



COUNSEL TO GREAT COMPANIES

CLE Presentation for WSPLA

Patent Law Year in Review

(May 2021 to date)

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Topics

- Patent-Eligibility
- Patentability
- Infringement
- PTAB Practice
- District Court Practice
- The Changing Federal Circuit
- Coming Attractions

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Patent-Eligibility

The Big Picture

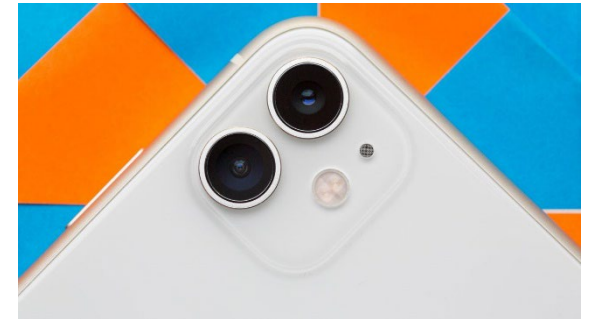


Out of 27 patent-eligibility decisions by the Fed. Cir. over the last 12 months, the patentee has won just **three** times.

(And only once out of 5, in calendar 2022.)

Yu v. Apple

- Claims on improved digital camera with two image sensors
- Fed. Cir.: claims ineligible
 - Although formally claimed as a device, invention directed to abstract idea of taking two pictures and using them to enhance each other
 - Additional limitations recited only conventional components performing usual, basic functions
 - Generic environment to carry out the idea
 - No inventive concept beyond abstract idea
- Dissent: claims recited concrete electro-mechanical device

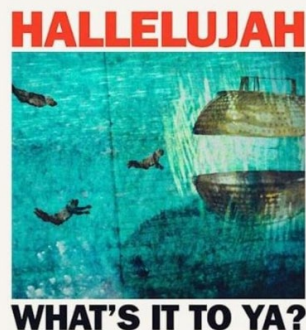


PersonalWeb v. Google

- “TrueName” patents claimed file-management uses of unique content-based hash identifiers for computer files
- Fed. Cir.: claims ineligible
 - Directed to abstract idea of using content-based identifiers to provide access to, deny access to, or delete data
 - Algorithm was mental process performable in mind or with pencil/paper
 - Concept was akin to libraries using content-based call numbers
 - Claims merely used computers to implement the abstract ideas
 - No inventive concept: just used generic hash functions to improve the efficiency of using the abstract idea

CosmoKey Solutions v. Duo Security

- This year's one exception
- Claims to two-factor authentication method where user need only activate an authentication function on a mobile device with certain time after logging in
- District court (Connolly of D. Del.): abstract, ineligible
- Fed. Cir. majority skips step 1, holds claims eligible at step 2
 - Claims recited specific improvement in authentication technology
 - Technical solution implemented by unconventional (if simple) method
- Concurrence: claims eligible at step 1, shouldn't skip step 1



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Patentability

Hologic v. Minerva Surgical

- Classic assignor estoppel scenario: inventor leaves, founds new company that makes competing product
- Fed. Cir.:
 - Assignor estoppel barred defendant from challenging validity of another patent because it was in privity with estopped founder
 - Didn't matter that plaintiff broadened claims in prosecution after he left
- S. Ct.: Assignor estoppel survives, but in narrower form
 - Not abrogated in 1952 Act, different from licensee estoppel (*Lear v. Adkins*), appropriate to prevent unfair dealing by assignor
 - But no estoppel when assignor has not dealt unfairly, e.g., when:
 - Assignment made in employment agreement before invention existed
 - Later change in law rendered claims invalid
 - The issued claims are materially broader than the ones assigned

Chemours v. Daikin

- Teaching away and secondary considerations saved claims from obviousness
- Claim to polymer for coating cables with a high melt flow rate; art described melt flow rate nearly as high, but also emphasized using a narrow molecular weight distribution
- PTAB: obvious to increase flow rate to increase processing speed
- Fed. Cir. reverses:
 - Reference taught away because increasing the melt-flow rate would have undermined the narrow molecular weight distribution
 - Board also erred in analyzing commercial success
 - Separate disclosures of elements in multiple references didn't negate nexus
 - Need not submit evidence of market share to establish commercial success
 - The patent being challenged couldn't serve as its own blocking patent

