continue what would otherwise be infringing activity after a reissue or reexamination. \* \* \* The rationale underlying equitable intervening rights ‘is that the public has the right to use what is not specifically claimed in the original patent.’ \* \* \* Thus, an infringer may continue to infringe after reissue or reexamination ‘if the court decides that equity dictates such a result.’”<sup>567</sup>

The district court granted Morris’ motion for equitable intervening rights after considering six factors –

- (1) whether substantial preparation was made by the infringer before the reissue;
- (2) whether the infringer continued manufacturing before reissue on advice of its patent counsel;
- (3) whether there were existing orders or contracts;
- (4) whether non-infringing goods can be manufactured from the inventory used to manufacture the infringing product and the cost of conversion;
- (5) whether there is a long period of sales and operations before the patent reissued from which no damages can be assessed; and
- (6) whether the infringer made profits sufficient to recoup its investment.<sup>568</sup>

John Bean argued that this court should deem monetary recoupment of investments made prior to the grant of reissue as sufficient to protect investments and defeat the grant of the equitable remedy. The Federal Circuit disagreed.

The Federal Circuit concluded that “[w]e see no indication in the statute that monetary investments made and recouped before reissue are the *only* investments that a court may deem sufficient to protect as an equitable remedy. To be clear, recoupment is a factor that a court may consider, as it did in this case, in weighing the equities before making a determination on entitlement to equitable intervening rights. But it is not the sole factor a district court must consider, nor is it a factor that must be weighed more heavily, when the court balances the equities. Determining entitlement to equitable intervening rights is an analysis broader than

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<sup>566</sup> \_\_\_ F.3d at \_\_\_.

<sup>567</sup> \_\_\_ F.3d at \_\_\_.

<sup>568</sup> \_\_\_ F.3d at \_\_\_.

simply determining whether a party claiming intervening rights has fully recouped its monetary investment.”<sup>569</sup>

The Federal Circuit concluded that the district court had not abused its discretion in granting equitable intervening rights based on the foregoing factors.

## XVIII. DISTRICT COURT PRACTICE AND PROCEDURE

### A. Personal Jurisdiction

1. Federal Circuit Narrows *Red Wing* – Concludes That “there is no general rule that demand letters can never create specific personal jurisdiction” – Concludes Specific Personal Jurisdiction Existed in the N.D. Calif. Based on Demand Letters and Negotiations 🍋 🍋 🍋

In *Trimble Inc. v. PerDiemCo LLC*,<sup>570</sup> the Federal Circuit reversed and remanded the district court’s decision that it lacked specific personal jurisdiction under the rationale of the Federal Circuit’s prior 1998 opinion in *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*,<sup>571</sup> and in doing so restricted the breadth of *Red Wing*.

PerDiemCo was a Texas limited liability company and assignee of the eleven patents-in-suit. All related to electronic logging devices for logging hours and activities of commercial vehicle drivers, and geofencing for monitoring whether a vehicle entered or left a predetermined area.

PerDiem’s sole owner, officer and employee was Robert Babayi, who lived and worked in Washington, D.C. However, PerDiem rented office space in Marshall, Texas, but Mr. Babayi had never visited the rented space, and PerDiem had no employees in Marshall.

Trimble, and its wholly owned subsidiary, Innovative Software Engineering, LLC, manufactured and sold positioning and navigation products and services that relied on the Global Positioning System, including logging devices and related services. Trimble was a Delaware corporation headquartered in Sunnyvale, CA, within the N.D. Calif. ISE was an Iowa limited liability company with its headquarters and principal place of business in Coralville, Iowa.

In October 2018, Babayi/PerDiem sent ISE a letter asserting that certain products infringed at least some of PerDiem’s patents. The letter also advised that PerDiem “actively licensed” its patents, and listed several companies that had entered into non-exclusive licenses after having “collectively spent tens of millions of dollars in litigation expenses.” A draft

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<sup>569</sup> \_\_\_ F.3d at \_\_\_.

<sup>570</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Newman and Hughes)(appeal from the United States District Court for the Northern District of California in No. 4:19-cv-00526-JSW, Judge Jeffrey S. White).

<sup>571</sup> 148 F.3d 1355 (Fed. Cir. 1998).

complaint for the Northern District of Iowa was attached, along with a non-disclosure agreement said to facilitate further discussions.

ISE forwarded the letter to Trimble’s Chief IP Counsel, Brodsky, in Colorado. In a response, Brodsky noted, *inter alia*, that Trimble would be PerDiem’s point of contact on the matter. Babayi/PerDiem responded that PerDiem believed that Trimble’s products also infringed, and attached a claim chart asserting the alleged infringement.

Thereafter, communications between Trimble and PerDiem continued with some twenty-two letters, emails and telephone calls. PerDiem, *inter alia*, threatened to sue Trimble in the Eastern District of Texas, and identified counsel who had been retained.

On January 29, 2019, Trimble and ISE filed a complaint in the N.D. Calif., where Trimble was headquartered, seeking a declaratory judgment of non-infringement. Trimble asserted that PerDiem was subject to specific personal jurisdiction. PerDiem moved to dismiss based on *Red Wing* wherein the Federal Circuit had held that “[a] patentee should not subject itself to personal jurisdiction in a forum solely by informing a party who happens to be located there of suspected infringement” because “[g]rounding personal jurisdiction on such contacts alone would not comport with principles of fairness.”<sup>572</sup>

The district court concluded that Trimble had established the requisite minimum contacts based on Trimble’s cease-and-desist letters and communications directed to Trimble a California resident, and that the declaratory judgment claim arose out of PerDiem’s activities. However, the district court concluded that *Red Wing* had established that exercising specific personal jurisdiction would be constitutionally unreasonable. On appeal, the Federal Circuit reversed and remanded.

The Federal Circuit reiterated that “ [d]etermining whether jurisdiction exists over an out-of-state defendant involves two inquiries: whether a forum state’s long-arm statute permits service of process and whether assertion of personal jurisdiction violates due process.’ \* \* \* California, where Trimble filed suit, permits service of process to the limits of the Due Process Clauses of the U.S. Constitution. \* \* \* Thus, the two inquiries fold into one: whether the exercise of jurisdiction over PerDiemCo would be consistent with due process. In evaluating the exercise of jurisdiction, the Supreme Court ‘has long focused on the nature and extent of ‘the defendant’s relationship to the forum State.’ ”<sup>573</sup>

The Federal Circuit further reiterated that “ ‘a tribunal’s authority [to exercise personal jurisdiction over a defendant] depends on the defendant’s having such “contacts” with the forum State that “the maintenance of the suit” is ‘reasonable, in the context of our federal system of government,’ and “does not offend traditional notions of fair play and substantial justice.” ’ \* \* \* “The contacts needed for [specific] jurisdiction often go by the name “purposeful availment.” ’ \* \* \* For specific jurisdiction, ‘[t]he defendant \* \* \* must take “some act by which [it] purpose-fully avails itself of the privilege of conducting activities within the forum State.” ’ \* \* \* The contacts ‘must show that the defendant deliberately “reached out beyond” its home.’ \* \* \* The exercise of specific personal jurisdiction, however, is limited:

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<sup>572</sup> 148 F.3d at 1361.

<sup>573</sup> \_\_\_ F.3d at \_\_\_.

‘[t]he plaintiff’s claims \* \* \* “must arise out of or relate to the defendant’s contacts” with the forum.’<sup>574</sup>

The Federal Circuit explained that “[a]part from purposeful availment, the exercise of personal jurisdiction must also comport with ‘fair play and substantial justice.’ \* \* \* In *Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985), and *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980), the Supreme Court identified five such considerations, which are relevant to whether the exercise of jurisdiction would comport with fair play and substantial justice:

[C]ourts in “appropriate case[s]” may evaluate [1] “the burden on the defendant,” [2] “the forum State’s interest in adjudicating the dispute,” [3] “the plaintiff’s interest in obtaining convenient and effective relief,” [4] “the interstate judicial system’s interest in obtaining the most efficient resolution of controversies,” and [5] the “shared interest of the several States in furthering fundamental substantive social policies.”

\* \* \* In *Burger King*, the Court explained that these considerations sometimes make it easier to find personal jurisdiction because they ‘serve to establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required.’ \* \* \* ‘On the other hand, where a defendant who purposefully has directed his activities at forum residents seeks to defeat jurisdiction, he must present a *compelling case* that the presence of some other considerations would render jurisdiction unreasonable.’<sup>575</sup>

In *Red Wing*, the Federal Circuit concluded that, at least under the facts of that case, sending demand letters did not create personal jurisdiction. The Federal Circuit now revisited *Red Wing*.

The Federal Circuit concluded that “[t]hree subsequent developments have clarified the scope of *Red Wing*.”<sup>576</sup>

The first, according to the Federal Circuit, was that Supreme Court cases after *Red Wing* had “made clear that the analysis of personal jurisdiction cannot rest on special patent policies. To the extent that *Red Wing* and other cases have suggested otherwise, that language is not consistent with these Supreme Court cases.”<sup>577</sup>

The second, according to the Federal Circuit, is that “the Supreme Court has held that communications sent into a state may create specific personal jurisdiction, depending on the nature and scope of such communications. \* \* \* An entity that repeatedly sends communications into a forum state ‘clearly has ‘fair warning that [its] activity may subject [it] to the jurisdiction of a foreign sovereign.’ \* \* \* And we have explained, ‘[b]ased on the clear principles set out in Supreme Court jurisprudence,’ a defendant’s ‘negotiation efforts, although

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<sup>574</sup> \_\_\_ F.3d at \_\_\_.

<sup>575</sup> \_\_\_ F.3d at \_\_\_.

<sup>576</sup> \_\_\_ F.3d at \_\_\_.

<sup>577</sup> \_\_\_ F.3d at \_\_\_.

accomplished through telephone and mail’ from outside the forum, ‘can still be considered as activities ‘purposefully directed’ at residents of [the forum].”<sup>578</sup>

The Federal Circuit added that “[o]ur more recent cases have concluded that, in the context of patent litigation, communications threatening suit or proposing settlement or patent licenses can be sufficient to establish personal jurisdiction.”<sup>579</sup>

The Federal Circuit further added that “[i]n similar cases, our sister circuits have agreed that communications from outside the forum can form the basis of personal jurisdiction.”<sup>580</sup>

The Federal Circuit added that “[b]eyond the sending of communications into a forum, we have identified other contacts relevant to the purposeful availment inquiry in declaratory judgment patent cases. These contacts include hiring an attorney or patent agent in the forum state to prosecute a patent application that leads to the asserted patent, \* \* \*; physically entering the forum to demonstrate the technology underlying the patent to the eventual plaintiff, \* \* \* or to discuss infringement contentions with the eventual plaintiff, \* \* \*; the presence of ‘an exclusive licensee \* \* \* doing business in the forum state,’ \* \* \* and ‘extra-judicial patent enforcement’ targeting business activities in the forum state, \* \* \*, among others.”<sup>581</sup>

The third, according to the Federal Circuit, was the Supreme Court’s 2021 decision in *Ford Motor Co. v. Mont. Eighth Jud. Dist. Ct.*,<sup>582</sup> that, according to the Federal Circuit, “established that a broad set of a defendant’s contacts with a forum are relevant to the minimum contacts analysis. There, the Court emphasized that a defendant’s contacts ‘must show that the defendant deliberately “reached out beyond” its home—by, for example, “exploit[ing] a market” in the forum State or entering a contractual relationship centered there.’”<sup>583</sup>

The Federal Circuit concluded that “[g]iven these developments and consistent with the Supreme Court’s instruction to treat ‘isolated or sporadic [contacts] differently from continuous ones,’ \* \* \* *Red Wing* remains correctly decided with respect to the limited number of communications involved in that case. However, there is no general rule that demand letters can never create specific personal jurisdiction. \* \* \* The central question under *Red Wing* is now whether a defendant’s connection to a forum is sufficient to satisfy the minimum contacts or purposeful availment test and, as discussed in Section II.C below, whether the exercise of jurisdiction conforms to the due process and fairness criteria of precedent.”<sup>584</sup>

The Federal Circuit concluded that the minimum contacts or purposeful availment test was satisfied. The Federal Circuit noted that “PerDiemCo’s contacts with California are

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<sup>578</sup> \_\_\_ F.3d at \_\_\_.

<sup>579</sup> \_\_\_ F.3d at \_\_\_ (citing cases).

<sup>580</sup> \_\_\_ F.3d at \_\_\_ (citing cases).

<sup>581</sup> \_\_\_ F.3d at \_\_\_.

<sup>582</sup> 141 S. Ct. 1017 (2021).

<sup>583</sup> \_\_\_ F.3d at \_\_\_.

<sup>584</sup> \_\_\_ F.3d at \_\_\_.

far more extensive than those in *Red Wing*. PerDiemCo exchanged twenty-two communications with Trimble in California over a period of three months, some through its subsidiary ISE in Iowa and others through its Chief IP Counsel in Colorado. The first of these communications was a letter (sent to ISE in Iowa) that had attached an unfiled complaint and ISE. This unfiled complaint asserted nine of PerDiemCo’s patents against ISE’s products and services. The letter also identified around ten nonexclusive licensees of the same set of PerDiemCo’s patents that PerDiemCo accused Trimble’s and ISE’s products and services of infringing. After ISE brought Trimble, its parent, into the discussion, PerDiemCo then accused Trimble’s products of infringing eleven of PerDiemCo’s patents. PerDiemCo next sought to enter into binding mediation in an attempt to reach a settlement on its infringement allegations. As the parties continued to negotiate, PerDiemCo asserted additional patent claims against more of Trimble’s products. By the end of the negotiations, PerDiemCo additionally threatened to sue Trimble in the Eastern District of Texas and identified the counsel it planned to use for this purpose.”<sup>585</sup>

The Federal Circuit further concluded that the exercise of jurisdiction would not be unreasonable under the factors from *Burger King* and *World-Wide Volkswagen* relating to the question whether the exercise of personal jurisdiction would comport with fair play and substantial justice.

Accordingly, the Federal Circuit reversed and remanded.

2. Federal Circuit Continues to “Relax” Prior Precedent on Personal Jurisdiction 🌿🌿🌿
3. Federal Circuit Rejects “Bright-Line Rule” That Sending Cease and Desist Letters Cannot Establish “Minimum Contacts” 🌿🌿🌿

In *Apple Inc. v. Zippit Wireless, Inc.*,<sup>586</sup> the Federal Circuit reversed the N.D. Calif.’s holding that it lacked personal jurisdiction over Zippit (a Delaware corporation with its principal place of business in South Carolina) in a declaratory judgment action brought by Apple. The Federal Circuit concluded that the district court had “misinterpreted” the Federal Circuit’s prior precedent *vis-à-vis* prior communications between the parties.

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Comment: The “rule” in the Federal Circuit is that prior panel opinions by the Federal Circuit, and its predecessor courts – the U.S. Court of Customs and Patent Appeals, and the U.S. Claims – control until overturned *en banc*.<sup>587</sup> On occasion, the Federal Circuit has addressed that “rule” by including an *en banc* section in a panel opinion.<sup>588</sup> But, typically that

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<sup>585</sup> \_\_\_ F.3d at \_\_\_.

<sup>586</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022) (Opinion by Circuit Judge Stoll, joined by Circuit Judges Hughes and Mayer) (appeal from the United States District Court for the Northern District of California in No. 5:20-cv-04448-EJD, Judge Edward J. Davila).

<sup>587</sup> See *Kimberly Clark Corp. v. Fort Howard Paper Co.*, 772 F.2d 860, 863 (Fed. Cir. 1985).

<sup>588</sup> See e.g., *Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2015) (*en banc* in part).

is in the instance where prior precedential opinions have been unclear or possibly conflicting, and there is generally no true dispute what the “correct law” should be.

In other instances, Federal Circuit panels have avoided prior panel precedential opinions by (1) concluding that intervening Supreme Court authority has rendered the relevant portion of a prior panel precedential opinion no longer viable, and/or (2) interpreting (or re-interpreting) prior panel precedential opinions. That seems to be the situation here, where the Federal Circuit panel spends the bulk of its opinion “re-interpreting” prior panel opinions.

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Zipit owned two patents generally drawn to wireless instant messaging devices that used Wi-Fi to send and receive messages.

Zipit first contacted Apple in the N.D. Calif. in 2013, and for three years the parties exchanged correspondence *vis-à-vis* validity and potential licensing, and met in person at Apple’s Cupertino headquarters. Ultimately, those communications and meetings were unsuccessful.

In 2020, some four years after negotiations had ceased, Zipit sued Apple in the N.D. Ga. for infringement. Zipit voluntarily dismissed that suit two weeks later. Apple then promptly filed a declaratory judgment complaint in the N.D. Calif. Zipit moved to dismiss for lack of specific personal jurisdiction. The district court granted the motion.

The district court found that Apple had established the requisite minimum contacts noting the multiple communications and meetings between Zipit and Apple.

The district court, however, after analyzing the factors in *Burger King Corp. v. Rudzewicz*,<sup>589</sup> concluded that the exercise of specific personal jurisdiction would not be “reasonable.” In particular, the district court concluded that under Federal Circuit authority “the exercise of personal jurisdiction \* \* \* would be unconstitutional when ‘[a]ll of the contacts were for the purpose of warning against infringement or negotiating license agreements, and [the defendant] lacked a binding obligation in the forum,’” quoting, *inter alia*, *Breckenridge Pharm., Inc. v. Metabolite Lab’ys, Inc.*<sup>590</sup>

The Federal Circuit reversed.

The Federal Circuit devoted the vast bulk of its opinion to “explaining” its prior precedent.

The Federal Circuit explained that “[d]etermining whether jurisdiction exists over Zipit (an out-of-state defendant) in the Northern District of California involves two inquiries: whether California’s long-arm statute permits service of process and whether assertion of personal jurisdiction comports with due process. \* \* \* Because ‘California’s long-arm statute permits service of process to the full extent allowed by the due process clauses of the United States Constitution,’ the two inquiries become one. \* \* \* That is, we need only consider ‘whether jurisdiction comports with due process.’”<sup>591</sup>

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<sup>589</sup> 471 U.S. 462, 475–77 (1985).

<sup>590</sup> 444 F.3d 1356, 1364 (Fed. Cir. 2006).

<sup>591</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit explained that “‘[F]oreseeability \* \* \* is critical to due process analysis,’ and the Supreme Court has made clear that the focus is on whether a given defendant’s ‘conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there.’ \* \* \* The Supreme Court has outlined three factors relevant to specific personal jurisdiction. In ascertaining whether the exercise of specific personal jurisdiction is appropriate in a given case, we consider: (1) whether the defendant ‘purposefully directed’ its activities at residents of the forum; and (2) whether the claim ‘arise[s] out of or relate[s] to’ the defendant’s activities within the forum. \* \* \* We also consider (3) whether assertion of personal jurisdiction is reasonable and fair.”<sup>592</sup>

The Federal Circuit further explained that “[t]he first two factors comprise the ‘minimum contacts’ portion of the jurisdictional framework \* \* \*.’ \* \* \* The third factor assesses the reasonableness and fairness of exercising jurisdiction over an out-of-state defendant with an eye toward ensuring that the exercise of jurisdiction does not offend the traditional notions of ‘fair play and substantial justice.’ \* \* \* Where minimum contacts are satisfied, the exercise of jurisdiction is ‘presumptively reasonable.’ \* \* \* Thus, the burden is placed on the defendant to present a ‘compelling case that the presence of some other considerations would render jurisdiction unreasonable.’ ”<sup>593</sup>

The district court, in deciding that “minimum contacts” had been satisfied, relied primarily on the Federal Circuit’s opinion in *Xilinx, Inc. v. Papst Licensing GmbH & Co.*<sup>594</sup> The Federal Circuit agreed.

