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I. Patentability, Validity, and Procurement of Patents

A. Statutory Subject Matter – Often a Question of Fact

Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018). Berkheimer sued HP for allegedly infringing a patent relating to digitally processing and archiving files in a digital asset management system. The patented system parses files into multiple objects and tags the objects to create relationships between them. The objects are then analyzed and compared, to archive objects to determine whether variations exist based on predetermined rules. This eliminates redundant storage of common text and graphical elements, which improves operating efficiency and reduces storage costs. The district court ruled that the claims were not patent-eligible under 35 U.S.C. § 101, but the Federal Circuit vacated and remanded on this issue.

Applying step 1 of *Alice*, the district court held that the claims were directed the abstract idea of using a generic computer to collect, organize, compare, and present data for reconciliation prior to archiving. The Federal Circuit agreed that the claims were directed to an abstract idea that was similar to claims found to be abstract in other recent Federal Circuit cases. Moving to step 2 of the *Alice* inquiry, the Federal Circuit held that “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” And it held that such a fact “must be proven by clear and convincing evidence.” It explained that “[w]hen there is no genuine issue of material fact regarding whether the claim element or claimed combination is well-understood, routine, conventional to a skilled artisan in the relevant field, this issue can be decided on summary judgment as a matter of law.” And the mere fact that something is disclosed in a piece of prior art does not mean it was well-understood, routine, and conventional. The court noted that the patent specification explained that the claimed improvement increases efficiency and computer functionality over prior art systems. Accordingly, the court found that at least some of the claims that recited arguably unconventional concepts should not have been thrown out on summary judgment. “We only decide that on this record summary judgment was improper, given the fact questions created by the specification’s disclosure.”

Note: the USPTO has now issued a memo instructing patent examiners to provide evidence when alleging that claim limitations are well-understood, routine and conventional. The evidence may include an admission in the patent specification; a citation to a court decision noting the conventional nature of the element; a citation to a publication demonstrating that it was well-known; or a statement that the examiner is taking official notice.

BSG Tech LLC v. BuySeasons, Inc., 899 F.3d 1281 (Fed. Cir. 2018). The Federal

Circuit affirmed a holding by the Eastern District of Texas that claims relating to a “self-evolving generic index” were directed to the abstract idea of considering historical usage information while inputting data. The claims focused on guiding users by presenting summary comparison information to users before the users input data. The court found that this was not a method “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of” databases. (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014)). Further, the allegedly narrow application of the abstract idea could not save the claim, as “the claim’s focus must be something other than the abstract idea itself.” The focus of the claims was deemed unrelated to how databases function, and while it may improve the quality of information submitted to the databases it did not improve how the databases functioned.

Of note, the court distinguished over *Berkheimer* and affirmed the § 101 opinion even though it came up on summary judgment. The claimed invention’s use of the ineligible concept cannot supply the inventive concept that renders the invention significantly more than the ineligible concept, the court stated. “If the claim’s only inventive concept is the application of an abstract idea using conventional and well-understood techniques, the claim has not been transformed into a patent-eligible application of an abstract idea.” (citing *Berkheimer*). Because the only alleged unconventional feature of the claims was the abstract idea, the court determined that it was irrelevant to consider whether the claims were non-routine or unconventional as a factual matter. Thus, summary judgment was proper.

1. Claims Found Ineligible

Interval Licensing LLC v. AOL, Inc., 896 F.3d 1335 (Fed. Cir. 2018). The Federal Circuit held that patent claims directed to an “attention manager” that presents two sets of information in a non-overlapping way on a computer screen were invalid under 35 U.S.C. § 101 because they were directed to an abstract idea. First, although the claims recited nine different elements of computer software that operated the “attention manager,” the court concluded that they were directed to the abstract idea of displaying information. The patent “offers no clues on how the ‘attention manager’ manages the display of the acquired content in a manner that avoids overlapping with the already-displayed content with which the user is actively engaged.” The claims thus failed the first step of the *Alice* framework – namely, they were “directed” to an abstract idea, rather than to any “technological improvement” to a computer system. Second, the court held that there was nothing “inventive” about the concept. Merely placing the abstract idea on a computer did not render it patentable.

SAP Am., Inc. v. Investpic, LLC, 898 F.3d 1161 (Fed. Cir. 2018). SAP filed a declaratory judgment action against Investpic, alleging that the claims of its patent

for analyzing investment data were not patent-eligible and thus invalid. The district court granted SAP's motion for judgment on the pleadings, concluding that the patent was invalid. The Federal Circuit affirmed, concluding that – even though the patented concepts might be “groundbreaking, innovative, or even brilliant” – that was not enough for patent eligibility. It also assumed that the concepts were novel and non-obvious. Nevertheless, the court concluded that the claimed invention was directed to the abstract idea of selecting certain information, analyzing it using mathematical techniques, and displaying the results.

The court started by analogizing the claims in this case to that in another – where claims focused on “collecting information, analyzing it, and displaying certain results” were directed to an abstract idea. After concluding that the claims failed the first step of the *Alice* inquiry – i.e., they were “directed to” an abstract idea, the court proceeded to the second step of *Alice*, concluding that they did not recite any “inventive” concept. The court noted that the claimed invention was directed to analyzing investment data using conventional computers, and that nothing suggested that the invention improved computers in any way. The mere invocation of computers and networks was insufficient to confer patentability on the claims.

Roche Molecular Systems, Inc. v. Cepheid, 905 F.3d 1363 (Fed. Cir. 2018). Roche scientists developed a method for detecting the pathogenic bacterium *Mycobacterium tuberculosis* (“MTB”), a major cause of tuberculosis. They sequenced a gene shared by several bacteria species, and discovered that it included “position-specific ‘signature nucleotides’” when present in MTB and could be used to improve tests for MTB. They developed a test that could identify whether a sample contained MTB and, if present, whether it was resistant to a drug treatment (rifampin). The test involved application of the well-known technique of amplification using a polymerase chain reaction (“PCR”). The representative claim was directed to a “primer sequence” reciting the signature nucleotides and their locations.

The court applied the *Alice/Mayo* framework to the claims, assessing whether the claims were directed to natural phenomena or an abstract idea. Citing *In re BRCA1*, 774 F.3d 755, 760, the court noted that primers necessarily contain the identical sequence to the nucleotide sequence directly opposite the DNA strand to which they are designed to bind. Roche's arguments that the claimed 11 signature nucleotides could hybridize to other markers were unavailing, as the claim still would cover the underlying natural phenomena. Thus, the claims were directed to naturally occurring compounds which were only identified by, and not created by, Roche. The primers were thus not patent eligible because they can be found in nature, despite their value as scientific discoveries.

Method claims, directed to use of the primers, were similarly held patent ineligible. Turning to step two of the *Alice/Mayo* framework, the court held that the claims did not include an inventive concept that transforms the signature positions of the primer

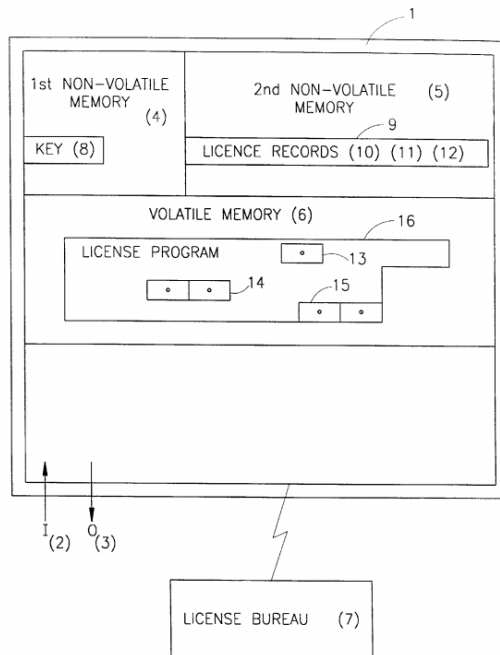
into patent-eligible subject matter. PCR applications were well-known ways for searching for such primers, and thus *Alice/Mayo*'s step two's requirement of "additional features that must be new and useful" was not met.

In a concurring opinion, Judge O'Malley agreed that the claims were patent ineligible under the holding in *BRCAI* but urged her colleagues to reconsider that case *en banc*.

2. Claims Found Eligible

Ancora Techs., Inc. v. HTC AM., Inc., 908 F.3d 1343 (Fed. Cir. 2018). This case concerned a patent claiming a way to limit a computer's running of software that the computer is not authorized to run. The patent originally issued in 2002, was confirmed in reexamination in 2010, and was the subject of an appeal in a 2014 case the patentee had brought against Apple. This appeal was from a decision in a case first filed in 2016 in which the district court entered a judgment that the claims were not patent eligible and thus invalid under 35 U.S.C. § 101. The Federal Circuit reversed, holding that "the claimed advance is a concrete assignment of specified functions among a computer's components to improve computer security, and this claimed improvement in computer functionality is eligible for patenting."

The patent at issue described the use of a technique using a "key" and a "record." The key identifies the computer and is stored in BIOS and cannot be removed or modified. The record is a record of the license to the particular application; it includes an "author name, program name[,] and number of licensed users (for network)." The patent used a specific portion of BIOS memory to "store the information that can be used, when a program is introduced into the computer, to determine whether the program is licensed to run on that computer." This, according to the court, was not how BIOS was normally used; instead BIOS is "used for storing programs that assist in the start-up of a computer, not verification structures comparable to the software-licensing structure embodied by the claimed invention." This invention allegedly improved computer security because hacking BIOS is more difficult than other memory. When a program is loaded into volatile memory, the computer will access the program, retrieve a license record, encrypt that record using the unique key, and compares that encrypted record to the one stored in the verification structure in BIOS. If there is no match, the computer is not authorized to run the program and it is stopped.



The parties focused on claim 1, which provides:

1. A method of restricting software operation within a license for use with a computer including an erasable, non-volatile memory area of a BIOS of the computer, and a volatile memory area; the method comprising the steps of:
 - selecting a program residing in the volatile memory,
 - using an agent to set up a verification structure in the erasable, non-volatile memory of the BIOS, the verification structure accommodating data that includes at least one license record,
 - verifying the program using at least the verification structure from the erasable non-volatile memory of the BIOS, and
 - acting on the program according to the verification.

Turning to the Federal Circuit’s application of the Alice-two step framework, the court repeated its discussion in *Finjan* that the court should “examine the patent’s ‘claimed advance’ to determine whether the claims are directed to an abstract idea.” (internal quotations omitted). The question turns on whether there is a specific asserted improvement in computer technology or on a process in which computers are acting merely as a tool. These computer improvements can be made in either software or hardware and software improvements have been held to have “pass[ed] muster under Alice step one when sufficiently focused on such improvements.”

The court discussed the holdings in a slew of cases in which it has found computer-implemented techniques to be patent eligible under *Alice* step one: *Enfish*, *Visual Memory*, *Core Wireless*, *Finjan*, and *Data Engine*. Applying these cases, the court

concluded that the patent was not directed to an abstract idea. “Improving security-- here, against a computer’s unauthorized use of a program--can be a non-abstract computer functionality improvement if done by a specific technique that departs from earlier approaches to solve a specific computer problem.” Here, the claimed method identifies how that functionality is implemented in an “unexpected way” using a particular part of BIOS memory and the structure in that memory location is used for a verification by interacting with the distinct computer memory that contains the program to be verified. The beneficial result was a reduction in hacking risk. This was sufficient to pass muster under *Alice* step one. The Federal Circuit therefore reversed and remanded.

Aatrix Software, Inc. v. Green Shades Software, Inc., 882 F.3d 1121 (Fed. Cir. 2018). Aatrix sued Green Shades for infringing two patents relating to importing data into a computer so a user can manipulate the form data and create viewable forms and reports. The district court dismissed the lawsuit because the patents allegedly recited non-eligible subject matter, and denied Aatrix’s motion for leave to file an amended complaint. The Federal Circuit reversed, first concluding that the district court erred by ruling that a claim directed to a system was ineligible because it was directed to an intangible embodiment. (The system claim recited four components, including a form file; a form file creation program; a data file; and a form viewer program). The court noted that the preamble recited a “data processing system,” which clearly requires a computer operating software and other tangible components. As to its application of the two-part *Alice* test for patentability, the district court also erred by refusing to permit amendment of the complaint, which would have alleged facts that, if true, might show an “inventive concept” under the second prong of *Alice*. The court found persuasive the explanation as to how the claimed invention differed from prior art solutions and were an improvement in how data was imported from third-party applications, and that it increased the efficiencies in computer processing tax forms.

Finjan, Inc. v. Blue Coat Sys., Inc., 879 F.3d 1299 (Fed. Cir. 2018). The Federal Circuit affirmed a district court’s conclusion that patent claims directed to a particular software virus-scanning method recited patent-eligible subject matter. The method included steps of receiving a downloadable; generating a first downloadable security profile that identifies suspicious code in the downloadable; and linking the security profile to the downloadable before a web server makes the downloadable available to web clients. According to the Federal Circuit, this behavior-based virus scan constitutes an improvement in computer functionality that differs from traditional virus-scanning systems. It pointed to evidence that the claimed method provided a more flexible virus filtering approach, and a new kind of file that enables a computer system to do things it could not before, allowing access to be tailored for different users and identifying threats before they reach a user’s computer.

Core Wireless Licensing S.A.R.L. v. LG Elect., 880 F.3d 1356 (Fed. Cir. 2018). The Federal Circuit affirmed a district court’s ruling that patent claims directed to a user interface on a mobile device were not invalid as ineligible subject matter. The claims recited “A computing device comprising a display screen” wherein the device was configured to display a menu listing applications, including an application summary that can be reached directly from the menu without launching the application. The Federal Circuit concluded that the claims were not directed to an abstract idea as asserted by LG, but were instead directed to a user interface including an application summary that could be reached directly from the menu, specifying a particular manner by which the summary window must be accessed. “Like the improved systems claimed in *Enfish*, *Thales*, *Visual Memory*, and *Finjan*, these claims recite a specific improvement over prior art systems, resulting in an improved user interface for electronic devices.”

3. A Mixed Result

Data Engine Techs. LLC v. Google LLC, 906 F.3d 999 (Fed. Cir. 2018). The Federal Circuit addressed the patent-eligibility of claims directed to tabs and change tracking in spreadsheets. The court overturned the District of Delaware’s decision with respect to the “tab” patents but affirmed the district court’s finding that the change tracking patents were patent ineligible. The “tab” patent claims, according to the court, were directed to a specific improved method for navigating through complex three-dimensional electronic spreadsheets. But the change tracking claims were directed to the abstract idea of collecting, recognizing, and storing changed information with no inventive concept sufficient to render the claims patent eligible.

The district court had found the tab claims were directed to the abstract idea of “using notebook-type tabs to label and organize spreadsheets.” The Federal Circuit reversed, discussing the state of the art of spreadsheets at the time of the 1992 filing date as described in the specification and other evidence. The tabbed user interface described in the patents overcame limitations of complex commands needed to perform basic operations in a spreadsheet with complex menu systems. The specification in the patents specifically discussed these problems and how the tabbed user interface overcame them – a discussion that the court’s opinion frequently cited to. Additionally, the court noted evidence of secondary considerations praising the new spreadsheet program (from 1992) incorporating the tabs. The court concluded that the claims passed Alice step 1 – they were not directed to an abstract idea and instead provided a specific solution to then-existing technical problems. Distinguishing several decisions holding arrangements of information unpatentable, the court held that the claims were directed to a specific improvement to the way computers operate. (citing to *Core Wireless*). Of note, the court found a “more general” claim 1 in the tab patents, which used generic language not tied to tabbed user interfaces, ineligible because it did not recite the specific improvement to the

computer, instead focusing on relationship between data.