Amgen v. Sanofi

- Hard line on enablement of claims with functional limitations
- Amgen had patents on monoclonal antibody claimed in terms of what it bound to and the function produced upon binding
- Jury found claims enabled, but DCt granted JMOL of invalidity, and Fed. Cir. affirmed
 - *Wands* factors apply, but *Wands* didn't control on these facts
 - Functional claim limitations “not necessarily precluded,” but broad functional limitations “pose high hurdles” to enablement
 - Claims here were doubly functional and far broader than the disclosed examples; field was unpredictable; spec. didn't provide guidance beyond the working examples; substantial time and effort required to achieve full scope of claims
- SCt requested SG's views on enablement question in April

Juno v. Kite

- More problems with functionally drafted claims
- Claims to 3-part CAR-T receptor used to kill cancer cells
 - Novel element: costimulatory signaling region w/ specific amino acid seq.
 - Also generically claimed a binding element for a selected target
- Jury awarded \$1.2 billion, but Fed. Cir. reversed and invalidated claims for lack of adequate written description
 - Description provided no representative species or defining structural characteristics for broad and little understood genus of binding elements that interacted with selected targets
 - Panel rejected argument that the patent only needed to describe the novel feature

Novartis Pharms. v. Accord Healthcare

- Implicit disclosure adequate to satisfy written description
- Claimed methods of treating MS using a daily 0.5 mg dosage *without* a higher first (“loading”) dose
 - Spec described daily 0.5 mg; did not mention presence *or absence* of a loading dose
 - DCt found patent not invalid for lack of written description
- Fed. Cir.: adequate support for negative no-loading-dose limitation
 - No higher standard for negative limitations; adequacy of WD (even via silence) is a fact issue, depends on what a POSA would understand
 - DCt entitled to find WD based on spec’s many descriptions of daily 0.5 mg doses and description of a trial that used that dose “initially”; no prohibition on finding spec’s silence to support absence of loading dose
 - Strongly-worded dissent would have held that silence cannot be disclosure

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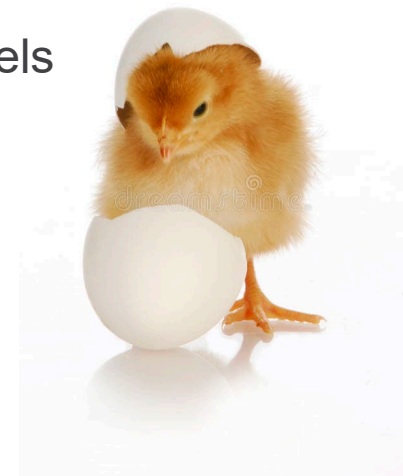
Infringement

Dyfan v. Target

- “Code”/“System”/“Application” claim terms not subject to means-plus-function treatment
- DCt (Albright) held limitations reciting “code” or an “application” or “system” subject to 112-6 and indefinite for lack of disclosed algorithms.
- Fed. Cir. reversed – none of these were in means-plus-function format
 - Claims didn’t say “means,” so *Williamson*’s presumption applied
 - Target didn’t adequately rebut this presumption
 - Target’s expert agreed that “application”/“code” connoted a class of structures, software instructions, and that POSAs would have known of off-the-shelf applications for displaying visual information
 - “System” standing alone might be nonce, but claim specified the system’s structure (server, mobile device, broadcast short-range communications unit)
 - “Poor claim drafting” doesn’t allow bypass of *Williamson* presumption

Roche v. Meso Scale

- Acts of inducement must occur during patent limitations period
- Complicated appeal arising out of verdict finding that Roche directly infringed and induced infringement of Meso patent on immunoassays, awarding Meso \$137M.
- Fed. Cir. reversed on inducement
 - Acts supporting inducement were Roche's removal of labels directing field-of-use restrictions, but those happened more than 6 years before Meso filed the complaint.
 - Improper for DCt to rely on "continuing impact" of these earlier actions. Akin to "saying that the laying of an egg takes place when the egg hatches."
 - Also no intent – district court improperly relied on negligence, knew or should have known, but willful blindness requires specific intent to infringe.
 - Inducement finding inconsistent with DCt's JMOL of no willful infringement



GlaxoSmithKline v. Teva

- Issue: liability for inducement when a generic adopts a “skinny label” to carve out a non-infringing use of a multi-use drug
 - Beta-blocker off-patent, but using it with additional drugs to treating heart failure still patented
- Majority affirmed verdict of inducement despite skinny label
 - Not **really** a skinny label - label encouraged the patented use
 - Intent a fact issue; jury could credit testimony piecing together label parts and press releases
 - Although panel claimed not to upset existing law, generics very concerned
- *En banc* rehearing denied: result narrow and fact-bound, dependent on substantial evidence SR
 - Dissent (SP, TD, JR): Generic played by the rules here; system can't work if generics' use of skinny labels isn't safe.