In *Xilinx*, the patentee had sent two notice letters to the declaratory-judgment plaintiff and eventually traveled to California to meet with the plaintiff to discuss allegations of infringement and potential licensing of the patents. The Federal Circuit had concluded that there was “no question” that the defendant had the required minimum contacts with California.

The Federal Circuit here concluded that *Xilinx* was “virtually indistinguishable” from the facts of this case. The Federal Circuit rejected Zipit’s argument that *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*,<sup>595</sup> had created a “bright-line rule \* \* \* that cease-and-desist letters and related in-person discussions cannot support [minimum contacts for] personal jurisdiction.”

The Federal Circuit concluded that “our precedent as a whole—including decisions both before and after *Autogenomics*—supports our determination that minimum contacts are satisfied here.”<sup>596</sup>

The Federal Circuit then turned to whether Zipit had “present[ed] a compelling case that the presence of some other considerations would render jurisdiction unreasonable.” The Federal Circuit concluded that Zipit had not done so.

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<sup>592</sup> \_\_\_ F.3d at \_\_\_.

<sup>593</sup> \_\_\_ F.3d at \_\_\_.

<sup>594</sup> 848 F.3d 1346, 1356 (Fed. Cir. 2017).

<sup>595</sup> 566 F.3d 1012, 1016 (Fed. Cir. 2009).

<sup>596</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit concluded that the district court had erred in finding that it would be unreasonable to exercise jurisdiction over Zipit because “Zipit’s contacts with California all related to the attempted resolution of the status of” the patents-in-suit, i.e., “for the purpose of warning against infringement.”

In the recent 2021 case of *Trimble Inc. v. PerDiemCo LLC*,<sup>597</sup>, the Federal Circuit held that “there is no general rule that demand letters can never create specific personal jurisdiction.”<sup>598</sup>

In 1998 in *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*,<sup>599</sup> the Federal Circuit voiced a policy that a patent holder should be permitted to send a notice letter to a party in a particular forum to try to settle disputes without being haled into court in that forum.

In *Trimble* – and again here – the Federal Circuit “re-walks” that policy. The Federal Circuit wrote that such policy was relevant, but “this policy cannot control the inquiry—it must be considered together with the other *Burger King* factors, consistent with the Supreme Court’s ‘directive to “consider a variety of interests” in assessing whether jurisdiction would be fair.’”<sup>600</sup>

The Federal Circuit held that “[s]pecifically, the district court erred in reading our precedent as creating a bright-line rule that communications directed to ‘the attempted resolution’ of the parties’ dispute regarding the patents-in-suit trumps all other considerations of fairness and reasonableness. Although some of our earlier precedent relying on *Red Wing Shoe* suggests that there is such a bright-line rule, \* \* \* Supreme Court precedent (both pre- and post-*Red Wing Shoe*) has made clear that jurisdictional inquiries cannot rest on such bright-line rules—there are no ‘talismanic jurisdictional formulas.’ \* \* \* Rather, “‘the facts of each case must [always] be weighed’ in determining whether personal jurisdiction would comport with “fair play and substantial justice.”’”<sup>601</sup>

Overall, the Federal Circuit concluded that Zipit had not made a compelling case that the exercise of personal jurisdiction would be unreasonable.

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<sup>597</sup> 997 F.3d 1147 (Fed. Cir. 2021).

<sup>598</sup> 997 F.3d at 1156.

<sup>599</sup> 148 F.3d 1355 (Fed. Cir. 1998).

<sup>600</sup> \_\_\_ F.3d at \_\_\_.

<sup>601</sup> \_\_\_ F.3d at \_\_\_.

B. Procedure

1. Complaints

- a) Federal Circuit, Perhaps Responding to a Surge in District Court Enhanced Pleading Requirements – “A plaintiff is not required to plead infringement on an element-by-element basis.” 

In *Bot M8 LLC v. Sony Corp.*,<sup>602</sup> the Federal Circuit, with Circuit Judge O’Malley writing for the Panel, lamented that “[o]nce more, we address the stringency of pleading requirements in cases alleging patent infringement. Once more, we explain that patentees need not prove their case at the pleading stage. \* \* \* And we, once more, explain that, while a patentee’s pleading obligations are not insurmountable, a patentee may subject its claims to early dismissal by pleading facts that are inconsistent with the requirements of its claims.”<sup>603</sup>

Bot M8 sued Sony alleging infringement of six patents. After the case was transferred to the N.D. Cal., the district court held a management conference during which Bot M8 agreed to file an amended complaint. Bot M8 filed a first amended complaint, and Sony moved to dismiss for failure to state a claim. The district court granted to motion as to the ’540, ’990, ’988, and ’670 patents-in-suit.

The Federal Circuit found no error in the dismissal *vis-à-vis* the ’540 and ’990 patents, but concluded that the district court had erred *vis-à-vis* the ’988 and ’670 patents in finding that the infringement allegations were insufficient.

The Federal Circuit reiterated that “Federal Rule of Civil Procedure 8(a)(2) ‘generally requires only a plausible “short and plain” statement of the plaintiff’s claim,’ showing that the plaintiff is entitled to relief. \* \* \* To survive a motion to dismiss under Rule 12(b)(6), a complaint must ‘contain sufficient factual matter, accepted as true, to “state a claim to relief that is plausible on its face.” \* \* \* ‘A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.’ \* \* \* ‘Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.’ \* \* \* ‘Determining whether a complaint states a plausible claim for relief [is] a context-specific task that requires the reviewing court to draw on its judicial experience and common sense.’”<sup>604</sup>

The district court had instructed Bot M8’s counsel that it must “explain in [the] complaint every element of every claim that you say is infringed and/or explain why it can’t be done.”

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<sup>602</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge O’Malley, joined by Circuit Judges Dyk and Linn)(appeal from the United States District Court for the Northern District of California in No. 3:19-cv-07027-WHA, Judge William H. Alsup).

<sup>603</sup> \_\_\_ F.3d at \_\_\_.

<sup>604</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit disagreed, reiterating that “a plaintiff ‘need not “prove its case at the pleading stage.”’ \* \* \* A plaintiff is not required to plead infringement on an element-by-element basis. \* \* \* To the extent this district court and others have adopted a blanket element-by-element pleading standard for patent infringement, that approach is unsupported and goes beyond the standard the Supreme Court articulated in *Iqbal* and *Twombly*. See *Twombly*, 550 U.S. at 556 (“[A] well-pleaded complaint may proceed even if it strikes a savvy judge that actual proof of those facts is improbable, and that a recovery is very remote and unlikely.”) (internal quotation marks and citation omitted).”<sup>605</sup>

The Federal Circuit explained that “[t]he relevant inquiry under *Iqbal/Twombly* is whether the factual allegations in the complaint are sufficient to show that the plaintiff has a plausible claim for relief. \* \* \* “The plausibility standard is not akin to a “probability requirement,” but it asks for more than a sheer possibility that a defendant has acted unlawfully.’ \* \* \* In other words, a plausible claim must do more than merely allege entitlement to relief; it must support the grounds for that entitlement with sufficient factual content. \* \* \* “[A] plaintiff’s obligation to provide the “grounds” of his “entitle[ment] to relief” requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.’ \* \* \* The level of detail required in any given case will vary depending upon a number of factors, including the complexity of the technology, the materiality of any given element to practicing the asserted claim(s), and the nature of the allegedly infringing device.”<sup>606</sup>

The Federal Circuit added that “[a]ccordingly, a plaintiff cannot assert a plausible claim for infringement under the *Iqbal/Twombly* standard by reciting the claim elements and merely concluding that the accused product has those elements. There must be some factual allegations that, when taken as true, articulate why it is plausible that the accused product infringes the patent claim. While the Supreme Court has said that “[f]actual allegations must be enough to raise a right to relief above the speculative level,” \* \* \* it has also indicated that “[s]pecific facts are not necessary; the statement need only “give the defendant fair notice of what the \* \* \* claim is and the grounds upon which it rests, \* \* \*””<sup>607</sup>

With respect to the ’540 patent, the Federal Circuit affirmed the district court’s dismissal of the complaint. The Federal Circuit remarked that “[w]hile a plaintiff need not prove infringement at the pleading stage, here, the FAC [first amended complaint] contains too much rather than too little, to the point that Bot M8 has essentially pleaded itself out of court. While Bot M8 repeatedly emphasizes the number of pages in its FAC, it is the *quality* of the allegations, not the *quantity*, that matters. And unfortunately for Bot M8, its allegations, which take a ‘kitchen sink’ approach to pleading, reveal an inconsistency that is fatal to its infringement case with respect to the ’540 patent.”<sup>608</sup>

The Federal Circuit found certain allegations as “not even possible, much less plausible.” The Federal Circuit reiterated that “[w]here, as here, the factual allegations are actually *inconsistent* with and contradict infringement, they are likewise insufficient to state a

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<sup>605</sup> \_\_\_ F.3d at \_\_\_.

<sup>606</sup> \_\_\_ F.3d at \_\_\_.

<sup>607</sup> \_\_\_ F.3d at \_\_\_.

<sup>608</sup> \_\_\_ F.3d at \_\_\_.

plausible claim. As we have said before, while a plaintiff’s pleading obligations are not onerous, it is possible that, in pleading its claims, a plaintiff may find it has pleaded itself out of court.”<sup>609</sup>

With respect to the ’990 patent, the Federal Circuit concluded that “[w]hile we agree with Bot M8 that there is no requirement to provide source code at the pleadings stage, and that the district court was wrong to demand that it do so, we disagree that it was the absence of source code that prompted dismissal. Instead, the district court found that Bot M8 failed to offer factual allegations that support a plausible inference that the [accused] PS4 actually stores the gaming information and mutual authentication program together. \* \* \* While Bot M8 points to different storage components in the allegedly infringing devices, it never says which one or ones satisfy the mutual authentication limitation.”<sup>610</sup>

With respect to the ’988 and ’670 patents, both required a control device that executes a “fault inspection program” and “completes the execution of the fault inspection program before the game is started” (the “fault inspection limitation”). The district court acknowledged that the first amended complaint “plausibly allege[d] the inspection for both the memory device and the game stored therein,” but nonetheless dismissed the claims related to those patents on grounds that Bot M8’s allegations regarding the timing of the inspection too closely tracked the claim language to be deemed plausible.

The Federal Circuit, disagreeing with the district court, concluded that the first amended complaint plausibly alleged infringement of those patents. Sony argued that the allegations were conclusory and tracked the claim language too closely, but the Federal Circuit noted that the first amended complaint also identified specific error messages that were displayed on the accused PS4 when faults were detected. The Federal Circuit concluded that “[t]hese allegations give rise to a reasonable inference that the fault inspection program is completed before a game starts.”<sup>611</sup> The Federal Circuit noted that the first amended complaint “plausibly alleges that the PS4 completes its execution of the fault inspection program before the game is started and supports those assertions with specific factual allegations. Nothing more is required.”<sup>612</sup>

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<sup>609</sup> \_\_\_ F.3d at \_\_\_.

<sup>610</sup> \_\_\_ F.3d at \_\_\_.

<sup>611</sup> \_\_\_ F.3d at \_\_\_.

<sup>612</sup> \_\_\_ F.3d at \_\_\_.

2. Pre-Trial Procedure
  - a) Motions to Transfer Venue
    - i. Federal Circuit Rejects What It Viewed as Efforts to Manipulate Venue 

In *In re Samsung Electronics Co., Ltd.*,<sup>613</sup> the Federal Circuit granted a writ of mandamus ordering the U.S. District Court for the Western District of Texas to transfer the underlying actions to the United States District Court for the Northern District of California.

Ikorongo Texas LLC (Ikorongo Texas) filed the initial complaints in these cases against Samsung and LG in the Western District of Texas on March 31, 2020—a month after Ikorongo Texas was formed as a Texas limited liability company. According to the opinion, Ikorongo Texas asserted that its was unrelated to Ikorongo Technology LLC (Ikorongo Tech), a North Carolina limited liability company, the operative complaints indicated that Ikorongo Texas and Ikorongo Tech were run out of the same Chapel Hill, North Carolina office. Additionally, as of March 20, 2020, the same five individuals “own[ed] all of the issued and outstanding membership interests” in both Ikorongo entities.

Ikorongo Tech owned four patents that were asserted in the underlying suits. Shortly before the original complaints were filed, Ikorongo Tech assigned to Ikorongo Texas exclusive rights to sue for infringement and collect past and future damages for those patents within certain specified parts of the state of Texas, including certain counties in the Western District of Texas, while retaining the rights to the patents in the rest of country.

A first amended complaint, filed the day after the original complaint, named Ikorongo Tech and Ikorongo Texas as co-plaintiffs, noting that “[t]ogether Ikorongo TX and Ikorongo Tech own the entire right, title and interest in the Asserted Patents, including the right to sue for past, present and future infringement and damages thereof, throughout the entire United States and world.”

Samsung and LG separately moved under 28 U.S.C. § 1404(a) to transfer the suits to the Northern District of California. They urged that three of the five accused third-party applications were developed in Northern California where those third parties conduct significant business activities and that no application was developed or researched in Western Texas. Samsung and LG also argued that potential witnesses and sources of proof were in the Northern District of California, including two of the named inventors, and that no source of proof or potential witness was in the Western District of Texas.

The district court denied the motion to transfer. The Federal Circuit granted a writ of mandamus requiring such transfer.

The Federal Circuit reiterated that “[u]nder § 1404(a), [f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought or to any district or division to

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<sup>613</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Order by Circuit Judge Dyk, joined by Circuit Judges Lourie and Reyna)(on Petitions for Writs of Mandamus to the United States District Court for the Western District of Texas in Nos. 6:20-cv-00257-ADA, 6:20-cv-00259-ADA, Judge Alan D. Albright).

which all parties have consented.’ A case may be transferred under § 1404(a) only to a court that has venue over the civil action.’<sup>614</sup>

The Federal Circuit acknowledged that “[w]hether the two cases could be transferred under § 1404(a) turns on whether venue in the Northern District of California would have been proper under § 1400(b) had these cases been filed in that district. That statutory provision provides, in relevant part, that ‘[a]ny civil action for patent infringement may be brought \* \* \* where the defendant has committed acts of infringement and has a regular and established place of business.’ ”<sup>615</sup>

The Federal Circuit initially rejected Ikorongo Texas and Ikorongo Tech’s argument that the initial complaint filed only by Ikorongo Texas governed the question. The Federal Circuit concluded that “[o]nce the respondents filed their amended complaints, the original complaints were ‘dead letter[s]’ and ‘no longer perform[ed] any function in the case[s].’ ”<sup>616</sup>

The Federal Circuit concluded that the district court had erred in denying a transfer of venue “because the district court disregarded the pre-litigation acts by Ikorongo Tech and Ikorongo Texas aimed at manipulating venue.”<sup>617</sup>

The Federal Circuit explained that “[t]ypically, ‘venue must be proper for each claim,’ \* \* \* On the face of the complaint, the Northern District of California could not be a proper venue for Ikorongo Texas’s claims because no act of infringement of Ikorongo Texas’s rights took place there. But in ascertaining proper venue, we are not bound by a plaintiff’s efforts to manipulate venue.”<sup>618</sup>

The Federal Circuit reasoned that “[a]lthough there is not an analogous statute for venue, in similar situations, the Supreme Court and this court have repeatedly assessed the propriety of venue by disregarding manipulative activities of the parties.”<sup>619</sup>

According to the Federal Circuit, “[t]hese cases present just such a manipulation under § 1404(a). Ikorongo Texas was created and assigned its targeted geographic rights in counties in the Western District of Texas in the month leading up to these suits. The same group of five individuals owns all membership interests in both Ikorongo entities. Ikorongo Texas and Ikorongo Tech share the same office in North Carolina, and the same person signed the relevant agreement documents on behalf of both companies. Nothing would prevent the Ikorongo entities from undoing the assignment if they so desired. Moreover, it does not appear that Ikorongo Texas conducts any other business—rather, it seems to exist for the sole purpose of limiting venue to the Western District of Texas.”<sup>620</sup>

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<sup>614</sup> \_\_\_ F.3d at \_\_\_.

<sup>615</sup> \_\_\_ F.3d at \_\_\_.

<sup>616</sup> \_\_\_ F.3d at \_\_\_.

<sup>617</sup> \_\_\_ F.3d at \_\_\_.

<sup>618</sup> \_\_\_ F.3d at \_\_\_.

<sup>619</sup> \_\_\_ F.3d at \_\_\_.

<sup>620</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit concluded that “the presence of Ikorongo Texas is plainly recent, ephemeral, and artificial—just the sort of maneuver in anticipation of litigation that has been routinely rejected. In the venue analysis, therefore, we need not consider separately Ikorongo Texas’s geographically bounded claims. And disregarding this manipulation, Ikorongo Tech could have filed suit in the Northern District of California.”<sup>621</sup>

On the merits, the Federal Circuit concluded that factors weighing in favor of a transfer of venue out-weighed the opposing factors. Accordingly, the Federal Circuit granted the writ of mandamus.

- ii. Federal Circuit Affirms Dismissal of Related Companies For Lack of Venue – Rejects Argument That Physical Store in District Owned and Operated by Corporate Parent Should be Imputed to Related Companies



In *Andra Group, LP v. Victoria’s Secret Stores, LLC*,<sup>622</sup> the Federal Circuit affirmed the district court’s dismissal for improper venue.

Andra’s patent-in-suit was drawn to technology for displaying articles on a webpage. The defendants included L Brands, Inc. (LBI) (the parent corporation), and several related companies (1) Victoria Secret Stores, LLC (Stores), (2) Victoria Secret Direct Brand Management, Inc. (managed website and mobile application), and (3) Victoria’s Secret Stores Brand Management, Inc. (created apparel and beauty products). LBI, Direct and Brand were collectively referred to as the Non-Store Defendants.

Suit was filed in the Eastern District of Texas. The Non-Store Defendants did not have any employees, stores or other physical presence in that district. Stores operated at least one retail store in the district.

The Defendants moved for dismissal for improper venue. The district court denied the motion *vis-à-vis* Stores because testimony from an employee supported a possible finding of an infringing act in the district. The district court granted the motion to dismiss *vis-à-vis* the Non-Store Defendants because they did not have regular and established places of business in the district. On appeal, the Federal Circuit affirmed.

The Federal Circuit reiterated that after *TC Heartland LLC v. Kniff Foods Grp. Brands LLC*,<sup>623</sup> “28 U.S.C. § 1400(b) provides that [a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.’ A ‘domestic corporation “resides” only in its State of incorporation for purposes of the patent

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<sup>621</sup> \_\_\_ F.3d at \_\_\_.

<sup>622</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Hughes, joined by Circuit Judges Reyna and Mayer)(appeal from the United States District Court for the Eastern District of Texas in No. 4:19-cv-00288-ALM-KPJ, Judge Amos L. Mazzant, III).

<sup>623</sup> 137 S. Ct. 1514, 1517 (2017).

venue statute.’” All of the defendants were incorporated in Delaware, so none “resided” in the district.