The district court had also found the change tracking claims were directed to the abstract idea of “collecting spreadsheet data, recognizing changes to spreadsheet data, and storing information about the changes.” The Federal Circuit affirmed as to the change tracking claims. Although the change tracking patent similarly included a discussion of perceived problems in the prior art, relating to how users had to create separate copies and manually track changes, this was not sufficient to root the solution in computing technology and render the claims patent eligible. The district court properly concluded that the change tracking claims merely automated the problematic process described in the background.

B. On-Sale Bar Under the AIA

Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc. 855 F.3d 1356 (Fed. Cir. 2017), cert. granted, 138 S.Ct. 2678 (June 25, 2018). In a case of first impression, the Federal Circuit interpreted the “on-sale bar” provisions of the post-AIA version of 35 U.S.C. § 102(b). Helsinn owns patents relating to intravenous formulations of a medicine used to reduce nausea. It sued Teva for alleged infringement. More than one year before filing for one of the patents, Helsinn entered into publicly-announced agreements with another company to license the patent and for a supply and purchase arrangement under which the other company agreed to pay \$11 million, plus future royalties on distribution of the patented medicine. The license agreement stated that if certain clinical trials were unfavorable, the agreements could be terminated. However, the publicly-announced agreements did not publicly disclose the price terms and specific dosages covered by the agreement. The clinical trials proved successful, and the FDA approved the drug. The district court ruled that the AIA had changed the law regarding on-sale bar, requiring that there be a “public sale or offer for sale of the claimed invention,” which was not met because the “sale” did not publicly disclose details of the invention.

The Federal Circuit reversed. The court recognized that the AIA amended section 102 of the patent statute to bar patentability of an invention if it 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.” At issue was whether the “otherwise available to the public” required that details of the claimed invention be publicly disclosed in order to invalidate the patent, such that a “secret sale” would not invalidate a patent. The Federal Circuit held that it did not. Although Helsinn argued that certain statements made by members of Congress during passage of the AIA showed an intent to change the law, the Federal Circuit distinguished those statements as being directed to public use of a claimed invention, as opposed to a sale of an invention. And, the court noted that the sale itself in this case was public. It rejected the argument that the disclosed details of the sale must disclose every part of the claimed invention. “We conclude that, after the AIA, if the existence of the sale is public, the details of the invention need not be publicly

disclosed in the terms of the sale” in order for that sale to be invalidating.

C. Anticipation

Enplas Display Device Corp. v. Seoul Semiconductor Co., Ltd., -- F.3d --, 2018 WL 6033533 (Fed. Cir. Nov. 19, 2018). This was an appeal from, among other things, a district court’s grant of summary judgment of no anticipation as to one patent and a jury verdict of no anticipation as to a second patent. Both patents related to the construction of light guides for use in flat-panel displays.

With respect to the patent on which summary judgment was granted, the claims required “plural light sources mounted on said internal bottom wall” of a cavity. The prior art did not expressly teach such a configuration. Instead, the inventor of the prior art reference testified that the patent “doesn’t exclude the mounting on the perimeter being on the bottom wall so long as it’s on the perimeter.” The Federal Circuit affirmed the district court’s grant of summary judgment because “[a]t most, Dr. Pelka’s testimony suggests that [the prior art] could have been modified to include light sources on the bottom wall,” which is “not enough . . . For anticipation.” Instead, anticipation requires a single reference to disclose all elements of the claim.

Regarding the denial of the accused infringer’s motion for JMOL on the issue of anticipation, the Federal Circuit affirmed the denial. The key to the affirmance here was the fact that the record revealed expert testimony cutting in both directions as to both allegedly anticipatory prior art references. “We must presume that the jury credited the testimony of Dr. Moore in finding that [the prior art] does not anticipate the 554 patent.” Because the jury’s verdict was supported by substantial evidence, the Federal Circuit affirmed that aspect of the judgement.

D. Obviousness

1. **Mental Steps Have Little Weight**

Praxair Distribution, Inc. v. Mallinckrodt Hosp. Prods IP Ltd., 890 F.3d 1024 (Fed. Cir. 2018). Mallinckrodt appealed from a PTAB decision finding several claims of its patent, directed to a method of providing pharmaceutically acceptable nitric oxide gas, invalid as obvious. The PTAB had given no patentable weight to several claim limitations characterized as “mental steps” – namely, requiring a medical provider to think about the information claimed. The Federal Circuit affirmed, concluding that, “Like the information claimed by printed matter, mental steps or processes are not patent eligible subject matter.”

2. **Apparatus Versus Method Claims: “capable to”**

ParkerVision, Inc. v. Qualcomm Inc., 903 F.3d 1354 (Fed. Cir. 2018). On appeal from a PTAB final written decision finding some claims unpatentable and others patentable, the Federal Circuit reminded practitioners that claims directed to apparatuses “capable of” performing the claimed improvement may be invalid in view of prior art that doesn’t actually perform the claimed improvement. The claimed invention related to frequency up-conversion techniques in telecommunications, which have the by-product of producing harmonics. The invention would filter out the undesirable *plurality of harmonics* resulting from the upconversion. The court affirmed the PTAB’s holding that the apparatus claims were unpatentable over prior art that was *capable* of producing the plurality of harmonics, while the method claims were patentable because the prior art did not actually disclose producing the plurality of harmonics.

The apparatus claims did not actually recite “capable to,” instead reciting “modules to” receive signals having certain recited characteristics. But this language was properly interpreted, in the court’s opinion, as mere capability language not limited to active performance of the claimed techniques. The method claims, in contrast, actively recited generation, processing, and receipt of the signals having the characteristics.

The court reiterated long-standing law that “apparatus claims cover what a device is, not what a device does.” (citing *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1468 (Fed. Cir. 1990)). “A prior art reference may anticipate or render obvious an apparatus claim—depending on the claim language—if the reference discloses an apparatus that is reasonably capable of operating so as to meet the claim limitations, even if it does not meet the claim limitations in all modes of operation.” It was undisputed that the circuit of the Nozawa prior art reference was capable of producing the plurality of harmonics, so the court affirmed the PTAB’s findings of unpatentability as to the apparatus claims.

With the method claims, the active language “present[s] a different story.” Even though Nozawa’s circuit was *capable* of producing the plurality of harmonics, Qualcomm failed to present argument or evidence that Nozawa’s circuit *actually would* output a signal with a plurality of multiple harmonics. Thus, the court affirmed the PTAB’s findings that Qualcomm failed to demonstrate unpatentability of the method claims.

3. Ordinary Creativity and Common Sense

DSS Techn. Mgmt, Inc. v. Apple Inc., 885 F.3d 1367 (Fed. Cir. 2018). The Federal Circuit reversed a PTAB decision invalidating claims of a patent as being obvious. The difference between the prior art and the claimed invention was that the claims required that a base station operated using low-duty cycle RF bursts, whereas the prior art only disclosed that the mobile unit transmitters operated using such a mode. The PTAB relied on “ordinary creativity” as the basis for concluding that it would

have been obvious to operate the base stations of the prior art in the same manner. The Federal Circuit reversed, concluding that “ordinary creativity” could not be used to fill gaps in the prior art, any more than “common sense” could be relied on to do so. It cited its prior case law restricting the use of “common sense” in obviousness determinations to a narrow set of circumstances where the technology was “unusually simple” or where it was used as a motivation to combine references, not to fill gaps missing in the prior art.

4. State of the Art References Ok at PTAB and District Court

Teva Pharmaceuticals USA, Inc. v. Sandoz Inc. (In re Copaxone Consolidated Cases), 906 F.3d 1013 (Fed. Cir. 2018) & *Yeda Research and Development v. Mylan Pharmaceuticals, Inc.*, 906 F.3d 1031 (Fed. Cir. 2018). In companion cases on appeal of related district court litigation and IPRs, the Federal Circuit upheld invalidity findings as to obviousness of asserted patents related to the Copaxone treatment for multiple sclerosis. In both cases, the district court and the PTAB had relied on a 2009 study by Omar Khan as a “state of the art reference.” The Khan reference was not a prior art publication, as it published three weeks after the priority date of the patents. But it described a study that had begun two years prior. In the district court, the Khan reference was relied on to demonstrate motivation, in that practitioners were pursuing less frequent dosing regimens. The PTAB placed greater reliance on the Khan reference, but generally cited it for the same proposition.

The Federal Circuit indicated that both underlying tribunals properly relied on Khan for the limited purposes of establishing the state of the art and as evidence of a motivation to combine – in particular, Khan was evidence that POSITAs were interested in pursuing less frequent dosing regimens. The court dismissed Yeda’s APA arguments in the IPR appeals, finding that Yeda had notice and opportunity to respond to the PTAB’s reliance on Khan. The court acknowledged that Khan was not prior art, but that it represented “supporting evidence and opinions” within 35 U.S.C. § 312 (a) (3) which are properly relied on in “proper supporting roles, e.g., indicating the level of ordinary skill in the art, what certain terms would mean to one with ordinary skill in the art, and how one with ordinary skill in the art would have understood a prior art disclosure.”

5. Other “Blocking” Patents May Undermine Secondary Considerations

Acorda Therapeutics, Inc. v. Roxane Laboratories, Inc., 903 F.3d 1310 (Fed. Cir. 2018). In a lengthy decision exploring the history of the multiple sclerosis drugs at issue and the district court’s findings of obviousness over several references, the Federal Circuit affirmed the district court’s use of another “blocking” patent to undermine evidence of secondary considerations. Acorda’s improvement was to a treatment process already patented by Elan. Acorda had taken a license to the Elan patent, as had the rest of the industry. During litigation, Acorda presented evidence

of commercial success of their improvement. The district court discounted the secondary considerations of non-obviousness in view of the Elan blocking patent. As the Federal Circuit noted, the district court properly viewed the Elan blocking patent as evidence suggesting that other parties may not have made the improvement claimed in Acorda's patent because they did not want to infringe the Elan blocking patent, rather than because Acorda's improvement was non-obvious. "The risk of such liability would have provided an independent incentive for [others] not to develop the invention of the Acorda patents, even if those inventions were obvious."

Judge Newman dissented, siding with amici briefs that considering the existence of blocking patents when evaluating secondary considerations would undermine incentives to innovate and deprive the public of inventions like that claimed in the Acorda patents.

6. Burden Shifting on Claimed Ranges

E.I. DuPont de Nemours v. Synvina C.V., 904 F.3d 996 (Fed. Cir. 2018). Synvina owned a patent directed to a method of oxidizing 5-hydroxymethylfurfural ("HMF") under specified conditions to form 2,5-furan dicarboxylic acid ("FDCA"). FDCA is a compound of commercial interest to the "green" chemical industry. It was undisputed that oxidizing HMF to yield FDCA was known, but the main issue on appeal was whether the specific reaction conditions claimed in the patent (as to temperature, pressure, catalyst, and solvent) would have been obvious. DuPont had filed for inter partes review of the patent, and the PTAB found that DuPont had failed to demonstrate obviousness of the patent because no prior art reference disclosed the four specific conditions in combination.

As a threshold matter, Synvina challenged whether DuPont had standing to appeal the PTAB's decision. DuPont had not been sued by Synvina for infringement. But DuPont had built a plant to produce FDCA that was capable of performing the claimed process, using the same reactants to generate the same products using the same solvent and same catalysts as the patent. DuPont thus had "concrete plans for present and future activity that create a substantial risk of future infringement or likely cause the patentee to assert a claim of infringement" and satisfied the injury in fact requirement for Article III standing. (citing *JTEKT Corp. v. GKN Auto. Ltd.*, 898 F.3d 1217, 1220 (Fed. Cir. 2018) (internal quotations omitted)).

Three references at issue in the IPR disclosed HMF->FDCA reaction conditions relevant to the '921 patent at issue as follows:

| <i>Reference</i> | <i>Temperature</i> | <i>Pressure</i> | <i>Solvent</i> | <i>Catalyst</i> |
|--------------------|--------------------------------|-----------------|----------------|-------------------------|
| '921 patent | Between 140–200°C | 1–10 bars | Acetic acid | Co/Mn/Br |
| RU '177 | 115–140°C | 2.1–10.5 bars | Acetic acid | Co/Mn/Br |
| '732 | 50–250°C, preferably 50–160°C | 14.5 bars | Acetic acid | Co/Mn/Br, optionally Zr |
| '318 | 50–200°C, preferably 100–160°C | 2.17–7.24 bars | Water | Pt |

The Board in its final written decision found that, despite the overlapping ranges disclosed in the prior art, DuPont failed to demonstrate the obviousness of the four claimed reaction conditions. The PTAB refused to apply a burden-shifting framework requiring the patentee to demonstrate the non-obviousness of the claimed ranges once DuPont had demonstrated overlapping ranges in the prior art. The Federal Circuit reversed.

The court cited old precedent that “where the general conditions of a claim are disclosed in the prior art, it is not inventive to discover the optimum or workable ranges by routine experimentation.” (citing *In re Aller*, 220 F.2d 454, 456 (CCPA 1955)). Demonstration that the claimed ranges overlap the ranges disclosed in the prior art creates a presumption of obviousness, and the burden shifts to the patentee to rebut that presumption. Modifications to the ranges may be patentable if they produce unexpected results that are different in kind (rather than degree), such as in a “critical range.” Similarly, the presumption may be overcome through a teaching away in the prior art, or if a parameter was not recognized to be “result-effective.”

The Board had refused to apply any burden shifting based on the Federal Circuit’s decisions in *Dynamic Drinkware* and *Magnum Oil*. The court, acknowledging that this case was a matter of first impression (whether the presumption of obviousness for overlapping ranges applied in IPRs), distinguished those prior cases as unrelated to the burden shifting at issue. The burden shifting associated with the overlapping ranges, according to the court, is a recognition 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.” Thus, the PTAB erred in refusing to acknowledge that the overlapping ranges demonstrated in the prior art shifted the burden to the

patentee to demonstrate why the claimed regions were nonetheless nonobvious.

Further, the PTAB erred in its analysis of oxygen concentration and temperature as result-effective variables. The court agreed with DuPont that these were result-effective variables, and thus optimization and experimentation with respect to these conditions would have been obvious. Because these were result effective variables, the court found the claimed reaction conditions to be an obvious improvement over the prior art's overlapping ranges. Limited evidence of non-obviousness provided by Synvina, such as copying by DuPont, was deemed "weak" by the Federal Circuit.

E. "Public Accessibility" of Prior art

GoPro, Inc. v. Contour IP Holding LLC, 908 F.3d 690 (Fed. Cir. 2018). This appeal concerns the issue of whether a brochure, distributed at a trade show that was well-attended, but not open to the general public, could be considered a "printed publication" and thus prior art under the pre-AIA Patent Act. The Patent Trial and Appeal Board ("PTAB") held that it could not be based on the evidence.