No safe harbor any more ...

Skinny labels are being |squeezed|

Teva's cert petition due July 2022

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PTAB Practice

Alarm.com v. Hirshfeld

- Director's decision to not institute *ex parte* reexam is reviewable
- Alarm.com filed reexams after failed IPRs; Director vacated requests (without deciding SNQ) based on § 315(e) estoppel
 - Alarm.com sought review in DCt, which dismissed for lack of jurisdiction
- Fed. Cir.: unlike IPRs, reexam scheme doesn't preclude review of decision to institute
 - Statute prohibits review of SNQ decision, but not preclusion for estoppel
 - Reexam statute worded narrowly, in contrast to IPR statute
 - Congress left reexam statute unamended when it enacted AIA, which has broader preclusion for IPRs



In re Vivint

- § 325(d) applies to reexam requests; PTO abused discretion in ordering reexam on same arguments as failed IPR
- Alarm.com filed 3 IPR petitions that were denied institution, the third for incremental petitioning. Filed *ex parte* reexam nearly identical to third petition.
 - Vivint petitioned Director to dismiss under § 325(d); Director denied petition, rejected all claims.
- Fed Cir. vacated/remanded with instructions to dismiss reexam
 - PTO's decision not to apply § 325(d) reviewable; nothing in statute to overcome presumption of reviewability.
 - Would be arbitrary and capricious for PTO to do anything other than terminate the reexamination, as reexam was not materially different from rejected third IPR petition.



Hunting Titan v. DynaEnergetics

- Petitioner argued Patent Owner's substitute claims were obvious. Board found claims *anticipated* by art in the IPR record.
 - PTAB POP: Board *can* adopt its own grounds *sua sponte*, but it should do so only in rare circumstances.
 - Not appropriate where petitioner just didn't develop anticipation record fully. Granted motion to amend.
- Fed. Cir.: POP's ruling may have been abuse of discretion, but petitioner hadn't made (& thus waived) that argument.
 - Ok for Board to raise unpatentability ground *sua sponte* where substitute claims are unpatentable for same reason as original.
 - Concurrence (SP): POP's opinion was wrong; concerned with 2021 PTAB regulation that seems to curtail Board's analysis.

Intuitive Surgical v. Ethicon



- § 315(e) estoppel attaches even if petitioner has no standing to appeal
- Petitioner filed three IPRs on same day on different grounds
 - FWDs confirming patentability issued for two IPRs. Patent Owner moved to terminate third under § 315(e) (no “maintaining” IPR for claim that could have been raised in FWD)
 - Board terminated petitioner as party, but issued FWD finding no claims unpatentable.
- Fed. Cir.: Petitioner properly terminated as party, dismissed appeal for lack of standing (only party can appeal)
 - Petitioner could have avoided § 315 by carving up petitions by claims, not grounds.
 - Once § 315 barred maintenance of IPR, petitioner no longer a party

Qualcomm v. Apple

- Applicant-admitted prior art not “patents or printed publications”
- Board found claims unpatentable over AAPA shown in Figure 1 of challenged patent.
 - Patent owner: AAPA isn’t available in IPRs because those are limited to “patents or printed publications”
- Fed. Cir. reversed: AAPA isn’t proper basis for IPR, but can show facts related to obviousness
 - “Patents and printed publications” must themselves be prior art. AAPA is in the challenged patent, so it doesn’t qualify as prior art.
 - *But*, AAPA can evidence POSAs’ general knowledge and support a motivation to combine or modify prior art
 - Remanded for Board to address whether AAPA was “basis” for petitioner’s challenge or supportive of obviousness more generally