The Federal Circuit reiterated that “[t]hus, to establish venue in this case, Andra must show that each Defendant committed acts of infringement and maintains a regular and established place of business in the Eastern District of Texas,” and “[t]o show that a defendant has a regular and established place of business, there are three requirements: ‘(1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant.’”<sup>624</sup>

The question, according to the Federal Circuit, was whether the Stores locations could be considered “a regular and established place of business” of the Non-Store Defendants.

The Federal Circuit relied heavily on its prior decision in *In re Google LLC*.<sup>625</sup> In *Google*, the Federal Circuit had held that “a ‘regular and established place of business’ requires the regular, physical presence of an employee or other agent of the defendant conducting the defendant’s business at the alleged ‘place of business.’”

The Federal Circuit rejected Andra’s argument that Stores employees were “agents” of LBI, Direct, or Brand, for a variety of reasons. The Federal Circuit concluded that Andra had not established that any of the Non-Store Defendants exercised the degree of control over Stores employees required to find an agency relationship.

The Federal Circuit also rejected Andra’s argument that the Non-Store Defendants had “ratified” Stores locations as their own places of business. The Federal Circuit explained that “[a] threshold inquiry when determining whether the place of business of one company can be imputed to another, related company is whether they have maintained corporate separateness. If corporate separateness has not been maintained, the place of business of one corporation may be imputed to the other for venue purposes. But where related companies have maintained corporate separateness, the place of business of one corporation is not imputed to the other for venue purposes.”<sup>626</sup>

Each of the corporate defendants had maintained corporate “separateness.” The Federal Circuit concluded that “Andra has not met its burden to show that Non-Store Defendants have ratified Stores locations as their own places of business such that Non-Store Defendants may be said to maintain a regular and established place of business in the District.”<sup>627</sup>

b) Protective Orders

- i. District Court Abused Its Discretion by Failing to Seal Certain Documents That Disclosed Licensing Information on the Basis That the

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<sup>624</sup> \_\_\_ F.3d at \_\_\_, quoting *In re Cray Inc.*, 871 F.3d 1355, 1360 (Fed. Cir. 2017).

<sup>625</sup> 949 F.3d 1338, 1346 (Fed. Cir. 2020).

<sup>626</sup> \_\_\_ F.3d at \_\_\_.

<sup>627</sup> \_\_\_ F.3d at \_\_\_.

Public Had an Interest in Accessing Information  
Relating to Patent Licenses 

In *Uniloc USA, Inc. v. Apple Inc.*,<sup>628</sup> the Federal Circuit panel majority concluded that the district court had abused its discretion in failing to seal certain documents that disclosed licensing information. The district court had reasoned that the public had a heightened right of access to such information.

In a first appeal, the district court had rejected Uniloc’s sealing requests for a number of documents – some of which had public information. The Federal Circuit affirmed the rejection of the sealing requests for many documents, but had remanded other documents for a more thorough review.

After review, the district court again rejected Uniloc’s sealing request reasoning, *inter alia*, that “patent licenses carry unique considerations” that bolster the public’s right of access, including the valuation of patent rights. On appeal, the Federal Circuit panel majority vacated and remanded.

The Federal Circuit panel majority reiterated that “[s]ealing may be appropriate to keep records from being used ‘as sources of business information that might harm a litigant’s competitive standing.’ \* \* \* In the Ninth Circuit, ‘compelling reasons’ are needed to seal judicial records related to a dispositive motion. \* \* \* Such compelling reasons include preventing the release of trade secrets.”<sup>629</sup>

The Federal Circuit panel majority expressly disagreed with the district court’s statements regarding the public’s right of access to information relating to patent licenses, explaining that “[t]he public indeed does have an interest in patents, but it is an interest in ensuring that patents are not procured by fraud, or other improper means. \* \* \* This is because patents are to be granted only if they are valid, *i.e.*, they describe and claim inventions meeting the requirements of the law, inventions that are novel, not obvious, and described in an enabling manner.”<sup>630</sup>

But, the Federal Circuit panel majority added, “no rule of law or binding precedent says that the public is generally entitled to know what consideration a patentee receives for licensing its patent.”<sup>631</sup>

The panel majority explained that “[a]bsent an issue raised by the parties concerning license rights and provisions, there is no public interest or entitlement to information concerning consideration for the grant of licenses. The parties are in agreement that license information here should be sealed and protected. The only differing voice has come from an

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<sup>628</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Lourie, joined by Circuit Judge Cunningham, dissenting opinion by Circuit Judge Mayer)(appeals from the United States District Court for the Northern District of California in Nos. 3:18-cv-00358-WHA, 3:18-cv-00360-WHA, 3:18-cv-00363-WHA, 3:18-cv-00365-WHA, 3:18-cv-00572-WHA, Judge William H. Alsup).

<sup>629</sup> \_\_\_ F.3d at \_\_\_.

<sup>630</sup> \_\_\_ F.3d at \_\_\_.

<sup>631</sup> \_\_\_ F.3d at \_\_\_.

independent nonparty, appointed by the district court to advocate unsealing the information that neither party wished to unseal. But we have seen no citation of a rule of law providing a presumption of access in a patent infringement suit to information concerning consideration for the licensing of a patent.<sup>632</sup>

Judge Mayer dissented urging “[t]he public’s right of access to documents filed in connection with a dispositive pleading is sacrosanct,” and here “not a single licensee directly filed a request with the district court seeking to seal its licensing information.”<sup>633</sup>

- c) Pre-Trial Discovery
  - i. Federal Circuit Expresses Clear Preference For Early Disclosure of Damages Theories and Evidence in Advance of Expert Discovery 
  - ii. Federal Circuit Holds That Although Plaintiff Was Not Required to Disclose Expert Opinions During Fact Discovery, Plaintiff Was Required to Disclose Extrinsic Evidence Its Damages Expert Would Rely On In Response to Contention Interrogatories 
  - iii. Federal Circuit Affirms District Court’s Order Striking Portions of Damages Expert’s Report Under Fed. R. Civ. P. 37(c)(1) 

In *MLC Intellectual Property, LLC v. Micron Technology, Inc.*,<sup>634</sup> the Federal Circuit affirmed the district court’s orders precluding MLC’s damages expert from (1) characterizing certain license agreements as reflecting a 0.25% royalty, (2) opining on a reasonable royalty rate when MLC failed to produce key documents and information directed to its damages theory when requested prior to expert discovery, and (3) opining on the royalty base and royalty rate where the expert failed to apportion for non-patented features. The pre-trial discovery issue will be addressed here.

MLC sued Micron for infringing a patent drawn to semiconductor memories, and particularly a method of programming multi-level cells in which each cell stored multiple bits, as opposed to prior 1-bit cells.

MLC’s damages expert opined that hypothetical negotiations for a reasonable royalty would have occurred during the fourth quarter of 2006, during a time that Micron first began

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<sup>632</sup> \_\_\_ F.3d at \_\_\_.

<sup>633</sup> \_\_\_ F.3d at \_\_\_.

<sup>634</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Newman and Reyna)(appeal from the United States District Court for the Northern District of California in No. 3:14-cv-03657-SJ, Senior Judge Susan Y. Illston).

selling the accused devices. He opined that the compensation period would have been begun on August 12, 2008, six years prior to the filing of the complaint and would have continued through the expiration of the patent-in-suit on June 9, 2015.

With respect to the royalty base, the damages expert considered (1) a comparable license approach and (2) the smallest saleable patent practicing unit (SSPPU) approach. The expert also addressed the factors of *Georgia-Pacific Corp. v. U.S. Plywood Corp.*,<sup>635</sup> to determine an appropriate royalty rate.

Micron filed (1) a motion in limine to preclude the damages expert from “mischaracterizing” certain prior license agreements – the Hynix and Toshiba agreements – as reflecting a 0.25% royalty rate, (2) a motion to strike portions of the expert report under Fed. R. Civ. P. 37 as being based on facts, evidence and theories that MLC had failed to disclose during pre-trial discovery despite interrogatories requesting the same, and (3) a motion to exclude the expert’s reasonable royalty opinion under *Daubert* for failure to apportion out the value of non-patented features. The district court granted the motions. The Federal Circuit affirmed.

With respect to the Fed. R. Civ. P. 37(c)(1) motion to strike, the Federal Circuit noted that the rule provided that when “a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless.”

The district court had held that MLC had failed to disclose information required by Rule 26(e), including what it believed was an appropriate royalty rate, that it believed the Hynix and Toshiba licenses reflect a 0.25% royalty rate, and the extrinsic evidence on which Mr. Milani relied in support of his belief.

MLC argued that it was not required to disclose those specific facts and documents during fact discovery because it disclosed those during expert discovery. The Federal Circuit disagreed.

Micron’s Interrogatory No. 6 asked MLC to describe “the factual and legal basis and supporting evidence for the relief” sought by MLC, “including but not limited to [MLC’s] contention that [it is] entitled to damages (e.g., a reasonable royalty).” MLC responded, in addition to boilerplate objections, that its “calculation of damages will also be informed by, at least, the following documents,” followed by a list of ninety-three Bates-numbered documents. MLC provided a supplemental response adding that the “royalty rate will be based on at least the *Georgia-Pacific* factors, and will include but not [be] limited to consideration of relevant license agreements for the patented technology, including those identified in MLC’s prior response, as well as any prior negotiations between the parties regarding the patented technology.”

Micron’s Interrogatory No. 22 asked MLC to “[i]dentify all facts, evidence, and testimony regarding any applicable royalty rates that [MLC] intend[s] to rely upon at trial and describe in complete detail why those royalty rates are applicable.” MLC responded that the “royalty rate will be based on at least the *Georgia-Pacific* factors, and will include but not [be]

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<sup>635</sup> 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970).

limited to consideration of license agreements for the patented technology, including but not limited to” seven bates-numbered documents.

The district court noted that MLC’s response to Interrogatory No. 6 failed to identify the Hynix license, the Toshiba license, its reasonable-royalty theory, and any of the extrinsic evidence relied on by its damages expert to support his opinion that both the Hynix and Toshiba licenses reflected a 0.25% royalty rate. The district court further noted that MLC’s response to Interrogatory No. 22 failed to identify the Toshiba license, a specific royalty rate, that it believed the Hynix or Toshiba licenses supported a 0.25% (or 0.75%) royalty rate, and any of the extrinsic evidence its damages expert had relied on to support his opinion that the Hynix and Toshiba licenses reflected a 0.25% royalty.

MLC argued on appeal that it had identified both the Hynix and Toshiba licenses, as well as several of the extrinsic documents its damages expert had relied on, but under different Bates numbers. Micron nevertheless urged that MLC had failed to identify a number of other documents, including the extrinsic evidence MLC’s damages expert had relied on to show that the Hynix agreement reflected a 0.25% royalty rate. MLC conceded that those documents had not been disclosed in response to Interrogatory Nos. 6 and 22, but contended that at least some of the documents had been disclosed in response to other interrogatories.

The Federal Circuit, in affirming the district court’s exclusion order, reasoned that “[w]hile we acknowledge the district court’s factual error in finding that MLC did not identify the Toshiba and Hynix licenses, we nonetheless determine that the district court did not abuse its discretion in finding that MLC did not properly disclose its claim that the Hynix and Toshiba licenses reflect a 0.25% rate, as well as the extrinsic documents relied on by Mr. Milani [MLC’s damages expert] to show that the Hynix agreement reflects a 0.25% royalty rate. The district court acted well within its discretion when it excluded Mr. Milani’s opinion that the Hynix and Toshiba licenses reflect a 0.25% rate and the extrinsic documents under Rule 37(c)(1) as a result of MLC’s failure to supplement its discovery responses to provide this information.”<sup>636</sup>

The Federal Circuit further agreed that had MLC disclosed this information, Micron could have sought fact discovery regarding this contention.

The Federal Circuit rejected MLC’s argument that under Fed. R. Civ. P. 26(a)(2) it was outside the scope of the district court’s discretion to “require MLC to identify which documents Mr. Milani would be using, how Mr. Milani would interpret those documents, and how Mr. Milani would use them to derive his reasonable royalty opinion.”<sup>637</sup>

The Federal Circuit reasoned that “Rule 26 explains that the disclosures required under section (a)(2) are in ‘*addition* to the disclosures required by Rule 26(a)(1).’ Fed. R. Civ. P. 26(a)(2) (emphasis added). And Rule 26(a)(1)(A)(iii) requires parties seeking damages to provide in their initial disclosures ‘a computation of each category of damages’ as well as ‘the

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<sup>636</sup> \_\_\_ F.3d at \_\_\_.

<sup>637</sup> \_\_\_ F.3d at \_\_\_.

documents or other evidentiary material, unless privileged or protected from disclosure, on which each computation is based.’ ”<sup>638</sup>

The Federal Circuit explained that “[t]hus, in our view, the district court was within its discretion in determining that, though MLC was not required to disclose its expert opinions during fact discovery, it was still required to disclose (1) its view that the Hynix and Toshiba license agreements reflect a 0.25% royalty rate and (2) the extrinsic evidence Mr. Milani relied on to support that view in response to Micron’s reasonable requests for all facts, evidence, and testimony regarding any applicable royalty rates that MLC intended to rely on at trial.”<sup>639</sup>

The Federal Circuit added that “MLC’s argument that it need not disclose factual underpinnings and evidence underlying its damages theory prior to expert discovery undermines a district court’s discretion to encourage early discovery. District courts have the discretion to encourage parties to provide discovery of damages theories prior to expert discovery. Doing so promotes judicial efficiency, informs settlement discussions, and helps parties determine the resources that will be devoted to a case based on its potential value.”<sup>640</sup>

The Federal Circuit added that “[c]onsistent with these goals, several district courts have adopted local rules requiring parties to provide this information early in the litigation. For example, the Northern District of California amended its local rules in 2017 to require each party asserting infringement to disclose its damages ‘theories of recovery, factual support for those theories, and computations of damages within each category,’ within fifty days after service of the invalidity contentions.”

The Federal Circuit further added that “MLC’s argument also undermines Rule 33 of the Federal Rules of Civil Procedure. Rule 33 states that ‘[a]n interrogatory is not objectionable merely because it asks for an opinion or contention that relates to fact or the application or law to fact.’ \* \* \* As we recognized in *Woods v. DeAngelo Marine Exhaust, Inc.*, contention interrogatories—like Interrogatory Nos. 6 and 22 here—’serve an important purpose in helping to discover facts supporting the theories of the parties. Answers to contention interrogatories also serve to narrow and sharpen the issues thereby confining discovery and simplifying trial preparation.’ \* \* \* We have recognized that answers to contention interrogatories evolve over time as theories of liability, defense, and relief begin to take shape and that answers to those interrogatories may not come into focus until the end of discovery. \* \* \* But Rule 26(e) expressly requires that as theories mature and as the relevance of various items of evidence changes, responses to interrogatories, and particularly contention interrogatories, must be corrected or supplemented to reflect those changes.”<sup>641</sup>

Lastly, the Federal Circuit rejected MLC’s argument that the district court’s order required MLC’s corporate designee in a Rule 30(b)(6) deposition to divulge privileged information when asked about MLC’s view of the royalty rate in the Hynix agreement.

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<sup>638</sup> \_\_\_ F.3d at \_\_\_.

<sup>639</sup> \_\_\_ F.3d at \_\_\_, citing Ninth Circuit cases.

<sup>640</sup> \_\_\_ F.3d at \_\_\_.

<sup>641</sup> \_\_\_ F.3d at \_\_\_.

Similarly, the Federal Circuit rejected MLC’s argument that the district court erred by requiring MLC to disclose privileged information in its interrogatory responses.

The Federal Circuit explained that “[a] request for information regarding the factual basis of MLC’s reasonable royalty claim does not seek privileged information. Attorney-client privilege ‘only protects disclosure of communications; it does not protect disclosure of the underlying facts’ of those communications. \* \* \* That the Hynix and Toshiba licenses reflect a 0.25% rate, along with the statements in the extrinsic documents supporting this rate, are nothing more than facts underlying MLC’s damages theory.”<sup>642</sup>

Accordingly, the Federal Circuit affirmed the district court’s order striking portions of MLC’s damages expert’s opinion.

3. Trial Procedure –Excluding Witnesses, Time Limitations, Ordering Proof, Orders *In Limine*, Evidentiary Rulings *etc.*
  - a) Federal Circuit Affirms District Court’s Order in *Limine* Excluding Certain Testimony by Damages Expert Regarding the Royalty Rate Reflected in Prior Licenses as Having an Insufficient Basis 
  - b) Federal Circuit Affirms *Daubert* Motion to Exclude Damages Expert’s Report For Failure to Apportion Damages 

In *MLC Intellectual Property, LLC v. Micron Technology, Inc.*,<sup>643</sup> the Federal Circuit affirmed the district court’s orders precluding MLC’s damages expert from (1) characterizing certain license agreements as reflecting a 0.25% royalty under an order in *limine*, (2) opining on a reasonable royalty rate when MLC failed to produce key documents and information directed to its damages theory when requested prior to expert discovery, and (3) opining on the royalty base and royalty rate where the expert failed to apportion for non-patented features. The order in *limine* and *Daubert* issues will be addressed here.

MLC sued Micron for infringing a patent drawn to semiconductor memories, and particularly a method of programming multi-level cells in which each cell stored multiple bits, as opposed to prior 1-bit cells.

MLC’s damages expert opined that hypothetical negotiations for a reasonable royalty would have occurred during the fourth quarter of 2006, during a time that Micron first began selling the accused devices. He opined that the compensation period would have been begun

<sup>642</sup> \_\_\_ F.3d at \_\_\_.

<sup>643</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judges Newman and Reyna)(appeal from the United States District Court for the Northern District of California in No. 3:14-cv-03657-SJ, Senior Judge Susan Y. Illston).

on August 12, 2008, six years prior to the filing of the complaint and would have continued through the expiration of the patent-in-suit on June 9, 2015.

With respect to the royalty base, the damages expert considered (1) a comparable license approach and (2) the smallest saleable patent practicing unit (SSPPU) approach. The expert also addressed the factors of *Georgia-Pacific Corp. v. U.S. Plywood Corp.*,<sup>644</sup> to determine an appropriate royalty rate.

Micron filed (1) a motion in limine to preclude the damages expert from “mischaracterizing” certain prior license agreements – the Hynix and Toshiba agreements – as reflecting a 0.25% royalty rate, (2) a motion to strike portions of the expert report under Fed. R. Civ. P. 37 as being based on facts, evidence and theories that MLC had failed to disclose during pre-trial discovery despite interrogatories requesting the same, and (3) a motion to exclude the expert’s reasonable royalty opinion under *Daubert* for failure to apportion out the value of non-patented features. The district court granted the motions. The Federal Circuit affirmed.

With respect to the order in *limine*, the Federal Circuit reiterated that under *Daubert v. Merrell Dow Pharms., Inc.*,<sup>645</sup> the “the district judge was required to ‘ensure that any and all scientific testimony or evidence admitted is not only relevant, but reliable.’ ”

The Federal Circuit concluded that “[i]n this case, the district court properly determined that Mr. Milani’s [MLC’s damages expert] ‘testimony about the Hynix and Toshiba licenses containing a 0.25% royalty rate [was] not “based on sufficient facts or data” and [was] not “the product of reliable principles and methods.” ’ ”<sup>646</sup>

Neither the Hynix agreement nor the Toshiba agreement disclosed any royalty rate. Rather than deriving a rate from the lump-sum payments and projected sales, MLC’s damages expert relied on an inference from a most favored customer clause that, in the view of the Federal Circuit, went beyond what the clause implied and was incompatible with the Hynix agreement as a whole. The Federal Circuit agreed with the district court that if a 0.25% royalty had been applied to forecasts of revenue for the term of the licenses, the lump-sum amounts would have been far greater than the royalties reflected in the licenses.