GoPro filed two petitions for inter partes review challenging two patents directed to action sport video cameras. GPS can be used to track the location of the camera and a wireless protocol such as Bluetooth® can be used to "provide control signals or stream data to [the] wearable video camera and to access image content stored on or streaming from [the] wearable video camera and to access image content stored on or streaming from [the] wearable video camera." '954 Pat., col. 1, ll. 53-62, col. 16, ll. 50-60. The petitions for IPR relied on a 2009 GoPro sales catalog as prior art. That catalog "discloses a digital camera linked to a wireless viewfinder/controller that allows the user to preview before recording." To establish public accessibility, GoPro relied in part on testimony from a GoPro employee that explained that the catalog was distributed during a Tucker Rocky Distributing trade show. Tucker Rocky is a "trade organization focused on action sports vehicles as well as related apparel, parts, and accessories. "The employee testified that he manned the GoPro booth at the event in 2009, that 150 vendors and more than 1,000 attendees were at the show, and some were customers of portable POV video cameras. This employee said that he personally distributed copies of the catalog at the show. These facts were not in dispute.

The Board concluded that "GoPro did not provide evidence that the dealer show was advertised or announced to the public, such that a person interested and ordinarily skilled in the art from the public would have known about it." The Board concluded that a "person ordinarily skilled in the art would not be interested in the dealer show because it was not an academic conference or camera industry conference, but rather a dealer show for action sports vehicles like motorcycles, motor bikes, ATVs, snowmobiles, and watercraft."

The Federal Circuit disagreed with the PTAB's conclusion. "The Board cited no

cases where” the Federal Circuit has “strictly held that the expertise of the target audience is dispositive of the inquiry of accessibility.” Instead, the court noted that the case law “directs us to consider the nature of the conference or meeting; whether there are restrictions on public disclosure of the information; expectations of confidentiality; and expectations of sharing the information.” Here, GoPro distributed hundreds of copies of the catalogs without restriction. And, the evidence showed that those interested in POV cameras would have been interested in the Tucker Rocky trade show because Tucker Rocky is a distributor of accessories that would be used on such vehicles. Therefore, the Board’s decision was vacated and the case was remanded for further proceedings.

Acceleration Bay, LLC v. Activision Blizzard Inc., 908 F.3d 765 (Fed. Cir. 2018). This was an appeal from a PTAB final decision that, among other things, (1) ordered the cancellation of certain claims of three patents and concluded that certain language found in the claims was not limiting on the claims and (2) determined that the petitioner had not established that an article called “Lin” was a printed publication. This section addresses the Federal Circuit’s decision regarding whether the Lin article is a “printed publication” under §102(a). The other issues are addressed in other appropriate sections.

The question presented was whether a publication called “Lin” constituted a printed publication. The Board held that it was not. The Board found (1) that the reference had been uploaded to the University of California San Diego’s Computer Science and Engineering’s technical reports website by November 1999. Because there was no evidence that Lin had been disseminated to the public, the dispute focused on whether Lin could have been found by a skilled artisan exercising ordinary diligence. The Board concluded that a person of ordinary skill would have had to browse hundreds of titles, many referring to unrelated subject matter, before finding Lin. Additionally, the website had a search functionality, but it was not operating properly. The Patent Owner had introduced evidence that they had tried to locate Lin using the search functionality and were unable to do so. Based on this, the Board concluded that Lin had not been shown to be a printed publication.

The Federal Circuit affirmed. The Federal Circuit focused on the fact that the UCSD declarant did not verify that the search functionality worked properly, did not ever attempt to search for the Lin reference, and indicated that it was not common practice to ensure that the search functionality operated properly when papers were uploaded. Additionally, the witness testified that the website was “pretty much the same, actually between [1999] and now. We’re running the same software.” Based on this, the court concluded that the Board did not err. This case was distinguishable from *In re Lister*, 583 F.3d 1307 (Fed. Cir. 2009) because in that case, the search functionality was not shown to be inoperable.

The Federal Circuit also rejected the argument that merely having the reference

indexed by title for a given year, author, and a unique sequence ID established public accessibility. “The test for public accessibility is not ‘has the reference been indexed?’” Instead, it is whether a person of ordinary skill in the art, exercising reasonable diligence, would have found the reference.

Jazz Pharm., Inc. v. Amneal Pharm., LLC, 895 F.3d 1347 (Fed. Cir. 2018). The Federal Circuit affirmed a decision of the PTAB invalidating claims of a patent relating to a drug distribution system, based in part on information posted on a website that was published in the Federal Register. The Federal Register listed a website at which a meeting notice was posted, and at which notes and slides were posted after the meeting. The website also included a video and transcript regarding a proposed drug distribution system. First, the court concluded that a person of skill in the art would have been familiar with the Federal Register and would have been motivated to look for notices related to drug distribution and safety. Second, the materials were available online for a substantial period of time prior to the filing of the patents, which is one of the factors that courts look to in evaluating public accessibility. Finally, the materials were distributed via public domain sources with no expectation that they would remain confidential or not copied.

F. Priority Claims in Continuations-in-Part

Natural Alternatives Intl., Inc. v. Iancu, 904 F.3d 1375 (Fed. Cir. 2018). In a reminder to be careful with continuation-in-part applications and later changes to priority claims, the Federal Circuit upheld the decision in a reexamination finding the claims of a continuation-in-part invalid over a parent application. Woodbolt Distributors, a competitor of Natural Alternatives International (NAI), requested inter partes reexamination of U.S. Pat. No. 8,067,381. The USPTO rejected all claims as anticipated by and obvious over the prior art, including a parent of the re-examined patent. NAI appealed to the Patent Trials and Appeals Board, and then to the Federal Circuit. Woodbolt did not participate in the appeal, and the Director intervened to defend the Board’s decision. The Federal Circuit affirmed the Board’s decision of invalidity.

NAI filed a chain of eight patent applications dating back to August 1997. The fifth application, a continuation-in-part, included priority claims to the first four applications. NAI filed a sixth application five years after the fifth application, claiming priority to the fifth application and the first four. Four days after filing the sixth application, NAI amended the fifth application to remove the priority claims to the first through fourth applications. The Federal Circuit noted that, at the time the sixth application was filed, the sixth application properly claimed priority to the fifth application and that the fifth application properly claimed priority to the earlier applications. The patent at issue, the ‘381 patent, was the eighth application in the chain and included a priority claim to each prior application. But the eighth

application was filed after the priority claim was removed from the fifth application.

Woodbolt argued that NAI's priority claim in the eighth application was defective due to the removal of the priority claim in the fifth application. NAI argued that the sixth application (and as a result, the eighth application) maintained priority back to the first application and it was irrelevant what happened in the fifth application after the sixth was filed. The examiner sided with Woodbolt, finding that the priority claim was defective and rejected the claims over prior art including the parent patent that issued from the first application. The Board affirmed the examiner's decision.

The Federal Circuit addressed NAI's arguments in four parts. First, with respect to whether the priority claim "vested" with the filing of the sixth application, the court explained that patent claims are not entitled to an earlier priority date until the patentee demonstrates (i.e., proves) that the claims are entitled to that priority date. This is not done through the mere filing of a priority claim. When filed, the eighth application did not meet the "specific reference" requirements of 35 U.S.C. § 120 as to the filing date of the first application. Because the fifth application lacked priority to the first application, the eighth application's priority claim to the first application (via the fifth application) did not satisfy § 120.

Second, the court noted that prior cases had suggested that changes to priority claims may impact later priority claims in child applications and dismissed NAI's argument that changes were only effective as to the specific application in which they are made. And third, the court rejected NAI's argument that each continuation created a new priority chain at each filing, pointing to the Supreme Court's treatment of continuations as "constituting one continuous application, within the meaning of the law." (citing *Godfrey v. Eames*, 68 U.S. 317, 326 (1863)). Finally, fourth, the court observed that this loss of priority was a consequence of NAI's own decisions in the tradeoff between an earlier priority date and longer patent term in a continuation-in-part. Thus, the Federal Circuit affirmed the Board's decision of invalidity.

G. Indefiniteness

Intellectual Ventures I LLC v. T-Mobile USA, Inc., 902 F.3d 1372 (Fed. Cir. 2018). The patent at issue in this appeal related to an "application aware, quality of service (QoS) sensitive, media access control layer" that included an "allocating means for allocating resources to said IP flow . . . so as to optimize end user application IP QoS requirements of said software application." The parties agreed that this was a means-plus-function term. The district court found that the claimed function was indefinite and did not identify any corresponding structure for the limitation. That ruling was appealed by the patentee. The Federal Circuit affirmed.

The Federal Circuit looked to its law regarding terms of degree and explained that such a term may be definite where it provides "enough certainty to one of skill in the art when read in the context of the invention." But, one that is subjective and

opinion-based, is indefinite. Here, “QoS requirements” were “entirely subjective and user-defined.” The patent at issue explained that QoS is “a continuum, defined by what network performance characteristic is most important to a particular user” and characterized it as a “relative term, finding different meanings for different users.” According to the patent, “the end-user experience is the final arbiter of QoS.” This, the court found was analogous to the “aesthetically pleasing” language found to be indefinite in *Dataminze, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1350-51 (Fed. Cir. 2005). “We have similarly held a means-plus-function limitation indefinite without looking to structure where a term of degree in the function was sufficient to render the claim indefinite.” Thus, the district court’s judgment of invalidity as to this term was affirmed.

H. Claim Drafting

Acceleration Bay, LLC v. Activision Blizzard Inc., Case No. 17-2084 (Fed. Cir. 2018). This was an appeal from a PTAB final decision that, among other things, (1) ordered the cancellation of certain claims of three patents and concluded that certain language found in the claims was not limiting on the claims and (2) determined that the petitioner had not established that an article called “Lin” was a printed publication. This section addresses the Federal Circuit’s decision regarding whether the phrases “game environment” and “information delivery service” were limiting. The other issues are addressed in other appropriate sections.

An exemplary claim from one of the patents is:

1. A computer network for providing a game environment for a plurality of participants, each participant having connections to at least three neighbor participants, wherein an originating participant sends data to the other participants by sending the data through each of its connections to its neighbor participants and wherein each participant sends data that it receives from a neighbor participant to its other neighbor participants, further wherein the network is m-regular, where m is the exact number of neighbor participants of each participant and further wherein the number of participants is at least two greater than m thus resulting in a non-complete graph.

This claim lacks a transition phrase such as “comprising” or “consisting of.” The appellant argued that because this claim lacks a transition phrase, the patentee argued that the Board improperly found the phrase “game environment” non-limiting because, it contended, the claim had no preamble. The Federal Circuit disagreed and wrote:

“A claim typically contains three parts: the preamble, the transition, and the body.” 3 Chisum on Patents § 8.06 (2018). Acceleration’s poor claim drafting will not be an excuse for it to infuse confusion into its claim scope. We conclude that ‘game environment’ and

‘information delivery service’ are part of the preamble of the claims. We see no beneficial purpose to be served by failing to include a transition word in a claim to clearly delineate the claims preamble from the body, and we caution patentees against doing so.

Having concluded that the terms “game environment” and “information delivery service” appeared in the preamble, the Federal Circuit undertook its typical analysis to determine if the preamble breathed “life and meaning” into the claims. The Federal Circuit agreed with the Board that it did not and therefore concluded that the phrases “simply provide an intended use for what is otherwise a claim for a network.”

I. Litigation Against the USPTO

Nantkwest, Inc. v. Iancu, 898 F.3d 1177 (Fed. Cir. 2018) (en banc). Section 145 of the patent statute (Title 35) permits a patent applicant to sue the U.S. PTO in district court to set aside a decision rejecting a patent application. That section also states that applicants shall pay “all the expenses of the proceedings” incurred by the U.S. PTO in defending the PTO’s decision. Historically, the PTO relied on that provision to recover such costs as travel expenses, printing, and expert witness fees. In this case, the PTO asserted that “all the expenses” also includes its attorneys’ fees in defending the decision in the district court. In this case, the PTO calculated its attorneys’ fees as \$78,592 based on the pro rata salaries of two PTO attorneys and a PTO paralegal who worked on the case, in addition to \$33,103 in expert witness fees. The district court rejected the PTO’s motion for its attorneys’ fees, but a divided panel of the Federal Circuit reversed, concluding that “expenses” could include attorney fees. The full Federal Circuit sua sponte voted to vacate the panel decision and reheard the case en banc. On rehearing, the court held that the so-called “American Rule,” in which each party must pay its own attorneys’ fees, prevailed over a statute that was ambiguous as to whether “expenses” was intended to cover attorneys’ fees. The court disagreed with a contrary Fourth Circuit decision applying a similar provision in the trademark statute. Four judges filed a dissenting opinion.

Hyatt v. Iancu, 904 F.3d 1361 (Fed. Cir. 2018). This is the latest of a series of appeals that is four decades in the making. Appellant has more than 400 patent applications pending before the Patent Office. Those applications have more than 115,000 patent claims and claim the benefit of a filing date in the 1970s. A team of 14 patent examiners has been tasked with examining Appellant’s patent applications. After the USPTO issued “Requirements” for certain information in those applications and to impose a limit on the number of claims he could pursue—a procedure Appellant unsuccessfully challenged in an earlier appeal to the Federal Circuit—the USPTO reopened prosecution of many patent applications.

This led to another suit in district court challenging the reopening of prosecution on the basis that it improperly delayed appeal of those applications. That suit ended in a grant of summary judgment for the USPTO; no appeal was taken. While that suit was pending, Appellant filed a request for rulemaking at the USPTO asking for it to promulgate a regulation eliminating MPEP § 1207.04, which was the basis for reopening of prosecution to enter a new grounds of rejection in the first instance. The USPTO denied Appellant’s petition for a rulemaking. That led to the suit that would culminate in the instant appeal. The United States District Court for the District of Nevada determined it lacked subject matter jurisdiction and granted summary judgment dismissing the case.

The Federal Circuit reversed the dismissal, but affirmed the judgment on alternative grounds. The Federal Circuit explained that while Congress granted the Federal Circuit and the Eastern District of Virginia exclusive jurisdiction to review final decisions on patentability of patent applications, that grant of jurisdiction does not displace the jurisdiction of the district courts under the Administrative Procedure Act (APA) to review challenges to the PTO’s denial of a petition for rulemaking.

The Federal Circuit affirmed the judgment on alternative grounds. First, the Federal Circuit concluded that Appellant’s argument that MPEP § 1207.04 was improperly promulgated without notice and comment rulemaking was subject to a six-year statute of limitations and thus time-barred since the section of the MPEP was first published in 2005. Next, the Federal Circuit concluded that Appellant’s argument that the MPEP conflicts with 37 C.F.R. § 41.39 was a “policy based challenge,” which “accrues at the same time as the right of action for a procedural challenge.” Thus, this theory was also time-barred. The Federal Circuit concluded, however, that Appellant’s argument that the MPEP conflicts with 35 U.S.C. § 6(b)(1) was not time barred. Nevertheless, the Federal Circuit found that the PTO had properly interpreted the statute and that it was appropriate for the agency to impose certain procedural requirements and conditions before the PTAB would decide an appeal from an examiner’s rejection.