Arthrex v. Smith & Nephew

- Issue: Appointments Clause—are PTAB judges “principal officers” who must be appointed by President, with advice and consent of Senate, rather than by Secretary of Commerce?
- Fed. Cir.: yes, but remedy is to eliminate APJs’ civil service rights, have new hearings before new, untainted panels
- S. Ct.: yes, but proper remedy is to give the Director unilateral authority to review PTAB decisions
 - No requirement that the Director exercise that authority
- Patent owners who timely raised constitutional issue in the Fed. Cir. may request Director review on remand, but odds low
- Petitioners who lose may also request review (going forward)

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District Court Practice

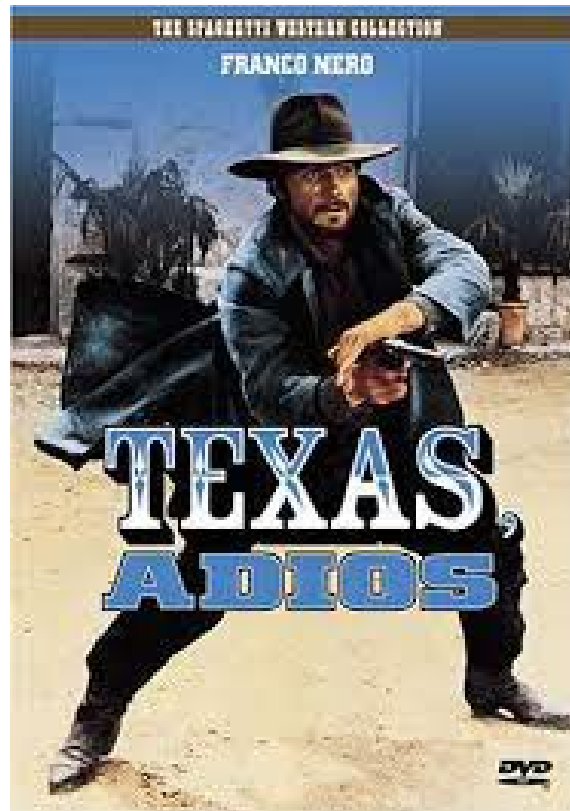
In re Volkswagen

- Car dealership presence not enough for venue via agency under § 1406(a)
- Patentee sued automakers for infringement in WDTX; automakers moved to dismiss or transfer for improper venue.
 - D. Ct. denied, finding venue proper given presence of independent dealerships that sell/service defendants' vehicles.
 - Franchise agreements gave defendants sufficient control to support venue.
- Fed. Cir.: Mandamus granted; remand for D.Ct. to dismiss/transfer
 - Insufficient showing that dealerships were “agents” of automakers. Automakers couldn’t control how cars were sold or day-to-day operations.
 - Dealership agreements disclaimed agency relationship.



In re Apple

- Issue: transfer for inconvenient venue under Section 1404(a)
 - Apple developed products at N.D. Cal. HQ; Uniloc sued it in W.D. Tex.
 - Apple had large facility in Austin, but not relevant to infringement issues
- Held: Mandamus granted forcing transfer to N.D. Cal.
 - Access to sources of proof (documents, phys. evid.) supported transfer
 - Cost of attendance for willing witnesses supported transfer because many were in N. Cal. and witnesses in N.Y. had to travel anyway
 - D. Ct. improperly bootstrapped by relying on its work on the merits
 - Court congestion neutral even though D. Ct. had set a quick trial date
 - Local interests factor supported transfer; Apple's W.D. Tex. employees and taxes irrelevant, because they had nothing to do with the suit
- Fiery dissent noted Apple's large W.D. Tex. presence, little hardship



In re Samsung

- Issue: patentee schemes to prevent transfer of venue
- Ikorongo formed Texas affiliate with exclusive rights in certain Texas counties. That entity sued (alone) in the W.D. Tex. National affiliate promptly joined suit, alleging infringement everywhere else
- Samsung moved to transfer to N.D. Cal.; Ikorongo argued transfer improper because Texas entity couldn't have brought suit
- Albright: transfer improper, unwarranted under convenience factors
- Fed. Cir.: writ granted to force transfer
 - Use amended complaint to analyze where case could've been brought
 - Disregard plaintiffs' artificial attempt to manipulate venue
 - Balance of conveniences strongly favored transfer to N.D. Cal.
 - Many witnesses in N.D. Cal., none in W.D. Tex.; fact that another suit on same patent family against different defendant would stay in W.D. Tex. unimportant
 - N.D. Cal. local interest significant; W.D. Tex. faster schedule not significant here