The Federal Circuit concluded that because MLC’s damages expert “did not provide mathematical analysis to derive the 0.25% royalty rate from the lump-sum payments in the Hynix and Toshiba licenses, the district court could reasonably determine that those licenses cannot support testimony that the lump-sum payments were, in fact, based on that royalty rate.”<sup>647</sup>

Regarding failure to apportion, the Federal Circuit agreed with the district court that MLC’s damages expert had failed to apportion either the royalty rate or the royalty base to account for patented vs. unpatented technology.

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<sup>644</sup> 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970).

<sup>645</sup> 509 U.S. 579, 589 (1993).

<sup>646</sup> \_\_\_ F.3d at \_\_\_.

<sup>647</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit reiterated that “[w]e have repeatedly held that when the accused technology does not make up the whole of the accused product, apportionment is required. \* \* \* This is so even where the proposed royalty base is the smallest saleable patent practicing unit or SSPPU.”<sup>648</sup>

The Federal Circuit noted that the sole asserted claim was directed to an “[a]pparatus for programming an electrically alterable non-volatile memory cell,” and the accused technology did not make up the whole of the accused die or wafer.

The Federal Circuit concluded that “[n]either of [MLC’s damages expert’s] Mr. Milani’s damages theories—comparable license or SSPPU—apportioned for the non-patented aspects of the accused dies or wafers. Accordingly, the district court did not abuse its discretion in granting Micron’s *Daubert* motion.”<sup>649</sup>

In particular, the Federal Circuit reasoned that here MLC’s damages expert’s opinion “provided no evidence or explanation for how the 0.25% royalty rate he derived from the Hynix agreement accounts for apportionment of Micron’s accused products. \* \* \* Mr. Milani’s general characterization of the flash memory market as a whole as a commodity market does not satisfy this requirement of establishing that a license is, in fact, comparable. \* \* \* To the contrary, the Hynix agreement granted a license to a portfolio of forty-one U.S. and international patents and patent applications, and only one of those forty-one patents is at issue in the hypothetical negotiation.”<sup>650</sup>

The Federal Circuit also rejected MLC’s argument that no further apportionment beyond the single-component SSPPU was required because the asserted claims were directed to a memory device as a whole. The Federal Circuit reasoned that the sole claim-at-issue was not commensurate with the SSPPU, which also contained “error correction hardware,” “data clocking hardware,” “addressing hardware,” “cache registers,” and “digital to analog converters.”

Accordingly, the Federal Circuit affirmed the district court’s *Daubert* order excluding MLC’s expert testimony regarding a reasonable royalty for failure to apportion.

c) Failure to Qualify Software Code as Admissible Evidence Dooms Infringement 🍋🍋

In *Wi-LAN Inc. v. Sharp Electronics Corp.*,<sup>651</sup> a failure to properly qualify software code as admissible evidence resulted in a summary judgment of non-infringement on the ground that WI-LAN lacked sufficient evidence to prove direct infringement.

Wi-LAN’s two patents-in-suit related generally to video technology. The ’250 patent related to multimedia encoders and, specifically, to an integrated multimedia stream

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<sup>648</sup> \_\_\_ F.3d at \_\_\_.

<sup>649</sup> \_\_\_ F.3d at \_\_\_.

<sup>650</sup> \_\_\_ F.3d at \_\_\_.

<sup>651</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Taranto and Stoll)(appeal from the United States District Court for the District of Delaware in No. 1:15-cv-00788-LPS, Chief Judge Leonard P. Stark).

multiplexer. The '654 patent related to methods for displaying interlaced video on a non-interlaced monitor.

Wi-LAN sued Sharp alleging direct and induced infringement. After claim construction, Wi-LAN conceded that it could not prove infringement of the asserted claims of the '250 patent, and the district court entered a stipulated judgment of non-infringement, which was affirmed on appeal.

With respect to the '654 patent, the district court reasoned that Wi-LAN could not establish infringement without establishing that the source code of the accused products actually practiced the claimed method. The district court found that a printout of the source code that Wi-LAN sought to introduce as evidence was inadmissible, and granted summary judgment of non-infringement.

Wi-LAN supplied documents from third-party chip manufacturers purported to be the source code printouts together with declarations from employees of the manufacturers purporting to authenticate the source code printouts. The declarations stated that the source code “provide[d] the implementation of the deinterlacing process for digital video data in a specified list of chips” and “add[ed] that there [we]re ‘no material differences’ between the version of code produced and any versions used since 2009.”

Wi-LAN first argued that the printouts constituted a business record, admissible under the business exception rule to the hearsay rule.

The Federal Circuit noted that the hearsay exception of Fed. R. Civ. P. 803(6) permits a “record” that meets the following five requirements to be admitted into evidence:

- (A) the record was made at or near the time by—or from information transmitted by—someone with knowledge;
- (B) the record was kept in the course of a regularly conducted activity of a business, organization, occupation, or calling, whether or not for profit;
- (C) making the record was a regular practice of that activity;
- (D) all of these conditions are shown by the testimony of the custodian or another qualified witness, or by a certification that complies with Rule 902(11) or (12) or with a statute permitting certification;<sup>[3]</sup> and
- (E) the opponent does not show that the source of information or the method or circumstance of preparation indicate a lack of trustworthiness.

Wi-LAN argued that it had properly authenticated the source code printouts through declarations of the chip manufacturer’s employees. The district court and the Federal Circuit disagreed.

The Federal Circuit explained that “[a]s Wi-LAN notes, declarations are typically used at summary judgment as a proxy for trial testimony. But declarations cannot be used for this purpose unless the witness will be available to testify at trial. Under Federal Rule of Civil Procedure 56(c)(2), Wi-LAN was required to ‘explain the admissible form that is anticipated.’ Fed. R. Civ. P. 56(c)(2) advisory committee’s notes on 2010 amendments. Wi-LAN argued that it met this burden by explaining that the declarants were available to testify at trial. The district court, however, found the opposite. Indeed, when asked by the court at the summary

judgment hearing whether the declarants would appear at trial, Wi-LAN’s counsel responded that Wi-LAN did not ‘think that [it would be] able to force them to come to trial.’ ”

The Federal Circuit concluded that “Wi-LAN thus did not establish that the declarants would be available to testify at trial and, as a result, the declarations could not be used as a substitute for trial testimony.”<sup>652</sup>

Wi-LAN also argued that the source code printout was properly authenticated because the declarations were custodial declarations that were themselves admissible as business records under Rule 803(6). The Federal Circuit disagreed.

The Federal Circuit noted that Wi-LAN had obtained the printouts and declarations through filing lawsuits against the manufacturers and then dismissing the lawsuits without prejudice after the manufacturers provided Wi-LAN with the source code printout and declarations it sought because the manufacturers would not cooperate in discovery.

The Federal Circuit concluded that “[t]he declarations thus do not constitute a ‘record [that] was kept in the course of a regularly conducted activity of a business.’ Fed. R. Evid. 803(6)(B). Instead, the declarations were created and prepared for the purposes of litigation, placing them outside the scope of the exception. As a result, the declarations were not admissible as business records for use to authenticate the source code printout.”<sup>653</sup>

The Federal Circuit also addressed potentially contrary Third Circuit law, but held that the Third Circuit’s view ran counter to the text of Rule 803(6), and had not been widely adopted. Even so, the Federal Circuit concluded that “the declarations do not suffice because Wi-LAN does not meet Rule 803(6)’s final requirement that ‘the opponent does not show that the source of information or the method or circumstance of preparation indicate a lack of trustworthiness.’ Fed. R. Evid. 803(6)(E).”<sup>654</sup> The Federal Circuit pointed to district court findings that the printouts lacked trustworthiness due to inconsistent dates in the metadata, copyright and revisions histories, as well as added commentary on printed excerpts.

The Federal Circuit also rejected Wi-LAN’s argument that the printouts should have been admissible under Fed. R. Civ. P. 901(b)(4) that permits admission if “ [t]he appearance, contents, substance, internal patterns, or other distinctive characteristics of the item, taken together with all the circumstances’ ‘support a finding that the item is what the proponent claims it is.’ ”

The Federal Circuit agreed with the district court that “the source code printout’s ‘appearance, contents, substance, internal patterns, [and] other distinctive characteristics,’ Fed. R. Evid. 901(b)(4), did not satisfy Rule 901(b)(4)’s strictures ‘given the highly dubious circumstances surrounding the production and the lack of indicia of trustworthiness in the source code,’ \* \* \* .”<sup>655</sup>

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<sup>652</sup> \_\_\_ F.3d at \_\_\_.

<sup>653</sup> \_\_\_ F.3d at \_\_\_.

<sup>654</sup> \_\_\_ F.3d at \_\_\_.

<sup>655</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit also rejected Wi-LAN’s argument that the source code should be admissible under Fed. R. Evid. 703, based on Wi-LAN’s expert report that the accused TVs infringed.

The Federal Circuit responded that “Wi-LAN’s argument presents two separate and distinct questions: (1) whether the source code printout was admissible because it was relied on by the expert and (2) whether the expert’s testimony relying on the source code was admissible to establish infringement. The answer to the first question is ‘no’ because expert reliance does not translate to admissibility. The answer to the second question is also ‘no’ because Wi-LAN did not establish that experts in the field ‘reasonably rely on’ unauthenticated source code.”<sup>29656</sup>

d) Federal Circuit Concludes That Comments Concerning COVID-19 During Opening Statements Were Insufficient to Warrant a New Trial 

In *Pacific Biosciences of California, Inc. v. Oxford Nanopore Technologies, Inc.*,<sup>657</sup> a jury concluded that the asserted claims in PacBio’s two patents-in-suit, drawn to a method sequencing DNA using anopore technology, were infringed but invalid for lack of enablement. The district court, *inter alia*, denied PacBio’s request for a new trial based on Oxford’s improper remarks during opening statements that included references to potential applications of its accused products to the then-emerging global COVID-19 pandemic – trial began on March 9, 2020, where concerns about COVID-19 were rising leading to large scale shutdowns in a matter of days thereafter. The Federal Circuit affirmed.

The district court had granted PacBio’s motion in limine “to prevent [Oxford] from using ‘pejorative’ terms (such as ‘non-practicing entity,’ ‘NPE,’ and ‘paper patents’) and from presenting evidence about the consequences of this litigation,” with the district court reasoning that “it would be in-appropriate to put before the jury evidence or argument about the potential impact of a verdict in favor of PacBio—such as higher prices or slower medical research—as these issues are not for the jury to decide \* \* \*?”

Opening statements by both parties acknowledged COVID-19 and the relevance of the DNA-sequencing technology at issue to dealing with that virus and others. PacBio mentioned COVID-19 in passing, while Oxford discussed “infectious disease monitoring” and telling a story about sending products to Wuhan, China, at the start of the pandemic.

PacBio objected. The district court criticized Oxford for violating the order in limine and gave two curative jury instructions that had been requested by PacBio.

The Federal Circuit reiterated that “[a] new trial based on improper remarks is proper if ‘the appellee made prejudicial re-marks and it is ‘reasonably probable’ those prejudicial remarks influenced the jury’s verdict.’ \* \* \* ‘On the issue of the impact of improper conduct

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<sup>656</sup> \_\_\_ F.3d at \_\_\_.

<sup>657</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Taranto, joined by Circuit Judges Lourie and Stoll)(appeals from the United States District Court for the District of Delaware in Nos. 1:17-cv-00275-LPS, 1:17-cv-01353-LPS, Chief Judge Leonard P. Stark).

at trial, the views of the judge who supervised the trial proceedings are entitled to considerable weight.’”<sup>658</sup>

The Federal Circuit concluded that “[w]e see no abuse of discretion in the district court’s determination that the opening remarks were not sufficiently likely to have influenced the jury to create a miscarriage of justice.”<sup>659</sup>

The Federal Circuit explained that “[t]he [district] court reasonably found support for that determination [denial of a new trial] in PacBio’s own conduct and contemporaneously expressed views about references to COVID-19 before the jury, including PacBio’s mention of the subject in its opening and its request for no more than curative instructions (which the court gave).”<sup>660</sup>

The Federal Circuit concluded that “[i]n sum, we see an inadequate basis here to substitute our judgment about prejudice for the judgment of the district court. ‘Because the trial judge was present and able to judge the impact of counsel’s remarks, we defer to his assessment of the prejudicial impact.’ \* \* \* Therefore, we affirm the denial of PacBio’s motion for a new trial on this ground.”<sup>661</sup>

### C. Relief From Order or Judgment – Rule 60

#### 1. Federal Circuit, Applying “Due Diligence” Requirement of Ninth Circuit Law, Affirms District Court Order Setting Aside a Judgment and Injunction Under Fed. R. Civ. P. 60(b)(3)



In *Cap Export, LLC v. Zinus, Inc.*,<sup>662</sup> the Federal Circuit affirmed a district court order setting aside a judgment and injunction under Fed. R. Civ. P. 60(b)(3). The Federal Circuit questioned the Ninth Circuit’s “due diligence” requirement, but applied it.

Fed. R. Civ. P. 60(b) provides:

(b) Grounds for Relief from a Final Judgment, Order, or Proceeding. On motion and just terms, the court may relieve a party or its legal representative from a final judgment, order, or proceeding for the following reasons:

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<sup>658</sup> \_\_\_ F.3d at \_\_\_.

<sup>659</sup> *Id.*

<sup>660</sup> \_\_\_ F.3d at \_\_\_.

<sup>661</sup> \_\_\_ F.3d at \_\_\_.

<sup>662</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Circuit Judges Bryson and Hughes)(appeal from the United States District Court for the Central District of California in No. 2:16-cv-00371-SVW-MRW, Judge Stephen V. Wilson).

(3) fraud (whether previously called intrinsic or extrinsic), misrepresentation, or misconduct by an opposing party[.]

A motion under Rule 60(b)(3) “must be made within a reasonable time,” and “no more than a year after the entry of the judgment or order or the date of the proceeding.” Fed. R. Civ. P. 60(c)(1).

On procedural issues, the Federal Circuit applies otherwise applicable regional circuit law. Here that was Ninth Circuit law.

Under Ninth Circuit law, “[t]o prevail [under Rule 60(b)(3)], the moving party must prove by clear and convincing evidence that the verdict was obtained through fraud, misrepresentation, or other misconduct and the conduct complained of prevented the losing party from fully and fairly presenting the defense.”<sup>663</sup>

The Ninth Circuit has also held that “Federal Rule of Civil Procedure 60(b)(3) require[s] that fraud \* \* \* not be discoverable by due diligence before or during the proceedings.” The Federal Circuit questioned that requirement – “The Ninth Circuit’s additional due diligence requirement appears contrary to the text of Rule 60(b)(3), which does not mention diligence,” adding that “The parties cite no cases from other courts of appeals adopting this additional requirement, nor are we aware of any other courts of appeals that have adopted it.”<sup>664</sup> Nevertheless, the Federal Circuit applied that requirement.

Zinus owned a patent drawn to a mattress support that could be shipped in a compact state with all of its components packed into a headboard. In 2016, Cap Export filed a declaratory judgment alleging that the claims of the patent-at-issue were invalid and not infringed. Zinus counterclaimed alleging, *inter alia*, infringement.

Zinus filed a motion for partial summary judgment that certain claims were not invalid, relying on a declaration by Zinus’s then-president and “testifying technical expert,” Colin Lawrie. Counsel for Cap Export later deposed Lawrie, during which Lawrie denied knowledge of certain prior art. The district court later granted summary judgment finding that the prior art did not anticipate or render obvious any of the asserted claims. The parties then stipulated to entry of final judgment of “not invalid,” \$1.1 million in damages, and a permanent injunction.

Cap Export later discovered, via a different lawsuit Zinus had filed against Classic Brands, LLC, that Lawrie’s testimony *vis-à-vis* prior art was false. A letter attached to a declaration in that lawsuit had exhibits showing that a Chinese company manufactured a bed that had all of the components packed inside a compartment in the headboard. Included were invoices to a Malaysian company, Woody Furniture.

Cap Export sent company representatives to meet with Wood Furniture and discovered a 2012 invoice to Jusama Group Consulting Inc., a sales representative for Zinus, Inc. (Korea), and holding company that owned, *inter alia*, Zinus, Inc. Lawrie’s signature was on that invoice covering the purchase of 405 beds.

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<sup>663</sup> \_\_\_ F.3d at \_\_\_, quoting *De Saracho v. Custom Food Mach., Inc.*, 206 F.3d 874, 880 (9th Cir. 2000).

<sup>664</sup> \_\_\_ F.3d at \_\_\_.

On September 29, 2019, within a year of the entry of the final judgment and injunction, Cap Export filed a motion to vacate the judgment and injunction under Rule 60(b)(3). The primary basis for the allegations of fraud and mistake under Rule 60 was Lawrie’s false deposition testimony.

During the Rule 60(b) proceedings, Lawrie submitted a declaration in which he admitted that his prior deposition testimony that he had never seen “a bed that was shipped disassembled in one box” was “literally incorrect,” but he asserted that he did not “intend to answer falsely” because he “meant that [he] had not seen a bed shipped disassembled in one box with all of the components in the headboard.” Lawrie later similarly testified in a video deposition.

The district court, in assessing the falsity of Lawrie’s testimony, also relied on other Woody Furniture documents showing sales of these “beds in a box” to other sales agents for the Zinus family of companies. Zinus conceded that “[d]ocumentary evidence of the alleged on-sale prior art beds was, throughout the entire course of the underlying litigation up until the day of entry of the final consent judgment, all the while sitting in email form in the possession of Zinus.”

The district court granted the motion to set aside the judgment and vacated the injunction. The Federal Circuit affirmed.

Zinus, on appeal, urged that Cap Export had not satisfied the “due diligence” requirement of Ninth Circuit law. Zinus blamed “incompetent lawyers” urging that “emails relating to the Woody shipments would have been discovered if Cap Export’s lawyers had exercised due diligence and propounded standard document production requests for a patent case.” Cap Export conceded that written discovery had not specifically sought prior art, that it did not depose the inventor of the patent-at-issue, and that Lawrie’s deposition had not been taken under Rule 30(b)(6).

The Federal Circuit reasoned that “[t]he question is what constitutes due diligence in discovering fraud.” The Federal Circuit found that Ninth Circuit law, in other contexts, had held that due diligence in discovering fraud did not require investigation unless there is reason to suspect fraud.

The Federal Circuit thus reasoned that “[t]he issue thus is not whether the conduct of Cap Export’s counsel fell below the standard of care for attorneys practicing patent litigation, but whether a reasonable should have had reason to suspect the fraud—here, that Lawrie had testified falsely—and, if so, took reasonable steps to investigate the fraud.”<sup>665</sup>

Here, the Federal Circuit concluded that there had been no showing that there was reason to believe that Lawrie’s deposition statements were fraudulent. As for the other prongs of the Rule 60(b) analysis, the Federal Circuit concluded that the district court had not abused its discretion in finding those satisfied.

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<sup>665</sup> \_\_\_ F.3d at \_\_\_.