II. Enforcement of Patents

A. Venue – Continued Evolution of TC Heartland

In re BigCommerce, 890 F.3d 978 (Fed. Cir. 2018). Two companies sued BigCommerce for patent infringement in the Eastern District of Texas. BigCommerce is incorporated in Texas and has its registered office in Austin, where it is headquartered. Austin is in the Western District of Texas, not the Eastern District. BigCommerce has no place of business in the Eastern District. After the U.S. Supreme Court issued its *TC Heartland* decision, BigCommerce moved to dismiss one case and transfer another to the Western District of Texas. The district court denied the motion, ruling that a company that “resides” in its state of

incorporation can be sued in any judicial district in that state. BigCommerce petitioned for a writ of mandamus, and the Federal Circuit granted it. According to the Federal Circuit, the statute, 28 U.S.C. § 1400(b), refers to “the judicial district where the defendant resides.” Accordingly, a company may only be sued in the single judicial district where it keeps its principal office and transacts its corporate business. If the company does not maintain its principal place of business within the state where it is incorporated, then the natural default is to deem it to reside in the district in which its registered office, as recorded in its corporate filings, is located. “In the absence of an actual principal place of business . . . the public is entitled to rely on the designation of the registered office, as set forth in publicly available corporate filings, as the place where the corporation resides.”

In re ZTE (USA) Inc., 890 F.3d 1008 (Fed. Cir. 2018). American GNC sued ZTE USA and ZTE (TX) Inc. for patent infringement in the Eastern District of Texas. ZTE USA filed a motion to dismiss for improper venue. Then, ZTE USA and ZTE (TX) Inc. filed a motion to transfer to either the Northern District of Texas or the Northern district of California. The district court denied the motion to dismiss, finding that because ZTE USA had contracted with a call center in the district, some of whose employees were “dedicated” to serving its customers, ZTE USA had a physical place and transacted business in the district. Relying on Fifth Circuit precedent, it also placed the burden of proof on ZTE USA to prove that venue was improper. ZTE USA filed a petition for a writ of mandamus to the Federal Circuit, which was granted.

The Federal Circuit began by asserting that the question of whether venue is proper should be determined by Federal Circuit law, not the law of the regional circuit. It emphasized the need for uniformity in applying patent law regardless of the jurisdiction in which patent suits are filed. “In this context, it is appropriate for us to adopt a uniform national rule to address the propriety of patent-specific venue.” Next, as a matter of first impression, the court announced that “upon motion by the Defendant challenging venue in a patent case, the Plaintiff bears the burden of establishing proper venue. Such a holding best aligns with the weight of historical authority among the circuits and best furthers public policy.” It then cited its *In re Cray* decision (see above) for the proposition that proper venue requires three things: (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. If any statutory requirement is not satisfied, then venue is improper under 28 U.S.C. § 1400(b). In this case, the district court improperly placed the burden on ZTE USA to show that venue was improper, and it also improperly concluded that the mere presence of a contractual relationship between ZTE USA and the call center in the district made it a “regular and established place of business” of ZTE USA in the Eastern District of Texas.

In re HTC Corp., 889 F.3d 1349 (Fed. Cir. 2018). Several companies sued HTC Corp., a Taiwanese company with its principal place of business in Taiwan, and HTC America, Inc., a Washington company with its principal place of business in Seattle, for patent infringement in the District of Delaware. Both HTC entities filed a motion to dismiss for improper venue or, in the alternative, to transfer the case to the Western District of Washington. The district court ruled that venue as to HTC America was not proper but, as to HTC Corporation, venue was proper. The plaintiffs voluntarily dismissed the case against HTC America, leaving HTC Corp. as the sole remaining defendant. HTC then filed a petition for a writ of mandamus to the Federal Circuit, which denied it. According to the Federal Circuit, long-standing precedent holds that the venue restrictions do not apply to alien defendants. “In short, while § 1400(b) governs venue in patent cases, it governs only to displace otherwise-applicable venue standards, not where there are no such standards due to the alien-venue rule.”

In re Oath Holdings Inc., 908 F.3d 1301 (Fed. Cir. 2018). This is a decision on a petition for a writ of mandamus. The relevant time-line is as follows:

1. A complaint for patent infringement was filed against Yahoo!, which later became Oath Holdings.
2. Oath moved to dismiss the complaint under Fed. R. Civ. P. 12(b)(6). That motion would later be withdrawn and an answer was filed. In the answer, Oath referred to the pending Supreme Court case in *TC Heartland*, and indicated that while it was admitting facts related to venue, it might later object to venue depending on the Supreme Court’s ruling in that case.
3. Within 21 days of *TC Heartland* being decided, Oath moved to dismiss for lack of venue, or in the alternative to transfer the case to Delaware.
4. The district court denied the motion, finding that Oath had waived its venue challenge.
5. Oath petitioned for a writ of mandamus of the court’s waiver decision. While that petition was pending, the Federal Circuit decided *In re Micron*, which explained that *TC Heartland* marked a change in the law and that waiver was inappropriate. The Federal Circuit denied the petition for writ of mandamus and told Oath to ask for the district court to reconsider its decision in light of the *Micron* decision.
6. The district court did revisit its decision in light of *Micron* and again held that Oath had waived its challenge to venue and that it had forfeited its ability to challenge venue.

7. Oath sought a writ of mandamus again.

The Federal Circuit granted the writ and ordered that the case be dismissed or transferred. The parties were in agreement that Oath was not a resident in the forum and did not have a regular and established place of business in the district. The only dispute was whether *Micron* applied or whether Second Circuit law was different from the law of the First Circuit (the latter being the circuit from which the *Micron* appeal had come). The Federal Circuit held that the question of “waiver or forfeiture of patent-venue rights under § 1400(b) and § 1406(a) are” governed by Federal Circuit law. The Federal Circuit then held that *Micron* “answers the entire question of waiver under Rule 12(g)(2) and (h)(1) for purposes of this case: there was no such waiver.”

The Federal Circuit then turned to the question of whether there was a forfeiture of the venue challenge. While it was true that Oath admitted venue in its answer, it had also identified the *TC Heartland* case as potentially presenting a defense. Additionally, Oath filed a motion to transfer or dismiss within 21 days of the *TC Heartland* decision coming down. Therefore, the Federal Circuit concluded that Oath had not done anything to waive its challenge to venue after *TC Heartland*. Nor was judicial economy in favor of finding a forfeiture of the venue challenge because written discovery was still taking place and claim construction briefing was ongoing.

B. Declaratory Judgments

AIDS Healthcare Found., Inc. v. Gilead Sciences, Inc., 890 F.3d 986 (Fed. Cir. 2018). Gilead sells several drugs for the treatment of AIDS. AIDS Healthcare Foundation filed a declaratory judgment action against Gilead in the Northern District of California, asserting that several patents covering the drugs were invalid. The district court dismissed the case for lack of declaratory judgment jurisdiction. The Federal Circuit affirmed, concluding that no actual controversy existed between the parties. “The existence of a patent, without more, does not create a case of actual controversy.” In this case, the plaintiff had taken no concrete steps to arguably infringe any of the patents. The court also rejected the argument that it might be held liable for inducing infringement by others by persuading companies to manufacture the drugs, noting that the mere fact that Gilead declined to grant a covenant not to sue did not create a concrete controversy.

C. Specificity in Pleading Patent Infringement Cases

Disc Disease Solns. Inc. v. VGH Solns., Inc., 888 F.3d 1256 (Fed. Cir. 2018). The Federal Circuit reversed and remanded a district court’s decision dismissing a patent infringement suit for failure to meet the pleading requirements of the Supreme Court’s *Iqbal/Twombly* case law. The plaintiff’s complaint attached copies of the

patents, photographs of the defendant's accused products, identified the specific products, and alleged that the accused products meet "each and every element of at least one claim of the [patents], either literally or equivalently." The court found that there was no requirement that the complaint explain how the defendant's products infringed, and that the defendants were on fair notice of the infringement.

D. Collateral Assessments: Fees, Costs, Sanctions

Raniere v. Microsoft Corp., 887 F.3d 1298 (Fed. Cir. 2018). Raniere sued Microsoft and other defendants for allegedly infringing five patents. But in 1995, Raniere had assigned the patents to Global Technologies, Inc. (GTI), which was dissolved in 1996. In 2014, Raniere executed a document on behalf of GTI, claiming to be its "sole owner," purportedly assigning the documents back to Raniere. The defendants moved to dismiss the lawsuit for lack of standing, arguing that Raniere was not the owner of the patents. After Raniere failed to produce evidence that he was the owner of the patents, the court dismissed the suit with prejudice, which was affirmed on appeal.

While the appeal was pending, the defendants filed a motion seeking attorney fees and costs under 35 U.S.C. § 285. The district court granted the motion, finding that defendants were the "prevailing party" since the dismissal with prejudice altered the legal relationship between the parties, and the court had given Raniere multiple opportunities to supply evidence that he owned the patents, and that he gave untruthful testimony on the matter. The court also sanctioned Raniere under its inherent authority. The Federal Circuit affirmed, concluding that a dismissal with prejudice for lack of standing "is tantamount to a judgment on the merits," and that in any event, the Supreme Court has held that a judgment on the merits is not required to be deemed a prevailing party for purposes of a fee award.

In re Rembrandt Tech. LP Patent Litig., 899 F.3d 1254 (Fed. Cir. 2018). This was an appeal from an exceptional case determination. The district court had granted summary judgment of no infringement. After that, the parties filed a motion for attorneys' fees. Four years later, the court granted the motion in a short order. In all, the court awarded \$51 million in attorneys' fees against Rembrandt. Rembrandt appealed. The Federal Circuit affirmed the exceptional case determination, but vacated and remanded because "the court erred by failing to analyze fully the connection between the fees awarded and Rembrandt's misconduct."

The facts are complex and the history is quite lengthy, but the district court's exceptional case finding was based on three forms of alleged misconduct: (1) the patentee gave fact witnesses a contingent interest in the outcome in the litigation; (2) two of the nine patents in suit were intentionally allowed to lapse, only to have them revived years later when someone expressed a commercial interest in those patents; and (3) the patentee had access to relevant document in possession of the prior patent

owner and was aware that they were being destroyed over a period of years. Reviewing this decision for an abuse of discretion, the Federal Circuit affirmed the exceptional case finding.

But, the Federal Circuit, however, vacated the fee award and remanded. The Federal Circuit recognized that this was a “massive case” and “the claimed misconduct affected only some patents asserted against some defendants.” Even with the allegations of misconduct, there needed to be some “causal connection” between the misconduct and the fee award to justify the \$51 million in fees. “What the district court did here--award all fees with no explanation whatsoever of such a causal connection--was not enough.” The Federal Circuit therefore remanded the case for the district court to engage in an assessment of how much of the fees should be paid by Rembrandt. This did not require a line-by-line assessment, but needs to do “rough justice.”

Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co., 905 F.3d 1311 (Fed. Cir. 2018). This is an appeal and a cross-appeal from the final written decision of the PTAB in an IPR proceeding. In this proceeding, the Board declined to find that § 315(b) barred the petition at issue due to the dismissal of the earlier filed complaint without prejudice. The Board also ordered sanctions against the petitioner, however, for a failure to update real party-in-interest information that had changed during the proceedings. Due to a corporate restructuring, the real party-in-interest in the proceeding changed and petitioner failed to notify the Board of the change. When the patent owner brought the issue to the Board’s attention after issuance of the final written decision, the Board indicated it would grant sanctions in terms of the patent owner’s costs and fees for part of the proceeding. The amount of those sanctions had not yet been determined. This summary addresses the issues concerning sanctions--namely whether the Federal Circuit has jurisdiction to hear the dispute over the sanctions order in the absence of a final determination of the amount of the sanction.

Turning to the sanctions issue, both parties had appealed. The patent owner suggested the sanctions were not harsh enough. Instead of just monetary sanctions, the Board should have terminated the proceedings. The petitioner argued that the Board erred by awarding sanctions at all. Instead of reaching this question, the Federal Circuit indicated that even though the Board lacked the authority to institute the IPR, it might be able to sanction a party; it did not resolve that question, however. Instead, it lacked jurisdiction over the sanctions issue because the Board’s order does not quantify the sanctions and as such, it is not a final order. “Because the Board has not yet quantified its sanctions award, the award remains nonfinal and unappealable.” The Federal Circuit also analyzed whether it would exercise pendent jurisdiction over the sanctions order and held that it would not.

Gust v. Alphacap Ventures, LLC, 905 F.3d 1321 (Fed. Cir. 2018). A district court awarded fees against a law firm and its client under 28 U.S.C. § 1927, which makes the firm and the client jointly and severally liable for all expenses incurred by the other party to the litigation, including attorneys fees and costs. The law firm appealed. The Federal Circuit reversed the award. Judge Wallach dissented.

The plaintiff in this case was a “non-capitalized non-practicing entity based in California.” The law firm was hired on a contingency fee basis. Ten defendants were sued on the patents at issue, and nine settled for less than \$50,000. On several occasions during the case, the patentee offered a “walk-away” settlement and a dismissal with prejudice. The accused infringer either outright refused or made demands concerning patent assignment (i.e., all patents are assigned to the accused infringer) or the patentee pay all of its attorneys’ fees. The case was ultimately transferred out of the Eastern District of Texas, the patentee gave the accused infringer a covenant not to sue, and the district court dismissed the complaint.

The district court, on a motion from the accused infringer, then declared the case exceptional under 35 U.S.C. § 285, because in its view *Alice* foreclosed any argument regarding patent eligibility of the asserted claims. The district court indicated that the cases were brought to extract nuisance value settlements, was improperly brought in the Eastern District of Texas, and an award was needed to deter predatory patent enforcement. This order was not appealed.

The district court also concluded that the actions of the law firm were “unreasonable and taken in bad faith.” The actions that the district court focused on were (1) unwillingness to accept the accused infringer’s terms for settlement even though it knew *Alice* doomed the claims, (2) indicating that the case was “not worth litigating,” and (3) resisting the transfer motion.

The sanctions awarded under § 1927 were evaluated using a two-pronged inquiry: (1) were the claims brought in bad faith, or brought for improper purposes such as harassment or delay, and (2) were the claims entirely without color. Both elements need to be satisfied before an award under § 1927 is proper. The Federal Circuit first ruled that neither the filing of the action nor the continuation of the litigation supported the § 1927 award. The statute pertains to “vexatious multiplication” of the proceedings, which “necessarily excludes “filing of a baseless complaint,” which is instead analyzed under Rule 11. Second, given that the case was filed shortly after *Alice* and before the Federal Circuit’s treatment of that case had really started to unfold, the position on patent eligibility was “colorable.” “When the applicable law is unsettled, attorneys may not be sanctioned merely for making reasonable arguments for interpreting the law.” “This is just another way of saying that the domain of colorable arguments is broader when the law is unsettled.”

The Federal Circuit also concluded that the district court abused its discretion in finding bad faith. The statement that the case was “not worth litigating” was just an indication that “the calculus favors settlement” and was “not an admission that the

patents were invalid.” Moreover, it was no foregone conclusion that the patents were invalid after *Alice*. The court acknowledged that un-capitalized non-practicing entities pose a potential problem where they seek to extract settlement values without having to test their cases. But, the court said, § 1927 is not the vehicle to address these concerns. Rule 11 may be. Moreover, the concerns raised by the district court are not with the attorneys, but instead with the client. The court further concluded that the decision to oppose transfer was not a basis to award fees under § 1927 because under the law at the time, East Texas was a proper forum, which is the only requirement for filing a case in good faith. Finally, the late hour in which the patentee granted a covenant not to sue was no basis to punish the attorneys because the settlement decision is one for the client, not counsel.

E. Infringement

Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc., 904 F.3d 965 (Fed. Cir. 2018). This case made its way to the Federal Circuit following a jury award of nearly \$140 million and a finding of infringement of two patents. The appeal addressed the questions of infringement and whether the entire market value rule applies. The infringement issue is discussed here.