In re Juniper Networks

- Problem: more abuses of discretion in weighing venue-transfer factors
- California-based PAE sued California-based defendant based on products designed, developed, marketed, sold in N.D. Cal.
- Fed. Cir. granted mandamus to transfer from W.D. Tex. to N.D. Cal.
 - Albright improperly discounted convenience of party and prior-art witnesses
 - Local interest in W.D. Tex. weak where plaintiff's presence was recent, and insubstantial compared to defendant's presence in N.D. Cal.
 - Court speed/congestion is speculative, can't control when other factors support transfer—especially when plaintiff is an NPE
- Fed. Cir. has repeatedly granted mandamus to transfer
 - Getting heavy-handed after “mandamus light” didn't work



Cal. Inst. Tech. v. Broadcom

- Rejects different royalty rates for same device; formally overrules *Shaw's* limits on IPR estoppel
- Defendants filed IPRs and argued obviousness in the district court based on different paper art.
 - After failed FWDs, D.Ct. granted SJ of no invalidity due to § 315(e) estoppel. Defendants knew of the other art but did not include it in the petitions.
 - Jury found infringement and awarded \$270M/\$837M in damages based on a “two-tier” theory of separate hypothetical negotiations with chipmaker and device-maker that resulted in different royalty rates.
- Fed. Cir. affirmed estoppel, reversed damages
 - § 315(e) covers any ground that *could have been raised* in an IPR petition. *Shaw's* focus on grounds *actually* at issue was based on possibility of partial institution, which doesn't exist post-SAS.
 - Two-tier royalty rate improper: absent compelling reason, higher royalty is not available for the same device at a different point in the supply chain.

BlephEx v. Myco

- Preliminary injunction in competitor case
- D. Ct. granted motion for preliminary injunction, finding patentee likely to prove infringement and no likely invalidity.
 - Defendant's prior art showed different and non-combined embodiments
 - Rejected complaint that injunction was overbroad; product's only substantial use was infringing
- Fed. Cir. affirmed
 - Patentee had ultimate burden on likelihood of success, but defendant was required to show substantial question of validity. No clear error in D. Ct.'s finding that it had not.
 - Competitive harm suffered through price erosion, lost sales & goodwill supported irreparable harm and balance of hardships factors.
 - Injunction not overbroad; no evidence product had ever been used in noninfringing way

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The Changing Federal Circuit

The Federal Circuit—2010

Active Judges:

Michel Newman Mayer Lourie Rader Schall
Bryson Gajarsa Linn Dyk Prost Moore

Senior Judges:

Friedman Archer Plager Clevenger

The Federal Circuit—2014

Active Judges:

Rader Newman Lourie Dyk Prost Moore
O'Malley Reyna Wallach Taranto Chen Hughes

Senior Judges:

Mayer Plager Clevenger Schall Bryson Linn

Departed:

~~Friedman Archer Michel Gajarsa~~

The Federal Circuit—2018

Active Judges:

Prost Newman Lourie Dyk Moore O'Malley
Reyna Wallach Taranto Chen Hughes Stoll

Senior Judges:

Mayer Plager Clevenger Schall Bryson Linn

Departed:

Friedman Archer Michel Rader Gajarsa

The Federal Circuit—2022

Active Judges:

Moore Newman Lourie Dyk Prost Reyna
Taranto Chen Hughes Stoll Cunningham Stark

Senior Judges:

Mayer Plager Clevenger Schall Bryson Linn Wallach

Departed:

Friedman Archer Michel Rader Gajarsa O'Malley

Meet the new boss ... not the same as the old boss



Meet the new judge ... not the same as the old judge



Meet the even newer judge ... maybe similar to the old judge?



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Coming Attractions

Coming Attractions

- Will the new PTO director Kathi Vidal reverse Iancu's pro-patent reforms?
- Will Supreme Court take *American Axle* or anything else next year?
- Will the new chief judge push the Fed. Cir. to jump back into the en banc waters despite recent en banc debacles?
- Will anybody do anything about discretionary denials of IPR petitions?
- How will the Fed. Cir. deal with the Albright phenomenon and his resistance to Fed. Cir. venue norms?
- When will we see cases addressing still-festerling AIA issues such as IPR estoppel and scope of new Section 102?

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Thanks