D. § 145 Actions

1. Federal Circuit Affirms Denial of an Award of PTO Expert Witness Fees Because § 145 Does Not Specifically and Explicitly Shift Expert Witness Fees 

In *Hyatt v. Hirschfeld (Hyatt II)*,<sup>666</sup> the Federal Circuit affirmed the district court’s denial of an award of expert witness fees to the PTO under § 145, holding that the statute’s shifting of “[a]ll the expenses of the proceedings” to the applicant does not overcome the American Rule presumption against shifting expert fees. The Federal Circuit concluded that § 145 does not specifically and explicitly shift expert witness fees.

Hyatt was known for filing, as the district court found, “hundreds of extraordinarily lengthy and complex patent applications,” including the four at issue here. In *Hyatt v. Hirschfeld (Hyatt I)*,<sup>667</sup> the Federal Circuit had noted that Hyatt had “adopted an approach to prosecution that all but guaranteed indefinite prosecution delay” in an effort to submarine his patent applications and receive lengthy patent terms, resulting in the PTO expending millions of dollars in prosecution.

In connection with the current four applications, Hyatt sued the PTO in a § 145 action. The PTO moved to dismiss the actions for prosecution laches. The district court refused and ordered the PTO to issue a patent covering some of the claims in Hyatt’s applications. Hyatt appealed to the Federal Circuit, and that was the subject of *Hyatt I*.

While *Hyatt I* was pending, Hyatt sought recovery of his attorney’s fees under the Equal Access to Justice Act (EAJA), 28 U.S.C. § 2412(b), that allows a court to grant attorney’s fees under some circumstances to a “prevailing party.” The district court granted that motion in-part based on Hyatt’s initial success in the district court. In *Hyatt I*, the Federal Circuit subsequently vacated and remanded. The PTO thus urged that Hyatt was not the “prevailing party.”

The PTO also sought reimbursement of its expert witness fees. Under § 145, “[a]ll the expenses of the proceedings shall be paid by the applicant,” and the PTO cited district court opinions awarding expert witness fees under the statute. The district court, however, noted that the cited cases lacked reasoning *vis-à-vis* the American Rule presumption against fee-shifting, as emphasized in recent Supreme Court precedent. The district court denied the PTO’s motion for reimbursement of its expert witness fees, and the PTO appealed.

The Federal Circuit initially vacated the district court’s holding that Hyatt was entitled to attorney’s fees under the EAJA, noting that after *Hyatt I*, Hyatt could not be considered a “prevailing party.”

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<sup>666</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Hughes, joined by Chief Judge Moore and Circuit Judge Reyna)(appeals from the United States District Court for the District of Columbia in Nos. 1:05-cv-02310-RCL, 1:09-cv-01864-RCL, 1:09-cv-01869-RCL, 1:09-cv-01872-RCL, Senior Judge Royce C. Lamberth).

<sup>667</sup> 998 F.3d 1347, 1368 (Fed. Cir. 2021).

With respect to expert witness fees, the Federal Circuit affirmed the district court’s denial of the PTO’s motion, holding that § 145 was not sufficiently specific to overcome the presumption against fee-shifting.”

In *Peter v. NantKwest, Inc.*,<sup>668</sup> the Supreme Court began its analysis of fee-shifting with the American Rule presumption requiring that litigants pay their own fees “unless a statute or contract provides otherwise,” and “Congress must provide a sufficiently ‘specific and explicit’ indication of its intent to overcome the American Rule’s presumption against fee shifting.”

The Supreme Court applied the American Rule to § 145, concluding that “the presumption against fee shifting applies to all statutes—even those like § 145 that do not explicitly award attorney’s fees to ‘prevailing parties.’” The Federal Circuit noted that although the Supreme Court had focused on attorney’s fees, the American Rule applied to other costs of litigation, including expert witness fees.

The Federal Circuit reasoned that “[n]o magic words are needed to override the American Rule, but the requirement that Congressional intent be specific and explicit is a high bar. \* \* \* For example, the Supreme Court held that where a statute shifted a ‘reasonable attorney’s fee,’ it was clear that Congress intended to override the American Rule with regard to attorney’s fees, but the language was not specific enough to also shift expert witness fees. \* \* \* Vague terms like ‘costs’ are also not enough. \* \* \* The Supreme Court has listed EAJA as ‘a good example of the clarity \* \* \* required to deviate from the American Rule.’ \* \* \* There, the statute shifts ‘fees and other expenses,’ § 2412(d)(1)(A), but also clarifies that ‘“fees and other expenses” includes the reasonable expenses of expert witnesses \* \* \* and reasonable attorney fees,’ § 2412(d)(2)(A).”<sup>669</sup>

The Federal Circuit reasoned that “[t]he Supreme Court’s *NantKwest* decision guides our analysis here. There, in interpreting the same § 145 language at issue here, the Court held that the reference to ‘expenses’ does not invoke attorney’s fees with enough clarity to overcome the American Rule. \* \* \* Although the Court’s holding that attorney’s fees are not shifted does not inherently dictate that expert fees cannot be shifted, \* \* \* much of the Court’s reasoning in *NantKwest* applies equally with respect to expert fees.”<sup>670</sup>

The Federal Circuit concluded that “[t]he central logic of *NantKwest* is applicable to our decision here, indicating that § 145 does not shift expert witness fees. The American Rule sets a high bar that vague definitions cannot overcome, particularly considering the many instances in which Congress has explicitly shifted expert fees. We therefore affirm the district court’s holding that the PTO is not entitled to reimbursement of its expert witness fees.”<sup>671</sup>

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<sup>668</sup> 140 S. Ct. 365, 369 (2019).

<sup>669</sup> \_\_\_ F.3d at \_\_\_.

<sup>670</sup> \_\_\_ F.3d at \_\_\_.

<sup>671</sup> \_\_\_ F.3d at \_\_\_.

E. Settlement Agreements

1. Over a Strenuous Dissent by Judge Newman, Panel Majority (1) Concludes That Parties Had Reached a Settlement Agreement (Although the Parties Denied the Same), and (2) the District Court Had Misinterpreted the “Agreement”  


In *PlasmaCAM, Inc. v. CNCElectronics, LLC*,<sup>672</sup> a somewhat bizarre case, the Federal Circuit panel majority, over a strenuous dissent by Judge Newman, “seems” to have (1) concluded that the parties had entered into a settlement agreement (despite that the parties and the district court acknowledged that not all terms had been mutually agreed to), and (2) chose, between disputed provisions, what the parties had “agreed to.”

Plasmacam sued CNC for infringement of a patent drawn to a plasma cutting system. Plasmacam was the exclusive licensee. In December 2019, the parties notified the district court that they had settled the case through an exchange of emails. However, in drafting a formal settlement agreement, it became clear that the parties continued to differ as to some terms and conditions. After further negotiations, the parties advised the district court that they had reach agreement on some, but not all, of the disputed terms.

The district court granted Plasmacam’s motion to enforce Plasmacam’s version of the “agreement” and ordered CNC to sign it.

CNC appealed. The Federal Circuit panel majority concluded that it had jurisdiction, reversed the district court’s judgment ordering CNC to execute Plasmacam’s version of the “agreement,” and concluded that CNC’s version of the “agreement” accurately reflected the parties’ understanding. The panel majority remanded.

During negotiations over the formal settlement, the parties disagreed on the terms of a mutual release and what products would be subject to a covenant-not-to-sue.

Eventually, the parties advised the district court that they had reached agreement on the mutual release provision(s), but had not reached agreement *vis-à-vis* the covered products.

On appeal, the Federal Circuit panel majority first concluded that it had jurisdiction to consider the appeal, either under § 1292(a)(1) conferring jurisdiction over interlocutory district court orders “granting, continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve or modify injunctions.” Or, under § 1295(a)(1) conferring jurisdiction over “an appeal from a final decision of a district court \* \* \* in any civil action arising under \* \* \* any Act of Congress relating to patents.”

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<sup>672</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Dyk, joined by Circuit Judge Reyna, dissenting opinion by Circuit Judge Newman)(appeal from the United States District Court for the Eastern District of Texas in No. 4:19-cv-00037-ALM, Judge Amos L. Mazzant, III).

The Federal Circuit panel majority concluded that the district court had committed “clear error” in adopting Plasmacam’s version of “Covered Products” for the covenant-not-to-sue.”

The Federal Circuit panel majority concluded – “We reverse the district court’s order concerning the Covered Products term; hold that the parties reached an agreement regarding the term on January 21; and remand for the district court to enter an appropriate order utilizing the January 21 agreed definition of Covered Products.”<sup>673</sup>

Circuit Judge Newman dissented urging, *inter alia*, that “[t]here was no ‘January agreement’ of litigation settlement. Nor was there agreement at any other time on all the terms of settlement. PlasmaCAM and CNC negotiated and exchanged several draft agreements, but no final understanding was reached, no meeting of the minds and no signed agreement.”<sup>674</sup>

Judge Newman urged that “[n]onetheless, my colleagues now hold that there was an enforceable binding settlement agreement that they call ‘the January agreement,’ although both sides and the district court agree that there was no such agreement. My colleagues’ holding is contrary to the law of contracts, and contrary to the principles of negotiation.”<sup>675</sup>

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Comment: Judge Newman has a valid point.

## F. Miscellaneous

1. Federal Circuit Affirms District Court’s Decision Compelling Arbitration and Dismissing ROHM USA’s Declaratory Judgment Action Without Prejudice Because an Arbitrator Must Determine Arbitrability of Dispute 

In *ROHM Semiconductor USA LLC v. MaxPower Semiconductor, Inc.*,<sup>676</sup> the Federal Circuit affirmed the district court’s decision compelling arbitration and dismissing ROHM USA’s declaratory judgment action without prejudice because an arbitrator just decide the arbitrability of the dispute.

In 2007, ROHM Japan and MaxPower entered into a technology license agreement (TLA) in exchange for certain royalties to be paid by MaxPower.

That TLA was later amended in 2011 to include an arbitration provision – “[a]ny dispute, controversy, or claim arising out of or in relation to this Agreement or at law, or the

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<sup>673</sup> \_\_\_ F.3d at \_\_\_.

<sup>674</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., dissenting).

<sup>675</sup> \_\_\_ F.3d at \_\_\_ (Newman, J., dissenting).

<sup>676</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge O’Malley, joined by Circuit Judges Lourie and Chen)(appeal from the United States District Court for the Northern District of California in No. 3:20-cv-06686-VC, Judge Vince Chhabria).

breach, termination, or validity thereof,” and that arbitration is to be conducted “in accordance with the provisions of the California Code of Civil Procedure” (“CCCP”).

In 2019, a dispute arose whether the TLA covered ROHM’s silicon carbide MOSFET products. In 2020, MaxPower notified ROHM Japan of its intent to initiate arbitration. ROHM USA, a subsidiary of ROHM Japan, then filed a declaratory judgment complaint asserting noninfringement of four MaxPower patents, and four IPR petitions regarding those same patents.

The district court granted MaxPower’s motion to compel arbitration and dismissed the case reasoning that the TLA “unmistakably delegate[s] the question of arbitrability to the arbitrator.” The Federal Circuit affirmed.

The Federal Circuit reasoned that under Supreme Court precedent “[w]hen deciding whether the parties agreed to arbitrate a certain matter (including arbitrability), courts generally \* \* \* should apply ordinary state-law principles that govern the formation of contracts,” with “an important qualification.” Namely, “[c]ourts should not assume that the parties agreed to arbitrate arbitrability unless there is ‘clear and unmistakabl[e]’ evidence that they did so,” and, that absent such clear and unmistakable delegation, the issue of arbitrability should be decided by a court.

ROHM USA urged that the CCCP was ambiguous because it contained one provision providing that an arbitrator “may rule on its own jurisdiction” in international commercial arbitration, and another provision that “the court shall order the petitioner and the respondent to arbitrate the controversy if it determines that an agreement to arbitrate the controversy exists.”

The Federal Circuit, however, pointed to another provision that the first provision superseded the second provision in international commercial arbitration cases. Thus, the CCCP was not ambiguous because only one provision could be applicable here.

The Federal Circuit pointed to a provision of the CCCP that defined international arbitration, and concluded that this dispute had all of the “earmarks” of an international dispute.

Accordingly, the Federal Circuit affirmed the district court.

## 2. Wide Range of Miscellaneous Holdings

The Federal Circuit’s opinion in *BASF Plant Science, LP v. Commonwealth Scientific and Industrial Research Organisation*,<sup>677</sup> is lengthy – 60 pages, involves several patents divided into two groups (each having distinct issues), complex technology involving plant-engineering to produce oils not native to the plants, and a large number of diverse holdings primarily based on factual findings. There were no significant new holdings of law.

Moreover, the panel agreed on the resolution of those diverse issues – except one. Circuit Judge Newman’s dissent-in-part focused on the panel majority’s reversal of a jury’s

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<sup>677</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2022)(Opinion by Circuit Judge Taranto, joined by Circuit Judge Chen, dissenting-in-part opinion by Circuit Judge Newman)(appeals from the United States District Court for the Eastern District of Virginia in No. 2:17-cv-00503-HCMLRL, Senior Judge Henry C. Morgan Jr.).

verdict that BASF and the Commonwealth Scientific and Industrial Research Organisation (“CSIRO”), based primarily on factual issues.

Accordingly, this will summarize the case and the holdings without further detail.

CSIRO, a research arm of the Australian government, owned the six patents-at-issue. Four patents were allocated to Group A and two patents were earlier allocated to Groups B and D. The claims were drawn to patent engineering, especially canola, to produce oils not native to the plants. CSIRO worked with Nuseed Pty Ltd. and Grains Research and Development Corporation to commercialize those inventions.

BASF sued CSIRO, Nuseed and Grains in 2017 for a declaratory judgment regarding other patents (later amended to name only CSIRO), and CSIRO counterclaimed for infringement of the six patents-at-issue, on behalf of itself, as well as Nuseed, Grains, and added Cargill, Inc. as a counterclaim defendant (BASF’s commercialization partner). In 2018, BASF (now including BASF Plant Science GmbH) added a claim that it co-owned the asserted patents as the result of a 2008 contract. Cargill moved to dismiss the counterclaims for lack of personal jurisdiction and improper venue, which the district court denied.

The case went to trial on eight claims of the six patents-at-issue that was bifurcated into liability and remedy phases. The parties stipulated, apart from the ownership question, to infringement of five of the six patents-at-issue. A jury found infringement of the sixth patent-at-issue. That jury rejected invalidity assertions, including the assertion that the Group A patent claims lacked adequate written description support.

The jury also found that BASF co-owned one of the six patents-at-issue, thus eliminating infringement *vis-à-vis* that patent, but not the remaining patents.

The district court ruled on willfulness, and concluded that the evidence was insufficient to support a finding of willful infringement.

A jury was convened to assess past damages, but was discharged after BASF made a proffer by CSIRO. The district court, after a bench trial, denied a “conduct stopping” injunction, but granted an on-going royalty on the five patents found to have been infringed.

BASF and Cargill appealed the jury’s verdicts of (1) adequate written description of the asserted Group A patent claims and (2) no BASF co-ownership of the five patents other than the ’792 patent. Cargill appealed the district court’s determination that venue was proper for Cargill. Cross-Appellants, CSIRO, Nuseed and Grains, appealed the jury’s verdict that BASF co-owned the ’792 patent. They also appealed several rulings by the district court that limited the remedy granted: (1) the refusal to submit willfulness to the jury; (2) a ruling on an issue about Cross-Appellants’ past-damages evidence that led the court to give no damages issue to the jury; (3) the denial of an infringement-stopping injunction, with the prospective remedy limited to an ongoing royalty; and (4) the calculation of that royalty.

The Federal Circuit (1) affirmed the finding that venue *vis-à-vis* Cargill was proper in the E.D. Va., (2) affirmed the jury’s rejection of a written description challenge to the asserted claims of Group A, but only as to canola plants, (3) affirmed the jury’s finding that five of the patents-at-issue were not co-owned by BASF, but reversed *vis-à-vis* the sixth patent-at-issue, meaning that there was no longer an infringement *vis-à-vis* the sixth patent-at-issue, and (4) affirmed the district court’s refusal to submit willfulness to a jury and its decision *vis-à-vis*

past damages. The Federal Circuit also remanded for reconsideration of the remedy, but left the current remedy “in place” pending that reconsideration.

As noted above, Circuit Judge Newman dissented-in-part on the panel majority’s reversal of the jury’s verdict that BASF and CSIRO were joint owners of the six patents-at-issue – actually, limited to the sixth patent-at-issue.

## XIX. APPELLATE PRACTICE AND PROCEDURE

### A. Appeals From the PTO

1. Article III Standing – “cases” and “controversies”
  - a) History
    - i. Legacy Case – A Party May Petition For an IPR Before the PTO, and Yet Lack Article III Standing to Appeal to the Federal Circuit



In *Phigenix, Inc. v. ImmunoGen, Inc.*,<sup>678</sup> the Federal Circuit concluded, as a matter of first impression, that Phigenix, a non-practicing entity (NPE), that petitioned for IPR of ImmunoGen’s patent, generally related to methods for treatment of cancer using a particular antibody, lacked Article III standing to appeal the PTAB’s final written decision holding that the challenged claims were non-obvious.

ImmunoGen was the owner of the patent-at-issue. Genentech, Inc. held a worldwide exclusive license. Phigenix described itself “as a for-profit discovery stage biotechnology, pharmaceutical, and biomedical research company” that focuses “on the use of novel molecular therapeutics” designed to fight cancer. Phigenix was an NPE that purportedly had a portfolio of patents that included U.S. Patent No. 8,080,534 (“the ‘534 patent”). Phigenix alleged that its ‘534 patent covered Genentech’s activities regarding the drug Kadcyla®/TM which Genentech produced under the license from ImmunoGen. Phigenix asserted that same subject matter was claimed in the patent-at-issue, licensed from ImmunoGen. Phigenix alleged that it “was forced” to bring litigation in various forums when Genentech refused to license its ‘534 patent. Phigenix sought IPR of ImmunoGen’s patent “to further its commercialization efforts” of its patent portfolio.

The Federal Circuit explained that “although Article III standing is not necessarily a requirement to appear before an administrative agency,” \* \* \*, an appellant must nevertheless supply the requisite proof of an injury in fact when it seeks review of an agency’s final action in a federal court \* \* \*.<sup>679</sup>

The Federal Circuit further explained that Article III standing required three elements: “An appellant ‘must have (1) suffered an injury in fact, (2) that is fairly traceable to the

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<sup>678</sup> 845 F.3d 1168 (Fed. Cir. 2017)(Circuit Judge Wallach, joined by Circuit Judges Dyk and Hughes)( Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2014-00676).