The patents-in-suit related to power supply controllers. These devices essentially take an AC power input and convert it to a DC electricity. They are typically used in mobile devices such as laptops and cell phones. Each asserted claim required a “multi-function circuit coupled to receive a signal at a multi-function terminal for adjusting a current limit of a power switch.” The ’079 patent requires a “fixed switching frequency for a first range of feedback signal values.” The district court construed the phrase “fixed switching frequency” to mean “a non-varying number of switching cycles per second.” The accused infringer contested whether its products had a fixed switching frequency because their frequency of operation varied between 5 and 15% based on environmental factors (e.g., temperature) and input voltage, for example. The Federal Circuit rejected this argument because “[t]he district court’s construction of ‘fixed switching frequency’ as ‘non-varying’ does not exclude the possibility of natural variation because doing so would impermissibly render the claims inoperable.” While experts agreed that some variation in the operating frequencies of these power supplies was the only way that a real-world power supply controller could operate, all of the data sheets for the accused controllers labeled them as “fixed frequency” products.

Enplas Display Device Corp. v. Seoul Semiconductor Co., Ltd., -- F.3d --, 2018 WL 6033533 (Fed. Cir. Nov. 19, 2018). This was an appeal from, among other things, a denial of a motion for judgment as a matter of law on the question of induced infringement. In what the Federal Circuit deemed a “close case,” it affirmed the district court’s decision to allow the jury’s verdict of inducement of infringement to

stand.

The facts are these. The parties to this case had a commercial relationship under which the accused infringer and the patentee were working to develop lenses for light bars for flat panel displays. The accused infringer was informed during this joint development period that the resulting lenses for light bars would be covered by patents owned by the patentee. And, there was testimony that the parties understood that the relationship between them would be exclusive as to the sale of the products. Nevertheless, the accused infringer began distributing light bars to other companies such as LG and Samsung. These products found their way into the United States. Indeed, 50% of the sales that were made by the accused infringer were destined for the United States. So, the patentee accused the accused infringer of inducing infringement through the sale of the light bars outside of the United States.

The question on appeal was whether there was adequate proof of intent to cause infringements. It was undisputed that the accused infringer was aware of the patents or that its products were covered by those patents. Moreover, it was undisputed that the accused infringer was aware its products were sold into the United States by its customers. Nevertheless, the accused infringer argued that “mere knowledge is not enough to establish specific intent,” and while the Federal Circuit agreed that this was an accurate statement of the law, the Federal Circuit held that “the evidence in this case, while not overwhelming, provides at least circumstantial evidence that would allow a jury to reasonably find that [the accused infringer] had knowledge of the patents and of its customers’ infringing activity and that it intended to induce their infringement.”

Fastship, LLC v. United States, 892 F.3d 1298 (Fed. Cir. 2018). FastShip sued the United States for infringing a patent directed to a ship. After the lower court construed the claims, the government moved for summary judgment on the ground that the allegedly infringing Littoral Combat Ship (LCS) was not “manufactured” within the meaning of 28 U.S.C. § 1498 before the patent expired. The Court of Federal Claims granted the motion, and FastShip appealed. In a matter of first impression, the Federal Circuit affirmed, relying in part on contemporary dictionaries from a predecessor statute and legislative history. Because the word “manufacture” as of 1918 was synonymous with “make,” the court applied its jurisprudence regarding what it meant to “make” an infringing article. “[W]e conclude that ‘manufactured’ requires that ‘each limitation’ of the thing invented be present, rendering the invention suitable for use.” In this case, because the claimed waterjets were not installed on the ship until July 2010, which was after the patent had expired in May 2010, the claimed invention was not “manufactured” before the patent expired.

F. Damages

WesternGeco LLC v. ION Geophysical Corp., 138 S.Ct. 2129 (2018). WesternGeco sued ION for infringing patents for a system used to survey the ocean floor. ION manufactured parts in the United States, shipped them to companies overseas, and assembled them overseas into an infringing system. WesternGeco asserted infringement under 35 U.S.C. § 271(f), which provides liability for infringement where one supplies parts of a patented invention from the United States outside the United States where they are intended to be combined in a manner that would infringe the U.S. patent. A jury found ION liable and awarded damages for lost profits (lost foreign sales), and ION moved to set aside the verdict on the grounds that section 271(f) cannot apply to damages extraterritorially. The district court denied the motion, but the Federal Circuit reversed, holding that 271(f) does not allow patent owners to recover for lost foreign profits. The Supreme Court granted certiorari, and reversed in a 7 to 2 decision.

The Supreme Court started with the presumption that federal statutes apply only within the territorial jurisdiction of the United States. It then applied a two-step framework for deciding questions of extraterritoriality: First, whether the presumption has been rebutted, such as where the text provides a clear indication of intent. Second, if not rebutted, the Court asks whether the case involves a domestic application of the statute – in other words, is the conduct relevant to the focus of the statute occurred in the United States. If so, then it is a permissible domestic application of the statute.

The Court proceeded directly to step two, and decided that extraterritoriality was warranted. The conduct relevant to the statute occurred in the United States – namely, the focus of section 271(f) was activities occurring within the United States. The domestic act is “supplying in or from the United States.” Therefore, the lost-profits damages were a domestic application of § 284, which provides damages for infringement.

Finjan, Inc. v. Blue Coat Sys., Inc., 879 F.3d 1299 (Fed. Cir. 2018). The Federal Circuit vacated and remanded a patent infringement damages award where the patent owner failed to adequately apportion the damages to the infringing functions of a multi-function system. The infringing dynamic real-time rating engine (DRTR) performed both infringing functions related to virus-scanning and other non-infringing functions that users also wanted. At trial, Finjan argued that the DRTR was the smallest identifiable technical component and based its damages award on how much web traffic passed through that component. The Federal Circuit concluded that this was insufficient: if the smallest identifiable technical component contains non-infringing features, further apportionment is required. “Because DRTR is itself a multi-component software engine that includes non-infringing features, the percentage of web traffic handled by DRTR is not a proxy for the incremental value

of the patented technology.” The court also rejected Finjan’s evidence of an \$8-per-user royalty rate, concluding that its vice president of licensing had no basis for suggesting an 8 to 16 percent royalty rate. He had based that on a verdict obtained by Finjan 10 years ago, but the court found there was no evidence showing that verdict had anything to do with this case.

Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc., 904 F.3d 965 (Fed. Cir. 2018). This case made its way to the Federal Circuit following a jury award of nearly \$140 million and a finding of infringement of two patents. The appeal addressed the questions of infringement and whether the entire market value rule applies. Both of these were issues on which the district court had denied JMOL. The entire market value rule issue is addressed here. On that issue, the Federal Circuit vacated the damages award and remanded for further proceedings.

There was no question in this case about how the jury chose to award damages; the only theory presented was based on the entire market value of the accused power supply controllers. The jury’s award covered three types of losses: lost sales, reduction in price, and lost licensing fees.

“The damages verdict here rests on [the patentee’s] reliance on a demanding alternative to our general rule of apportionment, the entire market value rule.” This rule “allows for the recovery of damages based on the value of an entire apparatus containing several features, when the feature patented constitutes the basis for consumer demand.” But in cases in which the accused product has other valuable features, “the damages for patent infringement must be apportioned to reflect only the value of the patented feature.” Here, both parties agreed that there were valuable features other than those covered by the patents in the accused products. The patentee had the obligation to “prove that [the other valuable features] do not cause consumers to purchase the product.” But, the patentee “presented no evidence about the effect of those features on consumer demand or the extent to which those features were responsible for the products’ value.” “Without such proof, [it] did not meet its burden to show that the patented feature was the sole driver of consumer demand, i.e., that it alone motivated consumers to buy the accused products.” Thus, the Federal Circuit vacated the damages award and remanded for further proceedings in accordance with the opinions.

Enplas Display Device Corp. v. Seoul Semiconductor Co., Ltd., -- F.3d --, 2018 WL 6033533 (Fed. Cir. Nov. 19, 2018). After a jury awarded \$4.07 million in damages, the accused infringer moved for JMOL as to the basis for the damages award. The accused infringer argued that the jury only heard evidence regarding a lump sum payment for both infringing and non-infringing products and that the award included an amount for non-infringing products too. The district court denied the JMOL

motion and the Federal Circuit--while divided on the issue (Judge Newman dissented)--vacated the jury award and remanded for additional proceedings.

The patentee's damages expert conceded that between the two patents, the royalty for the infringing products that were at issue in the litigation was \$570,000. But, the theory offered at trial was that the accused infringer would have desired to remove a cloud of uncertainty over a much greater number of products than those at issue in the case and take a lump sum license for its entire product line to the extent it was of a "similar nature," which would have amounted to an additional \$2-4 million. This, according to the patentee, would have given the accused infringer freedom to operate. The trial record was very clear that the only basis upon which the jury could have awarded more than \$4 million for infringement was this theory concerning products that were not at issue in the case.

The Federal Circuit did not agree with the district court's assessment and reversed the denial of JMOL, vacated the judgment and remanded. "As we have held, a reasonable royalty 'cannot include activities that do not constitute patent infringement, as patent damages are not limited to those 'adequate to compensate for the infringement.'" "[D]amages calculated by applying a royalty to sales of non-accused lenses cannot support a jury's verdict on damages." Any lump sum damages award "must be based on an estimate of the extent of future sales of accused products, not on past sales of non-accused products."

G. Possible Implied Waiver for Standards-Essential Patents

Core Wireless Licensing S.A.R.L. v. Apple Inc., 899 F.3d 1356 (Fed. Cir. 2018). In 1997, Nokia, the previous owner of the patent asserted against Apple, had submitted a proposal to ETSI, a standards-setting organization, for a particular cell phone technology. Like other standard-setting organizations, ETSI had a policy requiring that those submitting proposals must "timely inform" the organization of any essential IP rights it becomes aware of. Nokia's proposal ultimately was not accepted. In 2002, Nokia disclosed the patent to ETSI. Apple asserted in litigation that the patent was unenforceable due to implied waiver, because Nokia did not "timely" disclose the patent. The district court disagreed, concluding that (1) Nokia's proposal was not actually accepted as a standard; and (2) the patent claims were not actually finalized until 2002. The Federal Circuit vacated and remanded. First, the fact that the proposal was not actually accepted was not relevant given the ETSI's requirement to disclose IP rights that "might" be essential "if that proposal is adopted." Second, there was no requirement that the patent claims be "finalized" before the disclosure occurred. The Federal Circuit ruled that for the equitable defense of implied waiver, the district court should focus on whether the patent owner (Nokia and, later, Core Wireless) "inequitably benefited" from the alleged failure to timely disclose the patent.

H. Unclean Hands as a Defense in Patent Infringement Suits

Gilead Sci., Inc. v. Merck & Co., 888 F.3d 1231 (Fed. Cir. 2018). Gilead filed a declaration judgment action against Merck, alleging that Merck's patents were invalid and not infringed, and Merck counterclaimed for infringement. After a jury ruled in Merck's favor, the district court ruled that the patents were unenforceable due to unclean hands. The Federal Circuit affirmed, concluding that the district court did not abuse its discretion. Two primary facts supported unclean hands. First, a Merck patent attorney who was prosecuting Merck's patents improperly learned about a competing compound from another company, violating an agreement with that company, which Merck then used to tailor its patent application to a particular compound. This constituted "serious business misconduct." The second fact was false testimony by the prosecuting attorney during his deposition and trial regarding how Merck learned about and used the improperly-obtained information.

This case has the potential to affect patent prosecutors who might improperly learn about and misuse confidential information regarding another company's products or processes by breaching non-disclosure agreements or violating protective orders. Improperly learning about another company's products or processes and using that information to tailor a patent application in violation of an NDA or protective order could lead to the patent(s) being unenforceable due to unclean hands.

I. Walker Process Claim Not Appealable to the Federal Circuit

Xitronix Corp. v. KLA-Tencor Corp., 882 F.3d 1075 (Fed. Cir. 2018). The Federal Circuit transferred to the Fifth Circuit an appeal from the Western District of Texas brought in a suit by Xitronix as a *Walker Process* monopolization claim under the Sherman Act and Clayton Act based on alleged fraudulent procurement of a patent. Despite both parties asserting that the Federal Circuit had jurisdiction to hear the appeal, the court disagreed, concluding that there was nothing unique to patent law about the claim, and in view of the Supreme Court's recent *Gunn* decision, the monopolization allegation did not necessarily depend on resolution of a substantial question of federal patent law. Instead, the focus was on facts allegedly showing fraud and misrepresentation.

J. Procedural Issues

Arcelormittal Atlantique et Lorraine v. AK Steel Corp., 908 F.3d 1267 (Fed. Cir. 2018). This was an appeal of a grant of summary judgment of no infringement on the grounds that the plaintiffs' claims were collaterally estopped. The Federal Circuit vacated and remanded because "evidence indicates a material difference in the accused products in this action," thus precluding the application of collateral

estoppel.

This case involved a reissue relating to a couple of patents that were subject of an earlier litigation that ended with a judgment of noninfringement. The patent related to a coated steel sheet that had certain mechanical properties--namely a “very high mechanical resistance in excess of 1500 MPa after thermal treatment.” The evidence in the earlier litigation was, for purposes relevant to this discussion, two-fold. First, the evidence showed that the stamped steel sheets at issue in the earlier case exhibited a mechanical resistance of 1,442 MPa. This led the patentee to put on a doctrine of equivalents theory of infringement at trial. Second, there was no evidence that the alleged infringer had ever provided any of the accused steel sheets to any commercial hot-stamper (hot-stamping being a process necessary to produce sheets with the claimed high mechanical resistance) and that orders for such sheets were never filled. Based on this, the jury found no infringement.

The district court granted limited discovery before granting summary judgment. That limited discovery turned up evidence that (1) products referred to as the ULTRALUME sheets were described in the alleged infringer’s marketing materials as having a mechanical resistance of 1,400 MPa and higher, (2) a presentation from a customer indicating that the sheets were hot stamped and had a mechanical resistance of 1,500 MPa, and (3) evidence that the sheets were in fact being supplied to third parties.

Based on this, the Federal Circuit concluded that there was sufficient evidence that the products were not the same as the products determined not to infringe in the earlier suit. And, since a finding of collateral estoppel requires the accused products to be “materially the same,” and the evidence suggested that the products were not materially the same, the grant of summary judgment was not warranted on collateral estoppel grounds. Therefore, the court vacated and remanded the decision for further proceedings.

Maxchief Investments v. Wok & Pan, Ind., Inc., -- F.3d --, 2018 WL 6205017 (Fed. Cir. Nov. 29, 2018). In this case, a competitor of a patentee appealed a dismissal of a complaint seeking a declaratory judgment. Both the patentee and the declaratory judgment plaintiff were Chinese companies. The declaratory judgment plaintiff sold plastic folding tables through a distributor in Tennessee, which is where the suit was brought. The issue in this case was whether the patentee was subject to specific personal jurisdiction in Tennessee. Of note was another action in which the patentee had sued customers of the declaratory judgment plaintiff in the Central District of California for infringement based on the same products that were at issue in the declaratory judgment complaint.

Because the Tennessee long arm statute was commensurate with the requirements of constitutional due process, the sole question regarding the declaratory judgment

claims was whether the patentee had sufficient minimum contacts with the forum to permit an exercise of jurisdiction consistent with due process. This requires a defendant to (1) purposefully avail itself of the forum, and (2) that the claim arise out of or relate to contacts with the forum.