<sup>679</sup> 845 F.3d at 1172.

challenged conduct of the [appellee], (3) that is likely to be redressed by a favorable judicial decision.’<sup>680</sup>

Regarding the first requirement, the Federal Circuit explained that “ ‘the injury-in-fact requirement requires [an appellant] to allege an injury that is both concrete *and* particularized.’ \* \* \* To constitute a ‘concrete’ injury, the harm must ‘actually exist,’ \* \* \* or appear ‘imminent,’ \* \* \*—a ‘conjectural or hypothetical’ injury will not suffice, \* \* \*.” And an injury is ‘particularized’ if it affects an appellant ‘in a personal and individual way.’<sup>681</sup>

The Federal Circuit recognized this as a matter of first impression: “In the nearly thirty-five years since the court’s inception, we have not established the legal standard for demonstrating standing in an appeal from a final agency action. This standard must identify the burden of production; the evidence an appellant must produce to meet that burden; and when an appellant must produce that evidence.”<sup>682</sup>

Regarding the burden of production, the Federal Circuit concluded that “[o]ur review of *Lujan* [*Lujan v. Defs. of Wildlife*, 504 U.S. 555, 561 (1992)] and the Supreme Court’s subsequent decisions leads us to conclude that the summary judgment burden of production applies in cases where an appellant seeks review of a final agency action and its standing comes into doubt.”<sup>683</sup>

The Federal Circuit concluded *vis-à-vis* the second issue, namely what evidence will meet that burden, that “an appellant ‘must either identify \* \* \* record evidence sufficient to support its standing to seek review or, if there is none because standing was not an issue before the agency, submit additional evidence to the court of appeals,’ such as ‘by affidavit or other evidence.’ ”<sup>684</sup>

With respect to the third factor, namely when an appellant should produce the evidence establishing standing, the Federal Circuit concluded that “[b]ecause standing involves threshold questions over a court’s authority to hear a dispute, \* \* \*, an appellant must identify the relevant evidence demonstrating its standing ‘at the first appropriate’ time, whether in response to a motion to dismiss or in the opening brief, \* \* \*.”<sup>685</sup>

On the merits, the Federal Circuit held that Phigenix had not demonstrated an injury in fact. Phigenix urged that ImmunoGen’s patent-at-issue had encumbered its licensing efforts, and had submitted declarations in response to Immunogen’s motion to dismiss.

The Federal Circuit concluded that those declarations were insufficient to meet Phigenix’s burden because those declarations did not set out admissible “facts” as required by Rule 56(c)(4), Federal Rules of Civil Procedure. The Federal Circuit reasoned that “[i]t is

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<sup>680</sup> 845 F.3d at 1172, quoting *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547 (2016)(citations omitted).

<sup>681</sup> 845 F.3d at 1171.

<sup>682</sup> 845 F.3d at 1172.

<sup>683</sup> 845 F.3d at 1173.

<sup>684</sup> *Id.*

<sup>685</sup> 845 F.3d at 1173.

possible that, if Phigenix had licensed the '534 patent to the same parties to which ImmunoGen had licensed the '856 patent, the invalidation of the '856 patent might have increased Phigenix's revenues. However, there is simply no allegation here that Phigenix has ever licensed the '534 patent to anyone, much less that it licensed the '534 patent to entities that have obtained licenses to the ImmunoGen '856 patent."<sup>686</sup>

With respect to § 141(c), providing that "[a] party to an *inter partes* review \* \* \* who is dissatisfied with the final written decision of the [PTAB] \* \* \* may appeal the [PTAB]'s decision" to the Federal Circuit, the Federal Circuit reasoned that "Phigenix cannot base its injury in fact upon a violation of § 141(c) because it has been permitted to file its appeal, and the exercise of its right to appeal does not necessarily establish that it possesses Article III standing."<sup>687</sup>

Comment: Query – being permitted to file an appeal, but having that appeal dismissed for lack of Article III standing, seems tenuous. A slightly different rationale would be that § 141(c) itself does not accord a party standing, only a route for possible appeal.

The Federal Circuit also rejected Phigenix's argument that it had suffered injury in fact based on the estoppel effect under § 315(e) of the PTAB's decision. The Federal Circuit relied on its decision in *Consumer Watchdog v. Wis. Alumni Research Fund*,<sup>688</sup> holding that a similar estoppel provision "'[d]oes not constitute an injury in fact' when, as here, the appellant 'is not engaged in any activity that would give rise to a possible infringement suit.'"<sup>689</sup>

- b) Cases in Current Time Frame
  - i. Federal Circuit Rejects Apple's Arguments That It Had Art. III Standing to Appeal an Adverse PTAB Decision in an IPR Because of (1) Ongoing Payment Obligations Under a License Agreement, (2) Threat of Suit After Expiration of the License, and (3) Estoppel Effects of § 315 on Future Challenges to Validity 

In *Apple Inc. v. Qualcomm Inc.*,<sup>690</sup> the Federal Circuit concluded that Apple lacked standing to appeal adverse PTAB decisions in two cases.

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<sup>686</sup> 845 F.3d at 1174.

<sup>687</sup> 845 F.3d at 1175.

<sup>688</sup> 753 F.3d 1258, 1262 (Fed. Cir. 2014).

<sup>689</sup> 845 F.3d at 1176.

<sup>690</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Moore, joined by Circuit Judges Reyna and Hughes)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-01252).

Qualcomm sued Apple for infringement of the two patents-at-issue. Apple sought IPR asserting that certain claims were unpatentable. The PTAB issued FWDs concluding that Apple had not proved that the challenged claims in either patent would have been obvious.

Before the filing of the present appeals, Apple and Qualcomm settled all litigation worldwide. The parties then jointly moved to dismiss Qualcomm’s district court action with prejudice, which the district court granted. Nevertheless, Apple appealed the PTAB’s FWDs.

The Federal Circuit reiterated that “ ‘Standing to sue is a doctrine rooted in the traditional understanding of a case or controversy’ required by Article III. \* \* \* ‘[T]he irreducible constitutional minimum of standing’ consists of ‘three elements.’ \* \* \* An appellant ‘must have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the [appellee], and (3) that is likely to be redressed by a favorable judicial decision.’ \* \* \* To establish injury in fact, the alleged harm must be ‘ ‘concrete and particularized’ and ‘actual or imminent, not conjectural or hypothetical.’ ”<sup>691</sup>

The Federal Circuit explained, as it has in prior cases, that “ ‘Article III standing is not necessarily a requirement to appear before an administrative agency.’ \* \* \* And the Patent Act permits any person ‘who is not the owner of the patent’ to file a petition for *inter partes* review. \* \* \* While nearly any person may seek an *inter partes* review, an appellant must ‘supply the requisite proof of an injury in fact when it seeks review of an agency’s final action in a federal court.’ \* \* \* Indeed, the Supreme Court has recognized that not every party will have Article III standing to appeal a Board final written decision.”<sup>692</sup>

Qualcomm urged that Apple had waived any argument *vis-à-vis* standing by failure to raise that issue in its opening brief, as required by prior Federal Circuit authority. The Federal Circuit remarked that “[g]iven the global settlement between the parties, Apple should have made its standing arguments and proffered its evidence in support of standing in its opening brief,” but here, noting that “waiver is a matter of discretion,” chose to exercise its discretion and decide the issue of standing “because: (1) the issue of Apple’s standing is fully briefed; (2) we see no prejudice to Qualcomm; and (3) the question of standing impacts these and other appeals. In both appeals, Qualcomm sought leave to file a sur-reply addressing Apple’s evidence and arguments on standing. Qualcomm agreed that, if we grant its motions, it will not suffer any prejudice and that evaluating the evidence may resolve standing in other pending cases.”<sup>693</sup>

The Federal Circuit rejected Apple’s standing argument based on its license payment obligations reasoning that “Apple has not alleged that the validity of the patents at issue will affect its contract rights (i.e., its ongoing royalty obligations). This failure is fatal to establishing standing \* \* \* . Qualcomm asserts, and Apple does not contest, that the license agreement involves tens of thousands of patents. \* \* \* Apple nowhere argues or provides evidence that

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<sup>691</sup> \_\_\_ F.3d at \_\_\_.

<sup>692</sup> \_\_\_ F.3d at \_\_\_, citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016).

<sup>693</sup> \_\_\_ F.3d at \_\_\_.

the validity of any single patent, including the [patents-at-issue] \* \* \*, would affect its ongoing payment obligations.”<sup>694</sup>

With respect to Apple’s argument *vis-à-vis* that Qualcomm may sue Apple for infringement of the patents-at-issue after expiration of the license, the Federal Circuit responded that “this possibility of suit is too speculative to confer standing. Apple provides no evidence that it intends to engage in any activity that may give rise to an infringement suit of the [patents-at-issue] \* \* \* when the license expires.”<sup>695</sup>

The Federal Circuit also rejected Apple’s argument that “Qualcomm’s refusal to grant Apple an irrevocable license or other permanent rights in the [patents-at-issue] \* \* \* and Qualcomm’s history of asserting patents against Apple after certain royalty agreements expired provide standing,” concluding “that is not enough.”<sup>696</sup> The Federal Circuit reasoned that “[a]t best, Apple’s allegations are speculation and conjecture about Qualcomm’s proclivity to assert its patent rights generally. But they are devoid of the specificity necessary to show that Qualcomm is likely to assert these particular patents against any particular products which would be sold after the license agreement expires in 2025 or 2027.”<sup>697</sup>

With respect to Apple’s estoppel argument under § 315(e), the Federal Circuit responded that “[l]o the extent Apple argues this provides an independent basis for standing, we do not agree. We have already rejected invocation of the estoppel provision as a sufficient basis for standing.’ \* \* \* Apple’s harm is particularly suspect because it has failed to show it will likely be engaging in activities that could give rise to a potential suit based on the [patents-at-issue] \* \* \* after the expiration of the license agreement. \* \* \* Thus, the harm Apple may face from estoppel is insufficient to provide standing.”<sup>698</sup>

- ii. Where Multiple Patents Are Licensed, Party Fails to Show Art. III Standing For Appeal in an IPR Where a Finding of Invalidity Would Not Affect Royalties For Subject Patent



In *ModernaTx, Inc. v. Arbutus Biopharma Corp.*,<sup>699</sup> the Federal Circuit concluded that Moderna did not have Art. III standing to appeal an adverse decision in an IPR because of an insufficient showing of an injury in fact.

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<sup>694</sup> \_\_\_ F.3d at \_\_\_.

<sup>695</sup> \_\_\_ F.3d at \_\_\_.

<sup>696</sup> \_\_\_ F.3d at \_\_\_.

<sup>697</sup> \_\_\_ F.3d at \_\_\_.

<sup>698</sup> \_\_\_ F.3d at \_\_\_.

<sup>699</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges O’Malley and Stoll)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00739).

Arbutus owned the patent-at-issue drawn to certain DNA/RNA technology. Moderna petitioned for IPR asserting that all claims were unpatentable. The PTAB concluded that Moderna had shown that some claims were unpatentable, but had failed to show that other claims were unpatentable. Moderna appealed the finding that it had failed to show that some claims were unpatentable. Arbutus cross-appealed the finding that some claims were unpatentable.

The Federal Circuit concluded that Moderna lacked Art. III standing.

The Federal Circuit reiterated that “[o]ur precedent generally makes clear that, as in all appeals before this court, an appellant seeking review of a Board decision in an IPR must have ‘(1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the [appellee], (3) that is likely to be redressed by a favorable judicial decision.’”<sup>700</sup>

The Federal Circuit explained that “we recognize that where a statute grants judicial review, as the IPR statute does \* \* \*, the criteria of immediacy and redressability may be ‘relaxed.’ \* \* \* But we have always maintained that a party’s participation in the underlying IPR before the Board is insufficient by itself to confer standing on that party to appeal the Board’s decision to this Article III court.”<sup>701</sup>

Moderna initially urged that it was a licensee of the patent-at-issue and “actual monetary obligations” would be impacted by the PTAB’s validity determinations. Arbutus had licensed the patent-at-issue, along with other patents, to Acuitas Biotherapeutics, which, in turn, had granted several sublicenses to Moderna. Moderna argued that royalty and milestone payments caused harm to Moderna by increasing the financial burdens on Moderna’s development program.

Later, during pendency of the appeal, Moderna advised the Federal Circuit that it had terminated, at some undisclosed time, the development program that was underway at the time the appeal had been filed. Moderna, however, advised the Federal Circuit that it then had a COVID-19 program underway, and Arbutus had made “aggressive public statements” about the scope of its patents. Additionally, Arbutus had refused to grant Moderna a covenant not to sue.

The Federal Circuit concluded that the particularly problematic factor for Moderna was that the patent-at-issue was only one of many patents licensed from Acuitas. The two “crucial cases,” the Federal Circuit wrote, were *Apple Inc. v. Qualcomm Inc.*,<sup>702</sup> and *Samsung Elecs. Co. v. Infobridge Pte. Ltd.*<sup>703</sup> In *Samsung*, the Federal Circuit had held that there was standing despite that multiple patents were licensed because license terms were such that invalidation of the patent-at-issue in the IPR would have changed the amount of royalties. In *Apple*, on the other hand, the Federal Circuit found a lack of standing where multiple patents had been

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<sup>700</sup> \_\_\_ F.3d at \_\_\_.

<sup>701</sup> \_\_\_ F.3d at \_\_\_.

<sup>702</sup> 992 F.3d 1378 (Fed. Cir. 2021).

<sup>703</sup> 929 F.3d 1363 (Fed. Cir. 2019).

licensed because there was no evidence that invalidation of the patent-at-issue in the PPR would affect the royalty obligations of the other licensed patents.

The Federal Circuit analogized the facts here to those in *Apple*. The Federal Circuit concluded that “Moderna has failed to meet its burden of demonstrating that it suffers an injury from the existence of the ’435 patent, or that any such injury would be redressed by invalidation of that patent.”<sup>704</sup>

Secondly, the Federal Circuit concluded that Moderna had failed to show that it continuously had standing throughout the appeal. The evidence showed that Moderna had terminated the original development program at an undisclosed date.

The Federal Circuit concluded that “[i]n view of Moderna’s concession that the basis for its standing shifted during the pendency of this appeal—*i.e.*, from the financial burdens of the Acuitas sublicenses to a potential infringement suit for the COVID-19 vaccine—Moderna had to come forth with evidence to demonstrate the necessary continuity of jurisdiction. Moderna failed to do so.”<sup>705</sup>

iii: Mapping Claims to Product Viewed as  Sufficient to Bestow Art. III Standing 

In *Intel Corp. v. Qualcomm Incorporated*,<sup>706</sup> the Federal Circuit concluded that mapping claims in other litigation was sufficient to bestow Art. III standing.

Intel petitioned for an IPR, identifying itself and Apple Inc. as the real parties-in-interest. Review was instituted, and Intel prevailed in showing unpatentability of some claims, but not others. Intel appealed, and Qualcomm, *inter alia*, moved to dismiss for lack of standing. The Federal Circuit decided the standing issue in its opinion on the merits.

The Federal Circuit reiterated that the appealing party “must demonstrate: (1) an ‘injury in fact’ (2) ‘fairly traceable’ to the defendant’s challenged conduct and (3) ‘likely to be redressed by a favorable judicial decision.’ ”<sup>707</sup>

The Federal Circuit further reiterated that “an injury in fact must be ‘concrete and particularized and actual or imminent, not conjectural or hypothetical.’ \* \* \* That’s generally so when an IPR petitioner ‘has engaged in, is engaging in, or will likely engage in activity that would give rise to a possible infringement suit,’ ”<sup>708</sup> quoting *Grit Energy Solis, LLC v. Ornn Techs.*,

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<sup>704</sup> \_\_\_ F.3d at \_\_\_.

<sup>705</sup> \_\_\_ F.3d at \_\_\_.

<sup>706</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judges Taranto and Hughes)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-01429).

<sup>707</sup> \_\_\_ F.3d at \_\_\_.

<sup>708</sup> \_\_\_ F.3d at \_\_\_.

*LLC*,<sup>709</sup> in which the district court had dismissed an action without prejudice thus leaving the patentee “free to reassert those infringement claims.”

The Federal Circuit viewed Intel’s position here as being similar. Qualcomm had not sued Intel for infringement, but had mapped the subject patent claims to Intel’s product (and only Intel’s product) in a prior suit against Apple.

The Federal Circuit reasoned that “Like in *Grit*, therefore, Intel’s acts ‘*did*’ give rise to an infringement suit.’ \* \* \* In Intel’s words, Qualcomm ‘already has engaged in litigation involving *that* technology and *this* patent.’ ”<sup>710</sup>

The Federal Circuit further explained that “[i]t is of no moment that the suit wasn’t against Intel, as Intel ‘need not face a specific threat of infringement.’ \* \* \* Nor does it matter that the suit settled in 2019. \* \* \* True, such settlements can deprive parties of standing. \* \* \* But Intel isn’t a party to this one. In contrast, Intel was informed that ‘Qualcomm is not offering a covenant not to sue.’ \* \* \* Although that refusal isn’t on its own ‘sufficient to create an actual controversy,’ \* \* \*, it reinforces the analogy to *Grit*, where the patentee declined to stipulate that it would not reassert its previous infringement allegations, \* \* \* ”<sup>711</sup>

Additionally, Intel represented that it continued to sell the relevant products to Appel (and another customer) and “so it must ‘address[] the ’043 patent and the risk of an infringement suit by Qualcomm.’ ”<sup>712</sup>

The Federal Circuit concluded that Intel had Art. III standing to appeal.

iv. Settlement Agreement That Resulted in a License, Leads to Lack of Art. III Standing



v. Federal Circuit Denies Request to Vacate PTAB’s Decision Where Mootness Resulted From Settlement Agreement 

In *Apple Inc. v. Qualcomm Incorporated (Apple I<sup>+++</sup>)*,<sup>713</sup> the Federal Circuit panel majority dismissed the appeal concluding that under an earlier decision, *Apple Inc. v. Qualcomm Inc. (Apple J)*,<sup>714</sup> Apple lacked Art. III standing to appeal, *inter alia*, as the result of a settlement agreement.

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<sup>709</sup> 957 F.3d 1309, 1319 (Fed. Cir. 2020) (Federal Circuit characterized quote as “cleaned up”).

<sup>710</sup> \_\_\_ F.3d at \_\_\_.

<sup>711</sup> \_\_\_ F.3d at \_\_\_.

<sup>712</sup> \_\_\_ F.3d at \_\_\_.

<sup>713</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Prost, joined by Circuit Judge Stoll, dissenting opinion by Circuit Judge Newman)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPRR2018-01276, IPRR2018-01281, IPRR2018-01282, IPRR2018-01460).

<sup>714</sup> 992 F.3d 1378, 1385 (Fed. Cir. 2021).

Circuit Judge Newman dissented urging that the settlement agreement resulted in a license that provided Apple with standing.

Qualcomm sued Apple for infringing various patents. Apple petitioned for IPR of those patents. The parties then settled their patent-infringement litigation worldwide resulting in six-year global patent license with a two-year extension option. That resulted in dismissal of the infringement suit with prejudice. In the IPR, the PTAB concluded that Apple had failed to prove that various claims were unpatentable. Apple appealed.

The Federal Circuit in *Apple I* concluded that Apple lacked Art. III standing to appeal. Apple argued, *inter alia*, that it had standing under its “ongoing payment obligations that are a condition for certain rights in the license agreement.” The Federal Circuit rejected that argument because Apple “nowhere argue[d] or provide[d] evidence that the validity of any single patent \* \* \* would affect its ongoing payment obligations,’ nor ‘identif[ied] any contractual dispute \* \* \* that relates to, or could be resolved through a validity determination of, the patents at issue.”<sup>715</sup>

In the current consolidated appeals, like in *Apple I*, Qualcomm sued Apple for infringement of several patents. Apple then petitioned for IPR. Thereafter the parties entered into the aforementioned settlement and license agreement. The PTAB then subsequently issued final written decisions concluded that Apple had not proven various claims unpatentable. Apple appealed, and Qualcomm moved to dismiss for lack of standing.

The Federal Circuit panel majority wrote that “[w]e do not write on a blank slate in assessing Apple’s standing here. Rather, as presaged above, the writing is already on the wall. As Apple admits, ‘the operative facts are the same’ here as in *Apple I*. \* \* \* In both cases Qualcomm sued Apple for patent infringement, Apple petitioned for IPR, the parties settled and licensed, Apple failed to prove certain claims unpatentable at the Board, and Apple appealed. Even Apple’s declarations in support of standing are the same. True, the patents are different. But that’s irrelevant because the settlement and license agreement cover both sets of patents. The cases are on all fours.”<sup>716</sup>

The Federal Circuit panel majority also rejected Apple’s request to vacate the PTAB’s decision. Apple relied on *United States v. Munsingwear, Inc.*,<sup>717</sup> which directs courts to vacate an underlying decision in certain appeals that have become moot during their pendency, “clear[ing] the path for future relitigation.”

The Federal Circuit panel majority reasoned that *Munsingwear* concerned mootness, not standing. The Federal Circuit panel majority noted that “[b]ecause Apple’s injury disappeared before it invoked our jurisdiction, Apple’s problem is lack of standing at the outset of the appeal, not mootness.”<sup>718</sup>

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<sup>715</sup> *Apple I*, 992 F.2d at 1383-84.

<sup>716</sup> \_\_\_ F.3d at \_\_\_.

<sup>717</sup> 340 U.S. 36, 40 (1950).

<sup>718</sup> \_\_\_ F.3d at \_\_\_.

But added that “even if this could be framed as mootness, vacatur would *still* be inappropriate because the jurisdiction-destroying event is a settlement Apple voluntarily entered.”<sup>719</sup> The Federal Circuit panel majority, quoting *U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*,<sup>720</sup> concluded that “mootness by reason of settlement does not justify vacatur of a judgment under review.”<sup>721</sup>

Circuit Judge Newman dissented, urging, *inter alia*, that “[p]recedent is clear that a patent licensee may challenge the patent’s validity in federal court without loss of Article III standing due to the existence of a license.”<sup>722</sup>

vi. Initiating Action Identifying Same “Part” as  
Basis For Alleged Infringement, Albert Against  
Another Entity, Held Sufficient to Confer Art.  
III Standing in Appeal From IPR



In *Intel Corporation v. Qualcomm Incorporated*,<sup>723</sup> the Federal Circuit concluded that Intel had Art. III standing to appeal an adverse decision by the PTAB in an IPR.

The Qualcomm patent-at-issue was generally drawn to multi-processor systems and specifically the storing of “boot code” for each of those processors.

In 2017, Qualcomm initiated actions in district court and the ITC alleging that Apple infringed, *inter alia*, the patent-at-issue through its iPhone models that incorporated base-band processors made by Intel. Apple later acquired that business from Intel.

Intel petitioned the PTAB for three IPRs various claims of the patent-at-issue. Those IPRs were consolidated. The PTAB ultimately held that Intel had proved the unpatentability of certain claims. Qualcomm no longer challenged that ruling. The PTAB also held that Intel had failed to prove the unpatentability of other claims.

Intel appealed, and Qualcomm, *inter alia*, moved to dismiss urging that Intel lacked Art. III standing because Qualcomm had not sued or threatened to sue Intel for infringing the patent-at-issue.

The Federal Circuit referenced its companion case, *Intel Corp. v. Qualcomm Inc.*, No. 20-1664 (Fed. Cir. Dec. 28, 2021), issued on the same day, concluding that “[h]ere, as there, Intel has engaged in activity that has already given rise to an infringement suit by Qualcomm.”<sup>724</sup>

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<sup>719</sup> \_\_\_ F.3d at \_\_\_.

<sup>720</sup> 513 U.S. 18, 24 (1994).

<sup>721</sup> \_\_\_ F.3d at \_\_\_.

<sup>722</sup> \_\_\_ F.3d at \_\_\_ ((Newman, J., dissenting)).

<sup>723</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Taranto, joined by Circuit Judges Prost and Hughes)(appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-01334, IPR2018-01335, IPR2018-01336).

<sup>724</sup> \_\_\_ F.3d at \_\_\_.

The Federal Circuit noted that “Qualcomm has not disputed that, in those proceedings, it identified an Intel product as the ‘secondary processor’ of the ‘949 patent. \* \* \* Thus, for the same reasons as in our companion case, Intel’s risks transcend mere conjecture or hypothesis.’ \* \* \* That is so even though Intel has only shown that it manufactures the claimed ‘secondary processor’ of the ‘949 patent’s claimed inventions, not all the components required by the claims, given the centrality of that component to the claims, the possibility of direct infringement suits based on product testing, and the possibility of indirect infringement suits based on at least inducement. \* \* \* We therefore find that Intel has standing and proceed to consider the merits of its appeal.”<sup>725</sup>

On the merits, the Federal Circuit vacated the PTAB’s decision re certain claims because of uncertainty regarding claim construction, and remanded the PTAB’s conclusion *vis-à-vis* certain means-plus-function limitations because the PTAB had not fully decided the question of “corresponding structure” disclosed in the specification.

- vii. Public Statements by Patent Owner Asserting Patent Breadth Coupled With Failure to Grant Covenant–Not–To–Sue, and IPR Petitioner’s Concrete Plans to Produce Potentially Infringing Product Held Sufficient to Show Art III Standing 

In *ModernaTx, Inc. v. Arbutus Biopharma Corporation*,<sup>726</sup> the Federal Circuit concluded (1) Moderna had Art. III standing to appeal an adverse PTAB judgment in an IPR, and (2) on the merits, the PTAB had not erred in declining to impose a presumption of obviousness based on overlapping ranges where the critical range was not expressly disclosed in the prior art.

Arbutus owned the patent-at-issue drawn to “stable nucleic acid-lipid particles (SNALP) comprising a nucleic acid (such as one or more interfering RNA), methods of making the SNALP, and methods of delivering and/or administering the SNALP.”

Moderna petitioned for IPR of all claims, alleging, *inter alia*, that all claims would have been anticipated or obvious over a PCT patent publication or a U.S. patent publication. Moderna’s argument was based on its assertion that all claimed ranges overlapped with the prior art, and that a presumption of obviousness should therefore apply.

For three of four lipid components in the claims – a cationic lipid, a cholesterol portion of a non-cationic lipid, and a conjugated lipid—Moderna pointed to expressly disclosed ranges in the prior art.

As for the fourth phospho-lipid portion of the non-cationic lipid, the claims required a range “from 4 mol % to 10 mol % of the total lipid present in the particle.” The prior art did not expressly disclose that range, but Moderna argued that because the total mol % of all

<sup>725</sup> \_\_\_\_ F.3d at \_\_\_\_.

<sup>726</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Lourie, joined by Circuit Judges O’Malley and Stoll)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2019-00554).

lipids in the particle must equal 100%, based on the ranges of the other lipid components, the maximum amount and minimum amount of phospholipid can be calculated to form a range of 0–19.5 mol %.

The PTAB concluded that Moderna had failed to satisfy its burden of showing unpatentability. The PTAB reasoned that Moderna had derived an overlapping phospholipid range by making certain unfounded assumptions about the other lipid components, and that a presumption of obviousness did not apply when the prior art did not disclose an express range.

On appeal, on the merits, the Federal Circuit affirmed.

With respect to Moderna’s Art. III standing to appeal, Moderna asserted it had standing to appeal because there was a substantial risk that Arbutus would assert its patent in an infringement suit targeting Moderna’s COVID-19 vaccine.

In support, Moderna’s Senior Vice President and Deputy General Counsel, submitted a declaration (1) describing Moderna’s work on its “proprietary mRNA technology, delivery technologies, and manufacturing processes to develop its COVID-19 vaccine, mRNA-1273,” and Moderna’s concrete plans as of September 2020 to release a COVID-19 vaccine, its emergency use authorization as of December 2020, and its subsequent commercial shipments of the vaccine.

That declaration also described Arbutus’ public statements in 2017 regarding the alleged extensive scope of its patent coverage, Arbutus’ position that Moderna required a license to Arbutus’ patents, including the patent-at-issue, and Arbutus’ refusal to grant Moderna a covenant-not-to-sue.

The Federal Circuit concluded that Moderna had shown Art. III standing – “it is generally sufficient for the appellant to show that it has engaged in, is engaging in, or will likely engage in “activity that would give rise to a possible infringement suit.”’ \* \* \*. Accordingly, on the record before us, Moderna has demonstrated enough of a risk that it will be faced with an infringement suit based on the combination of its own activities in developing the COVID-19 vaccine, Arbutus’s broad public statements about its extensive patent cover-age in this area, and Arbutus’s refusal to grant a covenant not to sue.”<sup>727</sup>

The Federal Circuit added that “[i]t also bears noting that, if we were to dismiss this appeal for lack of standing, Arbutus could sue Moderna for infringement immediately thereafter. That possibility is easy to envision based on the record, and Arbutus has done nothing to dispel it. We seek to avoid such a result, which would perversely incentivize a future similarly situated patent owner to remain silent regarding its intentions during the pendency of an appeal and wait to sue for infringement until after the appeal has been dismissed for lack of standing.”<sup>728</sup>

On the merits, the Federal Circuit reiterated that it had held that a presumption of obviousness typically exists “when the ranges of a claimed composition overlap the ranges

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<sup>727</sup> \_\_\_ F.3d at \_\_\_.

<sup>728</sup> \_\_\_ F.3d at \_\_\_.

*disclosed* in the prior art.’<sup>729</sup> Here, it was undisputed that a range for the phospholipid was not expressly “disclosed” in the prior art.

The Federal Circuit noted that the PTAB had correctly found that the Federal Circuit had never applied the presumption of obviousness where the prior art did not contain an express disclosure of a range. However, the Federal Circuit also noted that it was also true that the Federal Circuit had never affirmatively decided whether that presumption “could” in such a case.

Here, the Federal Circuit declined to address that question. The Federal Circuit agreed with the PTAB that Moderra had made unfounded assumptions regarding lipid amounts in calculating its alleged overlapping range.

## B. Mooted by Voluntary Cessation

1. Federal Circuit Concludes Appeal in IPR is Moot Based on Voluntary Cessation Doctrine Where IPR Petitioner Elected Not to Appeal a Finding of Non-Infringement in Parallel District Court Litigation 

In *ABS Global, Inc. v. Cytonome/St, LLC*,<sup>730</sup> the Federal Circuit concluded that an appeal in an IPR was moot after the IPR petitioner elected not to appeal a finding of non-infringement in parallel district court litigation. Chief Judge Prost dissented in-part urging that the remedy should be vacatur rather than a dismissal.

Cytonome was the assignee of the patent-at-issue drawn to devices and methods for configuring microfluidic systems. In June 2017, Cytonome (and others) filed suit against ABS (and others) asserting infringement of six patents, including the patent-at-issue. Four months later, ABS filed a petition for IPR. The PTAB granted review, and in April 2019, issued a final written decision holding that certain claims were unpatentable, while other claims were patentable.

Two weeks later, the district court granted in-part ABS’s motion for summary judgment that ABS’s accused products did not infringe any of the claims of the patent-at-issue.

In June 2019, two months after the district court’s summary judgment decision, ABS appealed the PTAB’s final written decision. ABS filed its opening brief in November 2019. Cytonome’s response included an affidavit by Cytonome’s counsel stating that Cytonome “has elected not to pursue an appeal of the district court’s finding of non-infringement as to the [patent-at-issue] and hereby disclaims such an appeal.”

Cytonome argued that because it had disavowed any ability to challenge the district court’s summary judgment that ABS did not infringe the patent-at-issue, ABS lacked the

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<sup>729</sup> \_\_\_ F.3d at \_\_\_, quoting *In re Peterson*, 315 F.3d 1325, 1329 (Fed. Cir. 2003) (emphasis added by court).

<sup>730</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Stoll, joined by Circuit Judge Moore, dissenting-in-part opinion by Chief Judge Prost)(appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2017-02097).

requisite injury in fact required for Art. III standing to appeal the PTAB’s final written decision.

ABS argued that mootness, not standing, provided the proper framework to assess jurisdiction in this case. ABS relied on the “patent-specific” exception to the mootness doctrine in the Federal Circuit’s decision in *Fort James Corp. v. Solo Cup Co.*<sup>731</sup>

The Federal Circuit reasoned that “[b]ecause we conclude that the voluntary cessation doctrine governs the mootness inquiry in this case, that Cytonome has demonstrated that its challenged conduct is not reasonably expected to recur, and that ABS has failed to demonstrate that it is engaged in or has sufficiently concrete plans to engage in activities not covered by Cytonome’s disavowal, we dismiss ABS’s appeal as moot.”<sup>732</sup>

The Federal Circuit explained that “[t]his case presents an issue of mootness based on voluntary cessation. Our resolution of this issue is guided by the Supreme Court’s framework in *Already, LLC v. Nike, Inc.*, 568 U.S. 85 (2013).” The Federal Circuit concluded that “Cytonome’s disavowal of its right to appeal the district court’s noninfringement judgment mooted ABS’s appeal. Because Cytonome, like Nike in *Already*, voluntarily ceased its efforts to enforce its intellectual property right against the products at issue in the district court litigation, the voluntary cessation doctrine governs the mootness inquiry. Applying the voluntary cessation framework, we first conclude on this record that Cytonome has demonstrated that it cannot reasonably be expected to resume its enforcement efforts against ABS. Shifting the burden of production to ABS, we then determine that ABS has not offered any evidence of current activity or plans to engage in activity that would subject ABS to infringement liability under the [patent-at-issue]. Finally, we find unpersuasive ABS’s contention that an exception to mootness articulated in *Fort James* renders ABS’s appeal not moot. Because the record demonstrates that there is no longer a live case or controversy between the parties, ABS’s IPR appeal is moot.”<sup>733</sup>

In particular, the Federal Circuit distinguished *Fort James* on its facts, and noting that the issue there was whether a jury verdict of non-infringement mooted counterclaims for unenforceability and other non-litigated counterclaims.

With respect to disposition, ABS raised the issue of vacatur for first time during oral argument. The Federal Circuit panel majority concluded that ABS had not timely requested vacatur.

Chief Judge Prost, dissenting-in-part, wrote that “[t]ime and again the Supreme Court has explained that vacatur is in order when the prevailing party below unilaterally moots an appeal. The Majority today departs from that established practice, concluding that dismissal is the proper course here. It is not. I respectfully dissent from Part III of the Majority’s opinion.”<sup>734</sup>

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<sup>731</sup> 412 F.3d 1340 (Fed. Cir. 2005).

<sup>732</sup> \_\_\_ F.3d at \_\_\_.

<sup>733</sup> \_\_\_ F.3d at \_\_\_.

<sup>734</sup> \_\_\_ F.3d at \_\_\_ (Prost, CJ, dissenting-in-part).

C. Appellate Jurisdiction

1. Final Judgment Rule

- a) Appeal Dismissed as Untimely Because Filed More Than 30 Days After Date Liability Issues Became Final Except for an Accounting



In *Mondis Technology Ltd. v. LG Electronics Inc.*,<sup>735</sup> the Federal Circuit dismissed the appeal as untimely because not filed within 30 days of the date on which the liability issues became final, except for an accounting.

Mondis was the owner of the patent-in-suit generally drawn to a display unit configured to receive video signals from an external video source.

Mondis sued LG, and a jury found that the accused LG televisions infringed, the asserted claims were not invalid, and LG’s infringement was willful. The jury awarded Mondis \$45 million in damages.

LG filed post-trial motions, including (1) a motion for JMOL or new trial of non-infringement, (2) a motion for JMOL or new trial of invalidity, and (3) a motion for JMOL, new trial, or remittitur regarding the damages award and willfulness finding.

The district court, on September 24, 2019, denied LG’s motions regarding infringement, invalidity, and willfulness but ordered further briefing on damages. On April 22, 2020, the district court granted LG’s motion for a new trial on damages.

On May 8, 2020, after the April 22, 2020 order, LG filed a notice of this interlocutory appeal seeking to challenge the district court’s denial of LG’s post-trial motions regarding infringement, invalidity, and willfulness (all of which were decided in the September Order).<sup>736</sup>

Mondis moved to dismiss the appeal as untimely, urging that LG was required to file a notice of appeal within 30 days of the September Order. The Federal Circuit ordered the parties to address the jurisdiction issue in their merits briefing.

The Federal Circuit reiterated that “[w]e have jurisdiction to hear certain interlocutory appeals under 28 U.S.C. § 1292(c)(2), which provides the Federal Circuit with exclusive jurisdiction over “an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.”

The Federal Circuit noted that “[a]ppeals under § 1292(c)(2) are subject to the time limits prescribed by 28 U.S.C. § 2107(a): Except as otherwise provided in this section, no appeal shall bring any judgment, order or decree in an action, suit or proceeding of a civil

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<sup>735</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Hughes, joined by Circuit Judges Dyk and Prost)(Appeal from the United States District Court for the District of New Jersey in No. 2:15-cv-04431-SRC-CLW, Judge Stanley R. Chesler).

<sup>736</sup> LG also challenged the district court’s pre-trial decision to allow joinder of Hitachi Maxell Ltd. and Maxell, Ltd. (collectively Hitachi) as plaintiffs to address a standing challenge by LG.

nature before a court of appeals for review unless notice of appeal is filed, within thirty days after the entry of such judgment, order or decree.”<sup>737</sup>

The Federal Circuit noted that “[t]hus, LG had thirty days from the date at which the district court’s judgment became “final except for an accounting” to file an interlocutory appeal.”<sup>738</sup>

The Federal Circuit noted that “[w]e have previously held that under § 1292(c)(2), a judgment is final except for an accounting when all liability issues have been resolved, and only a determination of damages remains. \* \* \* LG does not challenge this holding, nor could it, since LG seeks interlocutory review of the district court’s liability determination while damages remain outstanding.”<sup>739</sup>

The Federal Circuit reasoned that “all liability issues were resolved with the district court’s September Order which ruled on LG’s post-trial motions regarding infringement and invalidity and left only damages-related motions outstanding.”<sup>740</sup>

The Federal Circuit concluded that “[t]herefore, for the purposes of appeal under § 1292(c)(2), this case was final except for an accounting after the September Order, and LG had thirty days from the September Order to file notice of interlocutory appeal. Since LG did not file its notice of appeal until May 8, 2020, more than seven months after the September Order, LG’s appeal is untimely, and we lack jurisdiction to consider the matter.”<sup>741</sup>

To the extent that LG’s arguments focused on the Federal Rules, the Federal Circuit noted that “the Rules cannot override federal statute,” but added that “we do not read any conflict between the Rules and the statutory requirements of appeal and conclude that, read together, the statutes and the Rules bar this interlocutory appeal.”<sup>742</sup>

The parties disagreed over what interlocutory judgment was being challenged, but the Federal Circuit agreed with Mondis “that the September Order is the operative date that started the thirty-day clock to file a notice of appeal, because that is the date that all liability issues became final, such that the judgment on liability became ripe for an appeal. No matter what judgment is being challenged, the date that matters under § 1292(c)(2) is the date at which the case became final except for an accounting.”<sup>743</sup>

The Federal Circuit rejected LG’s argument that Federal Rules of Appellate Procedure (FRAP) 4(a)(4) tolled the start of the 30-day clock for appeal.

The Federal Circuit explained that “[w]e disagree with LG’s interpretation of FRAP 4 when applied to an interlocutory appeal under § 1292(c)(2). FRAP 4(a)(4) applies to both

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<sup>737</sup> \_\_\_ F.3d at \_\_\_.

<sup>738</sup> \_\_\_ F.3d at \_\_\_.