“A declaratory judgment claim arises out of the patentee’s contacts with the forum state only if those contacts ‘relate in some material way to the enforcement or the defense of the patent.’ *Avocent Huntsville Corp. v. Aten Int’l Co.*, 552 F.3d 1324, 1336 (Fed. Cir. 2008).” Thus, there must be “some enforcement activity in the forum state by the patentee.” While there was no evidence of cease and desist letters or license agreements touching on the forum, the declaratory judgment plaintiff argued that the patentee’s request for a broad injunction against all those “acting in concert” with the accused infringers in the Central District of California case was enough to create minimum contacts. Such an injunction would have forced changes to Tennessee activities should it have been granted. The Federal Circuit disagreed and explained that it is “not enough that [the patentee’s] lawsuit might have ‘effects’ in Tennessee,” but instead required that intentional conduct be directed to the forum. “The fact that the requested injunction might apply to a Tennessee resident . . . and non-party to the action (acting in concert with the defendant) is too attenuated a connection to satisfy minimum contacts.” Directing a lawsuit in another forum at an entity that has contacts with the declaratory judgment forum did not give rise to minimum contacts.

The declaratory judgment plaintiff also contended that “shipments and sales of tables in Tennessee” were at issue in the Central District of California case, thus making the patentees activities directed at Tennessee. But, this too was rejected by the court because “[s]hipments and sales of patented products by the patent holder are not enforcement activities, and thus do not qualify as relevant minimum contacts.”

Finally, the declaratory judgment plaintiff pointed to a letter received in Tennessee by one of its lawyers alleging infringement. The Federal Circuit found this too was inadequate to create minimum contacts. The letter was regarding a third party that was a Kansas company; and there was no evidence that Kansas company operated in Tennessee. Moreover, the letter alone was insufficient to satisfy the “fair play and substantial justice” prong of personal jurisdiction because patentees have a bit of latitude with respect to their enforcement activities to avoid subjecting themselves to litigation in a foreign forum.

The Federal Circuit also affirmed the dismissal of state law unfair competition claims. Those claims arose out of the cease and desist letter sent to the lawyer in Tennessee. But, that letter related to the activities of a Kansas company.

“We have repeatedly held . . . That merely sending a notice letter to a lawyer in a forum state does not constitute activity directed at the forum state where the entity alleged to infringe does not operate in the state.”

III. PTAB Proceedings

A. Constitutionality of Inter Partes Reviews

Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC, 138 S.Ct 1365 (2018). Oil States Energy sued Greene’s Energy Group for infringing a patent relating to protecting wellhead equipment used in hydraulic fracturing. Greene’s Energy filed an IPR petition challenging the patent, and the PTO concluded that the claims were unpatentable. Oil States appealed, challenging the constitutionality of inter partes review, arguing that a patent could only be revoked by an Article III court with a jury, not an administrative agency (the PTO). The Federal Circuit affirmed, and the U.S. Supreme Court granted certiorari.

The Supreme Court concluded that IPRs did not run afoul of the Constitution. It began by explaining that its precedents have distinguished between “public rights” and “private rights.” If a right is deemed to be a “public right,” then Congress may assign adjudication of those rights to entities other than Article III courts, but if a right is deemed to be a “private right,” then adjudication must generally be done by an Article III court. It concluded that inter partes review “squarely falls within the public-right doctrine.” The decision to grant a patent is a matter involving public rights – the grant of a public franchise. Inter partes review is therefore merely a reconsideration of that grant, and Congress permissibly authorized the PTO to reconsider the grant of that right without violating Article III. The Court noted that the PTAB considers the same statutory requirements that the PTO originally used when deciding whether to revoke a patent.

The Supreme Court also distinguished earlier cases that characterized patent rights as “private property of the patentee.” One of those cases, it said, recognized that patent rights are derived from statutes and could be “regulated and measured” by them. The IPR statute, it said, was one way of “regulating” those rights. It also qualified some broad language in two earlier Supreme Court cases by noting that they were decided under an earlier version of the patent act – the Patent Act of 1870, which did not include any provision for post-issuance administrative review. “Those precedents, then, are best read as a description of the statutory scheme that existed at that time.”

As to the historical context of the validity of patents being decided in English courts of law in the 18th century, the Court noted that there were other means of canceling patents that did not involve the courts – a petition to the Privy Council to vacate a patent. And individuals could petition the Council to revoke a patent. Moreover, until 1753, the Council had exclusive authority to revoke patents.

Finally, the fact that IPR proceedings share some characteristics of civil litigation, involving discovery, depositions, cross-examination of witnesses, and “trial” before the PTAB, was also not dispositive. “[T]his Court has never adopted a ‘looks like’

test to determine if an adjudication has improperly occurred outside of an Article III court. The Court also qualified its holding, noting that “Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued.”

Justices Gorsuch and Roberts dissented, noting that the procedures by which patents were judged in IPRs could be abused, such as allowing the Director of the PTO – a political appointing -- to “stack” panels of judges to rehear decisions with which the Director disagreed. The dissent also pointed to English history, where only courts could hear patent challenges at the time the United States was founded.

B. Institution of All Grounds Required

SAS Institute, Inc. v. Iancu, 138 S.Ct. 1348 (2018). SAS filed a petition for inter partes review of a patent, asserting that all 16 claims were unpatentable. The PTO instituted review of some, but not all of, the challenged claims, and the final written decision issued by the PTAB only addressed the subset of claims that were challenged by SAS. On appeal, the Federal Circuit held that the patent statute permitted the PTO to institute trial on fewer than all of the claims in the petition, despite the provision in § 318(a) that the PTAB “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” The U.S. Supreme Court granted certiorari, and reversed in a 5 to 4 decision.

First, the Supreme Court noted the exceedingly clear language of the statute: “shall issue . . . any patent claim challenged by the petitioner,” which could not be contradicted by a PTO regulation that purported to give it the power to institute on some claims but not others. Second, it rejected as unsupported by the statute the PTO’s argument that it need only decide the patentability of claims that were “in an inter partes review,” which could exclude claims that were not part of the proceeding as instituted. The Court explained, “Congress chose to structure a process in which it’s the petitioner, not the Director, who gets to define the contours of the proceeding.” Furthermore, “Nothing suggests the Director enjoys a license to depart from the petition and institute a *different* inter partes review of his own design.” The Court also rejected the PTO’s argument that it was entitled to *Chevron* deference on the matter, because no deference was due where the statute was clear on its face.

The dissent argued that the statute was not as clear as the majority said it was. It suggested that “challenged by the petitioner” was ambiguous, and was not limited to those claims that were identified in the petition.

Adidas AG v. Nike, Inc., 894 F.3d 1256 (Fed. Cir. 2018). Adidas filed a petition for IPR for claims of two of Nike’s patents raising two different obviousness grounds: ground 1 (obvious over Reed and Nishida) and ground 2 (obvious over Castello,

Fujiwara, and Nishida). The PTAB instituted on all claims requested, but only on ground 1 (not ground 2). After the PTAB issued final written decisions and Adidas appealed, the U.S. Supreme Court issued its *SAS* decision, which held that the PTAB must institute on all grounds challenged in the petition. While its appeal was pending, Adidas moved the Federal Circuit to remand the decisions so that the PTAB could institute on the second ground and issue decisions addressing those grounds. The Federal Circuit agreed and remanded the case, noting that the PTAB must institute on all challenged grounds and issue a written decision addressing those grounds.

PGS Geophysical AS v. Iancu, 891 F.3d 1354 (Fed. Cir. 2018). WesternGeco filed three IPR petitions against PGS Geophysical patents, and the PTAB instituted trial on all three petitions, but only on some of the claims that were challenged. Both parties appealed, but WesternGeco settled and withdrew, leaving only the patent owner’s appeal as to some of the claims. Post-*SAS*, the Federal Circuit held that it would not sua sponte remand to have the PTAB institute on the remaining grounds where no party requested such review. “In this case, no party seeks *SAS*-based relief. We do not rule on whether a different conclusion might be warranted in a case in which a party has sought *SAS*-based relief from us.” The Federal Circuit characterized the PTAB’s error as “waivable.”

C. Tribal Sovereign Immunity Not Effective In Avoiding IPRs

Saint Regis Mohawk Tribe v. Mylan Pharm., Inc., 896 F.3d 1322 (Fed. Cir. 2018). Mylan Pharmaceuticals petitioned for inter partes review (IPR) of several patents owned by Allergan relating to drugs used to treat dry eyes. While the IPR was pending, Allergan transferred ownership of its patents to the Saint Regis Mohawk Tribe, which then asserted that the IPRs should be dismissed because of sovereign immunity. The PTAB denied the tribe’s motion, and the tribe appealed. The Federal Circuit held that although Indian tribes have sovereign immunity, meaning that suits against them are generally barred absent a waiver or congressional action, such immunity did not apply to IPRs. First, it held that IPRs were not clearly a judicial proceeding between private parties, nor an enforcement action brought by the federal government. Instead, it is a “hybrid proceeding” with characteristics of both. It cited the U.S. Supreme Court’s decisions in *Oil States v. Greene’s Energy Group*, where the Court emphasized the government’s central role in IPRs, and *SAS Institute v. Iancu*, where the Court focused on the Director’s role in shaping the proceeding. The Federal Circuit also noted that the Director had discretion as to whether to institute each IPR, and that even if the petitioner chooses to drop the IPR, the PTAB could continue to adjudicate the IPR. Finally, the court noted differences in rules of procedure between court litigation and IPRs.

D. Real Party in Interest

Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336 (Fed. Cir. 2018). The PTAB instituted trial in three IPRs challenging claims of AIT’s two patents, despite AIT’s argument that RPX was barred from filing them because it was actually acting on behalf of one of its clients, Salesforce.com. The Federal Circuit reversed, concluding that the PTAB applied an unduly narrow definition of “real party in interest.” In 2013, AIT sued Salesforce.com for infringing the patents, thus starting a one-year clock by which Salesforce.com would have had to file any IPRs against the patents. Instead of filing IPR petitions, Salesforce.com filed covered business method (CBM) petitions, which the PTAB denied. In 2015, more than one year after the lawsuit was filed, RPX filed the three IPR petitions, identifying RPX as the sole real party in interest (RPI). The PTAB granted AIT’s request for discovery as to the RPI issue, but the PTAB ruled that the discovery did not establish that Salesforce.com was a real party in interest.

First, the court looked to the common-law definition of real party in interest, noting that one who uses an agent to act on its behalf could meet the definition, and that an association acting on behalf of its members should not normally be party to a suit involving the interests of its members. Next, the court looked at the legislative history of the AIA, which supported an “expansive common-law meaning,” noting that the intent was to prevent multiple challenges to a patent in IPR proceedings.

The court concluded that the PTAB erred in several ways. The PTAB failed to consider Salesforce.com’s relationship with RPX, and the nature of RPX as an entity. RPX is a for-profit company whose clients pay for its portfolio of “patent risk solutions” that help paying members “extricate themselves from NPE lawsuits.” The court noted that RPX files IPRs to serve its clients’ financial interests, and clients benefit from this if they are sued by an NPE. Moreover, one factor that RPX considers when deciding whether to file an IPR is the number of RPX clients that have been sued by the patent owner. Second, the PTAB overlooked the fact that RPX’s vice president testified that one reason it filed the IPRs was that it had noted that Salesforce.com itself was time-barred from filing the IPRs. The court explained that the PTAB should have probed the extent to which Salesforce – as RPX’s client – had an interest in and would benefit from RPX’s actions, and to “inquire whether RPX can be said to be representing that interest after examining its relationship with Salesforce.” The court noted that a nonparty to an IPR can be a real party in interest even without entering into an express or implied agreement with the petitioner to file an IPR. Finally, the court suggested that RPX had adopted a “willful blindness” strategy that sought to avoid having its actions pinned on Salesforce or its other clients.

WesternGeco LLC v. ION Geophysical Corp., 889 F.3d 1308 (Fed. Cir. 2018). The Federal Circuit affirmed the PTAB’s decision that IPRs filed by PGS against its

patents were not time-barred due to alleged privity between ION and PGS, the petitioner. WesternGeco had previously sued ION for patent infringement, and PGS appeared in the lawsuit as a third party and produced documents, but did not participate in the litigation. Although the Federal Circuit agreed that a broad and fact-specific application of privity was appropriate, the evidence in this case did not support a finding of privity between ION and PGS. ION lacked the ability to control PGS's IPR petitions (noting ability to control as one factor); there was no evidence that ION used PGS as a proxy; and ION and PGS are distinct and unrelated corporate entities represented by different counsel, with no evidence that one exerts control over the other. Nor was there any evidence that PGS controlled or funded the prior litigation with WesternGeco. "As a general proposition, we agree with the Board that a common desire among multiple parties to see a patent invalidated, without more, does not establish privity." The court also noted that a pre-suit business alliance between ION and PGS was a fairly standard customer-manufacturer relationship regarding the accused product; that various purchase agreements between the two did not give rise to privity; and a non-specific indemnification provision also did not confer privity.

E. AIA Time Bar for Filing IPRs

Wi-Fi One, LLC v. Broadcom Corp., 878 F.3d 1364 (Fed. Cir. 2018) (en banc). The Federal Circuit held that the determination whether an IPR petition was filed within the one-year time period set by statute can be appealed from the U.S. PTO, even though IPR institution decisions are "nonappealable" determinations. Title 35, section 315(b) of the patent statute prohibits the PTO from instituting an IPR if the petition is filed more than one year after the petitioner, real party in interest, or privy of the petitioner was served with a complaint for patent infringement. The Federal Circuit, in its previous *Achates* decision, held that such a determination was non-appealable.

After the Federal Circuit's 2015 *Achates* decision, the U.S. Supreme Court issued its decision in *Cuozzo Speed Technologies v. Lee*, which held that although ordinarily parties could not appeal a decision that the statute termed "nonappealable," narrow exceptions could exist for appeals directed to such things as failure of due process or allegations that the PTO acted outside its statutory authority.

In this case, Ericsson sued multiple defendants for patent infringement in 2010. In 2013, Broadcom, which was not a defendant in the 2010 case, filed IPRs against three patents owned by Ericsson. While the IPRs were pending, Ericsson transferred the patents to Wi-Fi One, who then argued that the PTO was prohibited from instituting review because Broadcom was in privity with some of the defendants in the 2010 litigation. Wi-Fi filed a motion seeking discovery into the relationship between Broadcom and the other defendants, but the PTAB denied the motion. In its final written decisions, the PTAB found the claims unpatentable and the IPRs not time-barred. On appeal, the Federal Circuit applied the prior *Achates* case and ruled

that the time bar issue was non-appealable. Wi-Fi petitioned for rehearing en banc, which was granted.

The full Federal Circuit has now overruled the prior *Achates* decision, concluding that the time bar issue may be raised on appeal. Based on the Supreme Court's *Cuozzo* decision, the Federal Circuit concluded that enforcing the time bar is a statutory limit on the authority of the PTO to institute IPRs, and is therefore within the category of cases that the Supreme Court identified as the type that may be reviewed. The full court remanded the decision to the merits panel for further action on the decision. Four judges dissented.