<sup>739</sup> \_\_\_ F.3d at \_\_\_.

<sup>740</sup> \_\_\_ F.3d at \_\_\_.

<sup>741</sup> \_\_\_ F.3d at \_\_\_.

<sup>742</sup> \_\_\_ F.3d at \_\_\_.

<sup>743</sup> \_\_\_ F.3d at \_\_\_.

interlocutory appeals and final appeals. \* \* \* But when FRAP 4(a)(4) pertains to interlocutory appeals under § 1292(c)(2), the enumerated motions can only toll the time to appeal if they relate to the interlocutory judgment such that the judgment is not final except for an accounting until the court disposes of the motions. To read the Rule to toll the interlocutory appeal period for motions unrelated to the interlocutory judgment would conflict with the statute. \* \* \* Thus, here, Rule 4(a)(4) did toll the time to file the interlocutory appeal regarding liability based on the post-trial motions concerning liability, but only until those motions were resolved—September 24, 2019.”<sup>744</sup>

The Federal Circuit concluded that “[b]ecause FRAP 4(a)(4) does not toll the interlocutory appeal period for outstanding motions unrelated to the interlocutory judgment, the damages motions that remained outstanding after the September Order did not toll the time frame for LG to file its notice of appeal on the liability portion of this case. Thus, Rule 4(a)(4) is consistent with the combined requirements of § 1292(c)(2) and § 2107(a) that notice of appeal be filed within thirty days of the date at which the case became final except for an accounting. Because LG did not file its notice of appeal within thirty days of the issuance of the September Order, its notice of interlocutory appeal was untimely.”<sup>745</sup>

The Federal Circuit finally commented that “we note that interlocutory appeals are voluntary, and LG is not precluded from challenging the liability determinations of the district court under our § 1295 jurisdiction once the damages determination is completed. Mondis admits as much.”<sup>746</sup>

## 2. Collateral Order Doctrine

- a) Federal Circuit Has Jurisdiction Pursuant to Collateral Order Doctrine Over District Court Order Unsealing Amended Complaint
- b) District Court Has an Independent Obligation to Ensure the Public’s Access to Court Records



In *DePuy Synthes Products, Inc. v. Veterinary Orthopedic Implants, Inc.*,<sup>747</sup> the Federal Circuit concluded that it had jurisdiction, under the collateral order doctrine, to review the district court’s order unsealing an amended complaint. On the merits, the Federal Circuit affirmed the district court’s order.

DePuy and Veterinary Orthopedic Implants, Inc. (VOI) were competitors in the veterinary orthopedic implant market. DePuy sued VOI for infringement. The district court

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<sup>744</sup> \_\_\_ F.3d at \_\_\_.

<sup>745</sup> \_\_\_ F.3d at \_\_\_.

<sup>746</sup> \_\_\_ F.3d at \_\_\_.

<sup>747</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Dyk, joined by Chief Judge Prost and Circuit Judge Cleverger)(appeal from the United States District Court for the Middle District of Florida in No. 3:18-cv-01342-HES-PDB, Senior Judge Harvey E. Schlesinger).

entered an agreed protective order having categories of information, such as “Confidential Material” and “Highly Confidential Material—Attorney Eyes Only.”

DePuy filed a motion, under seal, to amend the complaint by joining the manufacturer of VOI’s accused products, identifying the manufacturer by name, and including other information regarding the business relationship between the manufacturer and VOI. VOI contended that such information constituted “High Confidential” information.

After briefing, the district court concluded that the identity of the manufacturer did not constitute a trade secret, but did not analyze the other information. The district court ordered that the amended complaint be filed on the public record without redaction.

An initial appeal to the Eleventh Circuit was transferred to the Federal Circuit. The parties debated whether the Federal Circuit had jurisdiction.

The Federal Circuit, concluded that it had jurisdiction under the collateral order doctrine, explaining that “[t]he collateral order doctrine is a narrow exception to the usual rule of finality and allows an interlocutory appeal when a trial court’s order ‘affect[s] rights that will be irretrievably lost in the absence of an immediate appeal. \* \* \* For the collateral order doctrine to apply, an order must meet three requirements; it must (1) ‘conclusively determine the disputed question’; (2) ‘resolve an important issue completely separate from the merits of the action’; and (3) ‘be effectively unreviewable on appeal from a final judgment.’ ”<sup>748</sup>

The Federal Circuit concluded that the district court’s order satisfied all three. The Federal Circuit rejected DePuy’s argument that the order was not appealable because it did not present an important enough issue to confer jurisdiction. The Federal Circuit concluded that “the district court’s order implicates the public’s right to access judicial filings on the public docket. We find this right sufficiently important to distinguish this case from cases involving routine discovery orders governing disclosures between parties to a case.”<sup>749</sup>

On the merits, the Federal Circuit concluded that the district court had not abused its discretion in ordering that the amended complaint be filed on the public record, rather than under seal or with redactions.

The Federal Circuit explained that “[t]he Supreme Court has recognized ‘a general right to inspect and copy public records and documents, including judicial records and documents.’ \* \* \* This longstanding right helps secure the integrity and transparency of the judicial process. \* \* \* There is accordingly a ‘presumption that judicial records should be available to the public.’ ”<sup>750</sup>

The Federal Circuit further explained that “[w]hile highly significant, the public’s right of access is not absolute. \* \* \* In deciding whether to seal a court record, courts must ‘weigh[] the interests advanced by the parties in light of the public interest and the duty of the courts.’ ” And “[w]hether the presumption of public access has been re-butted must be determined ‘in light of the relevant facts and circumstances of the particular case.’ \* \* \* We apply regional

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<sup>748</sup> \_\_\_ F.3d at \_\_\_.

<sup>749</sup> \_\_\_ F.3d at \_\_\_.

<sup>750</sup> \_\_\_ F.3d at \_\_\_.

circuit law in determining the applicable standard. \* \* \* The law in this regard is substantially the same across circuits: the parties seeking confidentiality must present a strong justification to overcome the presumption of public access.”<sup>751</sup> The Federal Circuit noted that “a party’s ‘proprietary interest in information sometimes overcomes the interest of the public in accessing the information.’ ”<sup>752</sup> And, “[c]onsistent with these principles, a complaint—including the parties named in the litigation—must generally be disclosed to the public unless there are compelling countervailing circumstances; indeed, the Federal Rules of Civil Procedure require all parties to be named in a complaint.”<sup>753</sup>

The Federal Circuit disagreed with VOI that the identity of the manufacturer and related information should be accorded “Highly Confidential” status – reasoning that “where the protective order purports to address the confidentiality of information on the public docket, the presumption of public access applies—and district courts have an independent duty to protect the public’s right of access—even when the parties agree to maintain confidentiality of publicly filed information pursuant to a protective order.”<sup>754</sup>

Here, the Federal Circuit concluded that the district court’s finding that the manufacturer’s identity had not been shown to constitute a trade secret was well supported. The Federal Circuit reviewed the Florida Uniform Trade Secrets Act, and concluded that the manufacturer’s identity was not actually secret and, in any event, was not subject to reasonable security measures.

With respect to the related “other information,” the Federal Circuit concluded that VOI must establish the existence of harm flowing from the disclosure of such information to claim confidential treatment, which VOI had not done.

### 3. Notice of Appeal

- a) Federal Circuit Dismisses Interlocutory Appeal as Untimely When Notice of Appeal is Not Filed Within Thirty Days of Order Resolving Liability, *Albeit Not Damages* 

In *Mondis Technology Ltd. v. LG Electronics Inc.*,<sup>755</sup> the Federal Circuit dismissed LG’s interlocutory appeal as untimely.

Mondis sued LG for infringement of its patent generally drawn to a display unit configured to received video signals from an external video source. A jury concluded that the accused LG TVs infringed, that the claims were not invalid, that the infringement was willful, and awarded \$45 million in damages.

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<sup>751</sup> \_\_\_ F.3d at \_\_\_.

<sup>752</sup> *Id.*

<sup>753</sup> *Id.*

<sup>754</sup> \_\_\_ F.3d at \_\_\_.

<sup>755</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Hughes, joined by Circuit Judges Dyk and Prost).

LG filed several post-trial motions. In a September 2019 order, the district court denied LG’s motions regarding infringement, invalidity and willfulness, but ordered further briefing on post-trial motions regarding damages. In an April 2020 order, the district court granted LG’s motion for a new trial on damages.

LG filed notice of this interlocutory appeal on May 8, 2020, within 30 days of the April 2020 order. However, the appeal addressed the issues covered in the September 2019 order.

The Federal Circuit noted that it had interlocutory appellate jurisdiction under 28 U.S.C. § 1292(c)(2) over “an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.” Appeals under § 1292(c)(2) are subject to the time limits prescribed by 28 U.S.C. § 2107(a):

Except as otherwise provided in this section, no appeal shall bring any judgment, order or decree in an action, suit or proceeding of a civil nature before a court of appeals for review unless notice of appeal is filed, within thirty days after the entry of such judgment, order or decree.

The Federal Circuit has held that under § 1292(c)(2), a judgment is final except for an accounting when all liability issues have been resolved, and only a determination of damages remains.<sup>756</sup>

All liability issues were resolved in the September 2019 order. Thus, LG’s notice of appeal in May 2020 was untimely, as well-beyond the 30-day limit.

The parties disputed the effect of Rule 4, Federal Rules of Civil Procedure, providing, *inter alia*, that if a party timely files certain motions, including post-trial motions JMOL or a new trial, then “the time to file an appeal runs for all parties from the entry of the order disposing of the last such remaining motion.”

The Federal Circuit first noted that the Federal Rules cannot override a federal statute. But, in any event, the Federal Circuit saw no conflict.

The Federal Circuit reasoned that “when FRAP 4(a)(4) pertains to interlocutory appeals under § 1292(c)(2), the enumerated motions can only toll the time to appeal if they relate to the interlocutory judgment such that the judgment is not final except for an accounting until the court disposes of the motions. To read the Rule to toll the interlocutory appeal period for motions unrelated to the interlocutory judgment would conflict with the statute.”<sup>757</sup>

The Federal Circuit concluded that “[b]ecause FRAP 4(a)(4) does not toll the interlocutory appeal period for outstanding motions unrelated to the interlocutory judgment, the damages motions that remained outstanding after the September Order did not toll the time frame for LG to file its notice of appeal on the liability portion of this case. Thus, Rule 4(a)(4) is consistent with the combined requirements of § 1292(c)(2) and § 2107(a) that notice

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<sup>756</sup> See *Robert Bosch, LLC v. Pylon Mfg. Corp.*, 719 F.3d 1305, 1313 (Fed. Cir. 2013) (en banc).

<sup>757</sup> \_\_\_ F.3d at \_\_\_.

of appeal be filed within thirty days of the date at which the case became final except for an accounting.”<sup>758</sup>

4. Case Dismissed as Moot
  - a) Case Becomes Moot, And Subject to Dismissal, When Appellant Fails to Appeal Both Grounds For Summary Judgment of Non-Infringement   
  - b) Federal Circuit Refuses to Extend “Final Assembler” Theory of Direct Infringement Beyond *Centrak*   

In *Acceleration Bay LLC v. 2K Sports, Inc.*,<sup>759</sup> the Federal Circuit dismissed as moot an appeal of a grant of summary judgment of non-infringement *vis-à-vis* two of four patents-in-suit because the appellant failed to appeal both grounds for awarding summary judgment.

Acceleration’s four patents-in-suit were drawn to networking technology. Acceleration sued 2K Sports (and others, including Take-Two Interactive Software, Inc.) alleging direct infringement by establishing networks for customers who played certain video games. In particular, Acceleration alleged that the accused video games’ software created Take-Two’s allegedly infringing virtual networks.

The district court, *inter alia*, construed a term “m-regular” that appeared in a limitation in two of the patents-in-suit – the ’344 and ’966 patents. The district court also construed the phrase “fully connected portal computer” of a third patent-in-suit – the ’069 patent – as effectively including the “m-regular” limitation. The district court also construed “each participant being connected to three or more other participants,” in the ’069 patent in a manner that effectively included the “m-regular” limitation.

The district court construed a limitation in the fourth patent-in-suit – the ’497 patent – calling for “a component” as requiring a programmed “hardware” component.

The district court granted summary judgment of non-infringement for all four patents-in-suit. First, the district court concluded, based on *Centillion Data Sys, LLC v. Quest Comm’s Int’l, Inc.*,<sup>760</sup> that “making” a system under § 271(a) requires that a single entity combine all of the claim elements, and if a customer, rather than an accused infringer, performs the final assembly step, the accused infringer has not infringed.

With respect to the ’344 and ’966 patents, the district court reasoned that Take-Two made software, not networks, and that the customers introduced the network elements to the systems to create the allegedly infringing networks.

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<sup>758</sup> \_\_\_ F.3d at \_\_\_.

<sup>759</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Reyna, joined by Chief Judge Moore, and Circuit Judge Hughes)(appeal from the United States District Court for the District of Delaware in No. 1:16-cv-00455-RGA, Judge Richard G. Andrews).

<sup>760</sup> 631 F.3d 1279, 1288 (Fed. Cir. 2011).

The district court rejected Acceleration’s argument, based on *Centrak, Inc. v. Sonitor Technologies, Inc.*,<sup>761</sup> that under a “final assembler” infringement theory, because there was no evidence that a defendant installed an accused product for its customers.

The district court further concluded that Take-Two did not infringe the ’069 patent because Take-Two did not meet the “m-regular” limitation that the district court had concluded was implicitly required by the two limitations it had construed.

The district court noted that the ’344 and ’966 patents included the “m-regular” limitation, and that the defendants’ systems did not infringe because they failed to meet that limitation.

With respect to the ’344 and ’966 patents, the Federal Circuit, on appeal, dismissed the appeal as moot. The Federal Circuit explained that “Article III of the Constitution limits federal courts’ jurisdiction to actual cases and controversies. \* \* \* ‘A case becomes moot—and therefore no longer a “Case” or “Controversy” for purposes of Article III—when the issues presented are no longer “live” or the parties lack a legally cognizable interest in the outcome.’ \* \* \* The test for mootness is whether the relief sought, if granted, would ‘make a difference to the legal interests of the parties (as distinct from their psyches, which might remain deeply engaged with the merits of the litigation).’ ”<sup>762</sup>

Here, the district court had granted summary judgment on two independent bases – (1) the accused games failed to meet the “m-regular” limitation, and (2) Acceleration Bay’s “final assembler” infringement theory failed for lack of support.

On appeal, Acceleration’s opening brief was limited to arguing for a reversal based on the “final assembler” question, and did not mention the “m-regular” limitation. The Federal Circuit concluded that “Acceleration Bay has forfeited any challenge to the district court’s grant of summary judgment of non-infringement on the basis that the accused products fail to satisfy the ‘m-regular’ limitation of the ’344 and ’966 patents’ asserted claims. \* \* \* As a result of Acceleration Bay’s forfeiture, its appeal with respect to the ’344 and ’966 patents is moot because we are unable to grant Acceleration Bay effectual relief. Even if we were to agree that its ‘final assembler theory’ is viable as a matter of law, our reversal on that issue would leave the district court’s grant of summary judgment of noninfringement intact.”<sup>763</sup>

With respect to the ’069 patent, Acceleration challenged the district court’s claim construction – specifically whether the claims implicitly included the “m-regular” limitation. Acceleration, however, only challenged one of the construed limitations, leaving the district court’s construction of the second limitation as implicitly including the “m-regular” limitation intact. Accordingly, the Federal Circuit affirmed the grant of summary judgment.

Regarding the ’497 patent, Acceleration urged that it had asserted a viable “final assembler” theory of direct infringement. The Federal Circuit disagreed – “In *Centrak*, the accused infringer made hardware products and installed them by connecting them to an existing network. \* \* \* The plaintiff there had a viable theory—called a ‘final assembler’

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<sup>761</sup> 915 F.3d 1360 (Fed. Cir. 2019).

<sup>762</sup> \_\_\_ F.3d at \_\_\_.

<sup>763</sup> \_\_\_ F.3d at \_\_\_.

theory—that the defendant directly infringed a claim because, even though the defendant did not make some of the existing network components, it ‘made’ the claimed system when it installed its own hardware onto the existing network, thereby completing the claimed system.’<sup>764</sup>

Here, the Federal Circuit pointed out, ‘Acceleration Bay proffers a novel theory, without case law support, that the defendants are liable for ‘making’ the claimed hardware components, even though they are in fact made by third parties, because their accused software runs on them. \* \* \* We disagree and conclude that *Cemillion* controls here, where “[t]he customer, not [Take Two], completes the system by providing the [hardware component] and installing the client software.’”<sup>765</sup>

## XX. PTO PRACTICE AND PROCEDURE

### A. *Ex Parte* Practice

#### 1. Patent Term Extensions

- a) The Statutory Language of 35 U.S.C. § 154(b)(1)(C)(iii) (C-delay) For “appellate review” Requires a “decision in the review reversing an adverse determination of patentability.” 

In *Chudik v. Hirschfeld*<sup>766</sup> the Federal Circuit affirmed the E.D. Va. that the statutory language regarding C-delay for “appellate review” requires a “decision in the review reversing an adverse determination of patentability,” per 35 U.S.C. § 154(b)(1)(C)(iii).

Dr. Chudik applied for a patent on his “Guide for Shoulder Surgery” in 2006. After the examiner issued a second rejection, Dr. Chudik requested continued examination under § 132(b). The examiner again rejected the claims, and Dr. Chudik appealed to the PTAB.

However, the examiner reopened prosecution, and rejected the claims on different grounds in 2015. That process – notice of appeal, prosecution reopened – occurred again in 2016. In 2017, while Dr. Chudik’s fourth notice of appeal was pending, the examiner issued another new rejection, but that ultimately led, in 2018, to a notice of allowance. Dr. Chudik’s patent issued in 2018, eleven and a half years after filing.

The PTO awarded Dr. Chudik a patent term adjustment of 2,066 days under § 154(b), but rejected Dr. Chudik’s argument that he was entitled to an additional 655 days, under § 154(b)(1)(C)(iii) (C-delay), for the time his four notices of appeal were pending in the PTO.

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<sup>764</sup> \_\_\_\_ F.3d at \_\_\_\_.

<sup>765</sup> \_\_\_\_ F.3d at \_\_\_\_.

<sup>766</sup> \_\_\_\_ F.3d \_\_\_\_ (Fed. Cir. 2021)(Opinion by Circuit Judge Taranto, joined by Circuit Judges Bryson and Hughes)(appeal from the United States District Court for the Eastern District of Virginia in No. 1:19-cv-01163-AJT-JFA, Judge Anthony J. Trenga).

The PTO reasoned that the provision did not apply here because, in light of the examiner’s reopening of prosecution, (1) the Board’s jurisdiction over the appeals never attached and (2) there was no Board (or reviewing court) reversal. The E.D. Va. affirmed, as did the Federal Circuit.

The Federal Circuit concluded that “[t]he statutory language regarding C-delay for ‘appellate review’ requires a ‘decision in the review reversing an adverse determination of patentability.’ 35 U.S.C. § 154(b)(1)(C)(iii). That language, we conclude, is reasonably interpreted—indeed, is best interpreted—to require a reversal decision made by the Board or a reviewing court, thus excluding time spent on a path pursuing such a decision when, because of an examiner reopening of prosecution, no such decision is ever issued.”<sup>767</sup>

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<sup>767</sup> \_\_\_ F.3d at \_\_\_.