Click-to-Call Techs., LP v. Ingenio, Inc., 899 F.3d 1321 (Fed. Cir. 2018). Title 35, section 315(b) states that an inter partes review (IPR) “may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” In June 2001, Inforocket.com sued Keen, Inc. for patent infringement, and served a copy of the complaint in September 2001. In 2003, the parties settled and stipulated to a voluntary dismissal without prejudice. Keen then changed its name to Ingenio. Years later, in 2013, Ingenio filed an IPR petition challenging the patent at the PTAB. The patent owner (now known as Click-to-Call) sought to dismiss the IPR as having been barred by the one-year 315(b) time bar, but the PTAB disagreed and instituted trial, finding that the claims were unpatentable. The PTAB reasoned that because the 2001 lawsuit had been voluntarily dismissed, it was as if the lawsuit had never been brought, and therefore the time bar did not apply.

The Federal Circuit vacated the decision and directed the PTAB to dismiss the proceeding. The court first concluded that, in view of its recent decision in *Wi-Fi One* (see above), patent owners may challenge the application of the 315(b) time bar despite the “nonappealable” nature of institution decisions. Second, the Federal Circuit held, in an en banc part of the decision, that the time bar applies even to lawsuits that were voluntarily dismissed without prejudice. The panel held that the statutory language was clear and unambiguous, and the PTAB was not entitled to *Chevron* deference in interpreting the statute. The court also held that, even though the patent claims had been amended during a previous *ex parte* reexamination which occurred after the original lawsuit was filed, it was still the same “patent” for purposes of triggering the 315(b) bar. It further held that, even though other non-barred parties were joined in the petition, the time bar applied on a “petition-by-petition” basis, not a “petitioner-by-petitioner” basis.

Worlds, Inc. v. Bungie, Inc., 903 F.3d 1237 (Fed. Cir. 2018). This appeal resulted from a petition for inter partes review (IPR) of patents asserted in copending

litigation against a distributor of a video game that Bungie had developed. The patent owner sought discovery into whether the distributor should have been named as a real party in interest in the petition. One issue on appeal was who bore the burden of showing that the identification of the real parties in interest were properly named and how such a showing can be made.

The Federal Circuit largely agreed with the burden framework used by the Board in *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, IPR2013-00453, Paper 88 (PTAB Jan. 6, 2015), though it found that the Board did not properly apply that framework in the current dispute. Under that framework, the burden of persuasion to show the petition is not time-barred rests with a petitioner. As to this issue, the Federal Circuit indicated there “can be no doubt.”

The Federal Circuit then turned to the Board’s practice of accepting the petitioner’s identification of real parties in interest at the time the petition is filed. The Federal Circuit agreed with the Board and held that it is proper to accept an IPR petitioner’s identification of real parties in interest “unless and until disputed by a patent owner.”

A patent owner wishing to challenge the identification of real parties in interest “must produce some evidence to support its argument that a particular third party should be named a real party in interest.” The court explained that the “mere assertion that a third party is an unnamed real party in interest, without any support for that assertion, is insufficient to put the issue into dispute.” Yet, the Federal Circuit and the Board parted ways on the question of whether the initial identification of real parties in interest should have a rebuttable presumption of correctness. The Federal Circuit held that it does not.

Based on the facts of the case, the Federal Circuit vacated the Board’s decisions in these IPRs and remanded to allow the Board to reconsider the evidence in light of the principles discussed in the court’s opinion.

Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co., 905 F.3d 1311 (Fed. Cir. 2018). This is an appeal and a cross-appeal from the final written decision of the PTAB in an IPR proceeding. In this proceeding, the Board declined to find that § 315(b) barred the petition at issue due to the dismissal of the earlier filed complaint without prejudice. The Board also ordered sanctions against the petitioner, however, for a failure to update real party-in-interest information that had changed during the proceedings. Due to a corporate restructuring, the real party-in-interest in the proceeding changed and petitioner failed to notify the Board of the change. When the patent owner brought the issue to the Board’s attention after issuance of the final written decision, the Board indicated it would grant sanctions in terms of the patent owner’s costs and fees for part of the proceeding. The amount of those sanctions had not yet been determined. This aspect of the summary relates to the Federal Circuit’s decision on the application of § 315(b). The discussion of sanctions appears elsewhere in this outline.

With respect to the § 315(b) issue, the court applied *Click-to-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1329-32 (Fed. Cir. 2018), finding that there was no difference between a complaint that was involuntarily dismissed (as in this case) as opposed to one that is voluntarily dismissed (as in *Click-to-Call*). “Just as the statute includes no exception for a voluntarily dismissed complaint, it includes no exception for an involuntarily dismissed complaint.”

Hamilton Beach Brands v. f'real Foods, LLC, 908 F.3d 1328 (Fed. Cir. 2018). This is a decision on an appeal from the PTAB, which held that a petitioner had not proven the sole challenged claim in an *inter partes* review was unpatentable. There are two noteworthy aspects of this decision. First, it previewed the Federal Circuit’s thinking regarding the 35 U.S.C. § 315(b) bar when a complaint is dismissed without prejudice when the plaintiff sued without having standing to do so. Second, the decision provides guidance on how the Board may issue a Final Written Decision adopting a different claim construction than the one being proposed by the parties during the proceedings, but still remain compliant with the Administrative Procedure Act (APA). This summary addresses the first issue, and the second issue is the subject of a summary in the appropriate place in this document.

Turning to the § 315(b) issue, the relevant time-line is as follows:

- In 2014, a complaint was served asserting the challenged patent.
- In 2016, the plaintiff became aware that it was not the patent owner but instead another related company owned title to the patent. After discovering this, the plaintiff sought leave to voluntarily dismiss the claims in the complaint pertaining to the patent without prejudice. The court granted that motion.
- A new complaint was filed on the heels of the dismissal asserting the patent again. This time standing had been perfected.
- The accused infringer filed a petition for *inter partes* review within one year of the second complaint, but not the first.
- The patent owner challenged the timeliness of the petition before the PTAB, but the PTAB rejected the argument based on its view that a dismissal without prejudice left the parties in the same position as if the complaint was never brought.
- While this case was pending appeal, the Federal Circuit decided *Click-to-Call*, which rejected the Board’s approach to the § 315(b) bar when a complaint is dismissed without prejudice. This caused the patentee to file a notice of supplemental authority to the Board and argue that the § 315(b) bar provided an alternative grounds to affirm the Board’s judgment.

The Federal Circuit ultimately refused to decide the question because it was not an alternative grounds to affirm the judgment (i.e., a conclusion of patentability), but

instead would have required a remand to the Board to have the Board dismiss the petition. Yet, the Federal Circuit gave insight into the fact that it may not apply the *Click-to-Call* rule to the situation in which a complaint is filed and served by a party that lacked standing to serve it. “That f’real lacked standing to file its 2014 complaint alleging infringement of the ’662 patent involves a circumstance not present, or considered, in *Click-to-Call*. We do not decide that question in this appeal.”

F. No Assignor Estoppel in IPRs

Arista Networks, Inc. v. Cisco Systems, Inc., 908 F.3d 792 (Fed. Cir. 2018). In this appeal from a final written decision of the Patent Trial and Appeal Board, the Federal Circuit was called upon to address the question of whether assignor estoppel could be used to preclude inter partes review. While this question was also addressed in *Husky Injection Molding Sys. Ltd. v. Athena Automation Ltd.*, 838 F.3d 1236, 1241 (Fed. Cir. 2016), the court revisited that decision in light of its *en banc* decision in *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (*en banc*), which held that, under *Cuozzo*, questions of whether a petition is time-barred under 35 U.S.C. § 315(b) were reviewable on appeal notwithstanding 35 U.S.C. § 314(d)’s statement that “[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” The court had to address two questions (1) is the question of whether a petition is barred by assignor estoppel appealable under *Cuozzo* and *Wi-Fi One*?, and, if so, (2) does assignor estoppel apply in the IPR setting? It was noteworthy that another agency, the International Trade Commission, had held that assignor estoppel barred Arista’s challenge to the patent at issue here.

The facts are relatively straight forward and appear to be undisputed. The inventor on the patent challenged in the IPR had granted an assignment to Cisco assigning all right, title, and interest in and to the inventions in the application leading to the patent. He had also agreed to take action to defend the patent if needed. In exchange, Cisco compensated him for his work, and separately compensated him for his invention. Shortly after executing the assignment, the inventor and other employees left Cisco to found Arista. The inventor was the “Chief Scientist” for several years, was a director, and was one of its largest shareholders. He resigned in 2014.

Turning to the question of whether the Board’s refusal to apply assignor estoppel was reviewable, the Federal Circuit held that *Wi-Fi One* effectively overruled *Husky Injection Molding*. The inquiry under *Wi-Fi One* is whether the (1) the Director erred in determining whether to institute, or (2) is based on some closely related decision. *Husky* could not be squared with *Wi-Fi One*. The question of whether assignor estoppel applied “stands in stark contrast to the statutory provision before the court in *Cuozzo* . . . which deals with pleading an IPR petition with particularity.” Additionally, “assignor estoppel does not relate to the patentability merits of an IPR

petition.” This was unrelated to the decision by the Director under the statute about whether to institute trial. Thus, the Federal Circuit determined it could review the question of whether assignor estoppel could bar an IPR petition.

The Federal Circuit then turned to the question of whether assignor estoppel precluded IPR. It held that it does not. The Federal Circuit viewed this question as one of Congressional intent: “did Congress intend for assignor estoppel to apply in IPR proceedings?” In addressing Cisco’s argument, which is that as an established common-law doctrine, it should be presumed to apply in IPR, the Federal Circuit noted that the continued viability of assignor estoppel was not beyond doubt after the Supreme Court’s decision in *Lear, Inc. v. Adkins*, 395 U.S. 653, 664-66 (1969). And, while Congress is understood to have legislated against a backdrop of common law principles, “even assuming that assignor estoppel could be considered such a well-established common law principle, we nonetheless conclude that here, a statutory purpose to the contrary is evident.” (internal quotation omitted). Specifically, the Federal Circuit held that 35 U.S.C. § 311(a), which provides that “a person who is not the owner of a patent may” seek IPR was dispositive of this issue. The court found that the language of the statute was plain and needed to be interpreted according to its terms, thus leaving no room for assignor estoppel. “The plain language of § 311(a) demonstrates that an assignor, who is no longer the owner of a patent, may file an IPR petition as to that patent.”

G. Administrative Procedures Act – Issues in IPRs

Hamilton Beach Brands v. f’real Foods, LLC, 908 F.3d 1328 (Fed. Cir. 2018). This is a decision on an appeal from the PTAB, which held that a petitioner had not proven the sole challenged claim in an inter partes review was unpatentable. There are two noteworthy aspects of this decision. First, it previewed the Federal Circuit’s thinking regarding the 35 U.S.C. § 315(b) bar when a complaint is dismissed without prejudice when the plaintiff sued without having standing to do so. Second, the decision provides guidance on how the Board may issue a Final Written Decision adopting a different claim construction than the one being proposed by the parties during the proceedings, but still remain compliant with the Administrative Procedure Act (APA). This summary addresses the second issue, and the first issue is the subject of a summary in the appropriate place in this document.

The patent at issue related to a device and methods for mixing drinks where a nozzle is positioned to wash a lid placed over the mixing vessel after mixing has been complete. The claim at issue is reproduced below:

21. A method for rinsing a splash shield on a mixing machine, the method comprising the steps of:
 - providing a vessel containing material to be mixed, the vessel including an opening;
 - further providing a mixing machine having a holder for

receiving the vessel, a rotatable mixing element extendable into the vessel for mixing the material, a splash shield positionable to shield the opening of the vessel, and a nozzle oriented towards the splash shield;

after mixing the material in the vessel using the mixing element and with the splash shield shielding the vessel opening, unshielding the vessel opening and directing rinsing fluid onto the splash shield using the nozzle while isolating the vessel from the rinsing fluid.

U.S. Patent No. 7,520,662. At the institution phase neither party requested a construction of any term. Nor did the Board provide one. After institution of trial, however, Patent Owner contended that the “nozzle” terms had a specific meaning in the patent. In its final written decision, the Board adopted a construction requiring that the “nozzle” must be pre-positioned. The construction was not one being proposed by either party.

On appeal, the petitioner argued that the Board had violated the APA. The Federal Circuit’s decisions made it clear that pursuant to the APA, “the Board may not change theories midstream without giving the parties reasonable notice of its change. See *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015). The petitioner argued that the Board violated the APA by adopting a construction that neither party requested or anticipated. The Federal Circuit disagreed. Here, the Federal Circuit explained that the petitioner had received adequate notice because (1) the Board’s construction was similar to the one being proposed by the Patent Owner, (2) the petitioner had the chance to discuss Patent Owner’s proposed construction in its reply briefing, and (3) the Board asked a question about the proposed construction during the oral hearing. In light of these facts and because “the Board’s final adopted construction of the nozzle terms, while not identical to those proposed by [Patent Owner] are similar enough to [Patent Owner’s] proposed constructions so as to not constitute changing theories midstream in violation of the APA.”

IV. PTAB Precedential and Informative Decisions

Facebook, Inc. v. Skky, LLC, (§ II.B.2), Case CBM2016-00091, Paper 12, 2017 WL 4349404 (Sept. 28, 2017) (designated precedential Dec. 21, 2017). In a precedential decision by an expanded panel, the Board explained that pre-institution disclaimers were properly considered even if they occur after filing of the petition. Facebook filed a covered business method (CBM) against Skky’s patent, arguing that a dependent claim provided a “financial limitation” necessary for institution of a CBM (a key difference between CBMs and IPRs). Skky disclaimed the claims directed to financial limitations and argued that CBM was improper. The Board agreed, as the effect of a statutory disclaimer is as though the claims never existed. The Board declined to adopt the “time of filing” rule for jurisdiction in district courts, observing

that their own authority is derived from statute and that language in the statute requires that institution be determined based on whether the patent *is* a covered business method patent. Because the statutorily disclaimed claims in effect do not exist, the patent would not be a covered business method patent at the time of institution. Thus, CBM patent review eligibility is determined based on the claims of the challenged patent as they exist at the time of the decision whether to institute.

Ex parte Ditzik, 2018-000087, 2018 WL 3409672 (Mar. 2, 2018) (designated informative July 10, 2018). In a reissue application, claims were properly rejected based on issue preclusion (collateral estoppel) related to written description from prior litigation involving original claims. Issue preclusion is only proper where:

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. The party against whom estoppel is invoked had a full and fair opportunity to litigate the issue in the first action.

(citing *Innovad Inc. v. Microsoft Corp.*, 260 F.3d 1326, 1334 (Fed. Cir. 2001)). The different standards employed by the USPTO versus that of district court litigation does not automatically bar the application of issue preclusion. In particular, the Applicant in this case (NetAirus) could not identify why differing claim construction standards impacted the written description analysis. Also, the PTAB found that the issues were the same even though the claim language was different. Because Applicant had a full and fair opportunity to litigate written description in the prior litigation, and that issue was dispositive in the litigation, the PTAB found that issue preclusion applied and that the claims were invalid for lack of written description.

Colas Solutions Inc. v. Blackledge Emulsions, Inc., Case IPR2018-00242, Paper 9, 2018 WL 1124386 (Feb. 27, 2018) (designated informative July 10, 2018). Colas filed an IPR petition, then on the next day filed a declaratory judgment action of invalidity and unenforceability. IPR was instituted, and the Board determined that Colas had not shown unpatentability of the claims in a final written decision. Colas appealed to the Federal Circuit. During pendency of the appeal, Asphalt Products Unlimited (APU) filed a separate IPR petition on different grounds. Colas filed a new petition with similar grounds and a motion for joinder with APU's petition. Although the one-year bar from service of a patent infringement complaint may be bypassed through this joinder approach, the PTAB held that the time bar associated with filing an action challenging the validity of the patent was not subject to the joinder exception. That is, Colas' new IPR was time barred because Colas filed its declaratory judgment action, and joinder to an otherwise permissible IPR was not allowed under 35 U.S.C. § 315 (a) (1). The PTAB noted that Colas' DJ action remained pending at the time, although perhaps presciently noted that the then-

pending *Click-to-Call* case at the Federal Circuit might render voluntary dismissals by petitioners moot as far as IPR time bars are concerned.

Becton, Dickinson & Co. v. B. Braun Melsungen AG, Case IPR2017-01586, Paper 8, 2018 WL 2671360 (Dec. 15, 2017) (designated informative Mar. 21, 2018). The Board exercised its discretion to deny institution under 35 U.S.C. § 325(d) of ground based on same art and arguments from examination, and listed factors that may be considered:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;
- (b) the cumulative nature of the asserted art and the prior art evaluated during examination;
- (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
- (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;
- (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and
- (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.

The Board, in denying institution, applied each factor to the denied ground and concluded that each weighed in favor of denying institution. In particular, the Board noted that they were not persuaded on the record that “rearranging previously substantively considered prior art, and advancing essentially the same positions raised by the Examiner during prosecution of the parent application,” presented persuasive new evidence not previously considered by the Office.

Kayak Software Corp. v. Int’l Bus. Mach. Corp., Case CBM2016-00075, Paper 16, 2016 WL 11034653 (Dec. 15, 2016) (designated informative Mar. 21, 2018). The PTAB denied institution of CBM petition based on references considered extensively during prosecution. In the challenged patent, the prior art documents “Reference 7” and “Simon” had been considered throughout prosecution and previously by the Board in an appeal during prosecution. In fact, “Reference 7” had been found by the Board in a *sua sponte* search during the appeal. Although the petition added a third reference, Alber, the Board found that all permutations of the three references had at some point been discussed during prosecution. The Board, in denying institution, observed that mere addition of a cumulative reference would not be sufficient to overcome the weight of extensive prosecution history on the references. Generally, the Board cited the exhaustive treatment of the references in the prosecution history as a significant factor in exercising its discretion to deny institution.

Also at issue was a § 101 challenge against the claims. The Board concluded that removing the computer from the claim “completely changes the character of what the claims are ‘directed to,’ weighing against Petitioner’s assertion that this characterization is an ‘abstract idea.’” Thus, the Board concluded that the claims were not directed to an unpatentable abstract idea.

Luv’N Care, Ltd. v. McGinley, Case IPR2017-01216, Paper 13, 2018 WL 385686 (Sept. 18, 2017) (designated informative Jan. 10, 2018). In a lesson to practitioners to top-up their deposit accounts with the USPTO, the PTAB denied institution of a petition where payment was received after the one-year time bar due to an infringement complaint. Petitioner had begun filing of the petition timely ahead of the one-year bar date, but payment was not effected due to insufficient funds in its deposit account to cover the \$23,000 filing fees. Petitioner noticed the error and submitted payment 10 days later. The PTAB faulted Petitioner for not noticing an error message on the receipt indicating that payment had not cleared, that Petitioner’s statements regarding the available balance in the account did not line up with USPTO records, and for waiting 10 days to make the corrective payment. Because a petition will not be accorded a filing date until it satisfies the requirement that it be accompanied by the required fees, and because payment was not received until over a year from the filing of a complaint for patent infringement, the petition was time-barred under § 315(b).

Amneal Pharmaceuticals, LLC v. Endo Pharmaceuticals Inc., Case IPR2014-00360, Paper 15, 2018 WL 446628 (June 27, 2014) (designated informative Jan. 10, 2018). An amended complaint for patent infringement does not trigger the one-year time bar under § 315(b) until it is actually filed as such with the district court. Endo filed a motion in pending litigation seeking leave to file an amended complaint to add the newly issued ’216 patent. The motion included a copy of the amended complaint and was served on Amneal on January 9, 2013. The magistrate judge granted the motion on January 14, 2013, and Endo filed the complaint on January 17, 2013. Endo filed a petition for IPR on January 16, 2014. Amneal argued that the “service” of the amended complaint with the motion served to time-bar the IPR petition. The Board held that that amended complaint attached to the motion was not a “complaint” as used in § 315(b), and that the time bar did not attach until one-year after the January 17, 2013 filing. Thus, Amneal’s petition was not time barred.

V. PTAB Rule Changes, Request for Comment, And Guidance

A. SAS Guidance

As discussed above, in *SAS Institute Inc. v. Iancu* the Supreme Court held that the PTAB had been improperly approaching the institution decision as permitting partial institutions. In the wake of this decision, the PTAB issued guidance on how it would address the decision in its pending cases and moving forward. See Guidance on the impact of *SAS* on AIA trial proceedings, available at <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial> (Apr. 26, 2018) (last visited Dec. 4, 2018). In this guidance, the Office indicated the following:

1. It would institute “as to all claims or none.”
2. “[I]f the PTAB institutes a trial, the PTAB will institute on all challenges raised in the petition.”
3. In the case of a pending trial, if the PTAB has instituted as to only some grounds, it may issue an order supplementing the institution decision such that the trial will include all challenges raised in the petition. This may result in the Board making scheduling adjustments or other procedural adjustments to accommodate the fact that additional grounds have been instituted. This may include additional briefing. If a supplemental order issued, the parties were to confer and approach the Board with any proposals for adjustments to the schedule that may have been needed.
4. Final written decisions will address all claims that are pending at the time of the decision including all new claims added by the amendment process.

The Board held a “Chat with the Chief” to discuss how this guidance would be implemented during which various issues were discussed in terms of addressing grounds after argument had been held. After this guidance issued, the Federal Circuit has made it very clear that the Board’s decision to institute as to all challenges is mandated by the holding in *SAS*.

B. Trial Practice Guide Update

This year, the USPTO issued an update to its original Trial Practice Guide. See *Trial Practice Guide Update* (Aug. 2018) (available at https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf) (hereafter “Guide Update”). This was the first time the Guide had been updated since it was originally released in August 2012. See Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756-48,773 (Aug. 14, 2012). The Office indicated that the updates were to “take into account stakeholder feedback, lessons learned during the years since the first AIA trial, and the natural evolution of the Board’s practices.” Guide Update at 2. The Office has indicated that updates to the guide will be made “on a section-by-section, rolling basis, rather than a single omnibus update addressing all aspects of the current Practice Guide.” *Id.* This section summarizes the key changes to trial practice before the PTAB summarized in the

Guide Update.

1. General Procedures

Expert Testimony. In this section of its update, the Office explained that expert opinion may be offered at any appropriate point in the proceedings. *Guide Update* at 2-5. This updates the original Guide to reflect rule changes that went into effect a couple of years ago that allow for submission of new testimonial evidence during preliminary proceedings. The Office also explained the various possible uses of expert testimony. Consistent with many Board decisions, the Office offered the following guidance:

- There is “no requirement of a perfect match between the expert’s experience and the relevant field.”
- There is no requirement that an expert be “a person of ordinary skill in the art to testify under Rule 702, but rather must be ‘qualified in the pertinent art.’”
- The Board has broad discretion in weighing expert testimony.
- All expert testimony must be based on sufficient facts or data in accordance with 37 C.F.R. § 42.65(a).
- Expert testimony must be based on reliable principles and methods and those principles and methods must be reliably applied to the facts of the case.
- Expert testimony may not be incorporated into a petition, motion, or reply by reference; parties should discuss the testimony in their papers.
- “Expert testimony . . . cannot take the place of a disclosure in a prior art reference, when that disclosure is required as part of the unpatentability analysis.”

Not only can expert testimony not be used to show anticipation by supplying a missing element from the prior art, because a petition for IPR must present a patentability challenge based on “patents or printed publications,” “expert testimony cannot take the place of disclosure from patents or printed publications.” Expert testimony may explain the references, but cannot substitute for a disclosure.

2. Petitions and Motions Practice

General Motions Practice Information; Word counts and page limits. In this section of the update, the Office summarized the requirements for word counts and page limits that were provided in some of the earliest PTAB rule amendments. *Guide Update* at 5-8. It further described the certification requirement for certifying the word count. The Updated Guide offers the following additional guidance:

- The Board desires proceedings that do not present “an overwhelming number of issues” because that tends to “detract from the argument being presented, and can otherwise cause meritorious issues to be missed or discounted.”

- The Board understands patent law, so a detailed discussion of applicable law is not necessary unless there is a dispute over the applicable law.
- The Board cautioned against abuse of the automatic word count allowed under the rules. Parties should not use “[e]xcessive words in figures, drawings, or images, delet[e] spacing between words, or us[e] excessive acronyms or abbreviations for word phrases.”
- Unlike earlier Board practice, the Board now allows concise arguments in claim charts.
- Allegations of word count violation will be handled on a case-by-case basis

3. Institution of Trial

Considerations in Instituting a Review. In this section of the update, the Office provided guidance about its practice of exercising the Director’s discretion to deny institution under 35 U.S.C. §§ 314(a), 324(a), and 325(d). Regarding the Director’s discretion under § 314(a), the Office identified the considerations set forth in *General Plastic Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, slip op. 16-17 (PTAB Sept. 6, 2017) (Paper 19) (precedential).

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition;
4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. the finite resources of the Board; and
7. the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

The Board noted that these factors are not exclusive, and that there may be other circumstances that warrant the Director exercising his discretion to deny a petition based on the “effect . . . on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete

proceedings,’ 35 U.S.C. § 316(b) This includes, for example, events in other proceedings related to the same patent, either at the Office, in district court, or the ITC.”

Turning to discretion under § 325(d), the Office discusses various reasons that the trial could be denied based on the fact that the arguments or evidence had already been considered by the Office. The factors outlined in *Becton Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, slip op. at 17-18 (PTAB Dec. 15, 2017) (informative). These factors include:

1. the similarities and material differences between the asserted art and the prior art involved during examination;
2. the cumulative nature of the asserted art and the prior art evaluated during examination;
3. the extent to which the asserted art was evaluated during examination;
4. the extent of the overlap between the arguments made during examination and the manner in which a petitioner relies on the prior art or a patent owner distinguishes the prior art;
5. whether a petitioner has pointed out sufficiently how the Office erred in evaluating the asserted prior art; and
6. the extent to which additional evidence and facts presented in the petition warrant reconsideration of the prior art or arguments.

The Office suggested that parties “may wish to analyze similar factors in the context of a trial petition involving art that is the same or substantially the same as art presented previously during a prior reexamination proceeding, a reissue proceeding, or an earlier” PTAB trial petition. The Office made it clear that these considerations may not apply in *ex parte* reexamination.

4. Replies to Patent Owner Responses and Motions to Amend; Sur-Replies.

There are several changes in Board’s practice regarding replies discussed in the Guide Update at 14-15. These changes include the ability to address issues discussed in the institution decision, and the filing of a sur-reply to address grounds that were not instituted pre-SAS that were now being made part of proceedings. Additionally, the Board will be more liberal in allowing sur-replies and will authorize them in scheduling orders to allow a Patent Owner to respond to a principal brief. These sur-replies can be accompanied by cross-examination deposition testimony, but no other evidence. This “essentially replaces the previous practice of filing observations on cross-examination testimony.”

5. Admissibility; Motions to Strike.

The Guide Update also speaks to issues concerning motions to exclude and motions to strike. Guide Update at 16-18. It sets forth the guidance that had been provided in a number of Board decisions about what is required of a motion to exclude including: (1) a showing of where the objection was originally made (i.e., in a timely-filed objection), (2) identify where the evidence sought to be excluded was relied upon, (3) address the objections to the evidence in “numerical order,” and (4) explain the basis and grounds for each objection. A motion to exclude is not to discuss the weight of the evidence. And, resolving some disagreement between various Board panels, a motion to exclude should not attack a paper as exceeding the scope of a reply or sur-reply. The Office explained that the Board generally resolves these issues after the hearing, but in certain circumstances an early resolution may be warranted. The Office indicated that the parties should request a pre-hearing conference to have the objection heard. The Board may rule on the objection during the conference, or may wait until after the hearing.

The Office also indicated that motions to strike may be filed if a party believes that an opponent has presented a brief that improperly raises new issues. Alternatively, the party may request additional merits briefing to address the merits of any new arguments or evidence. The striking of a party’s brief “is an exceptional remedy that the Board expects will be granted rarely.” The Office has indicated that motions to strike will be considered “as soon as practicable” and preferably “before oral hearing.” This will avoid the parties devoting time during the hearing to the improper arguments. The Board expected that a filing should be requested in one week of the improper submission.

6. Oral Hearing.

The Office indicated that it was typical for the Board to provide each party with an hour per side at oral hearing, but indicated that more or less time could be allotted depending on the case. The Office also indicated that the Board would begin a practice of a “pre-hearing conference call” that could be requested by the parties and would occur no later than three business days before an oral hearing. The purposes of the call is to allow the parties to discuss certain objections, and to get insight into what the Board considers to be the most important issues for argument. The parties will be able to provide a preview of the issues to be argued and may seek the Board’s guidance as to those issues. The Board may also rule on objections and motions to strike during the conference call.

The Board will no longer permit petitioners to reserve more than half of the total argument time for rebuttal. Additionally, the Board will provide patent owners the opportunity to have a brief sur-rebuttal if requested.

Parties need to inform the Board if anything beyond equipment for displaying PowerPoint slides is needed. These requests need to be made by phone to the Board

Trial Division paralegal.

The Board encourages the use of a few, simple demonstratives rather than lengthy and elaborate demonstratives. These demonstratives should be labeled “DEMONSTRATIVE EXHIBIT - NOT EVIDENCE” in the footer of the document. Additionally, they cannot be used to advance arguments or introduce evidence that has not been presented in the proceedings.

With respect to live testimony, the Office noted that requests for such testimony are rare. However, any party requesting the ability to present live testimony should be prepared to explain why it is needed and how live testimony is critical to evaluating a witness’s credibility. The Office gave the example of where an inventor has attempted to show a prior reduction to practice. Additionally, the Board has indicated that case-dispositive testimony may be more likely to be heard live. Such testimony will become part of the record.

C. Claim Construction Standard

On October 11, 2018, the USPTO issued its final rule regarding the standard to be applied for claim construction during trial proceedings before the Patent Trial and Appeal Board (“PTAB”). Since trials first became available to the public the PTAB had been using the “broadest reasonable interpretation” standard to construe claims of an unexpired patent during trial proceedings. The use of that standard was affirmed in *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131 (2016). But, in May 2018 the Office proposed changing that standard to mirror that used by district courts in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). The final rule issued on October 11, 2018 and became effective for any petition filed on or after November 13, 2018. See *Chances to the Claim Construction Standard Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, 83 Fed. Reg. 51,340 (Oct. 11, 2018). This change is applicable in every IPR, PGR, and CBM review.

“Although the BRI standard is consistent with longstanding agency practice for patents in examination, the fact that the Offices uses a claim construction standard in AIA proceedings that is different from that used by federal courts and the ITC means that decision construing the same or similar claims in those for a may be different from those in AIA proceedings and vice versa. Minimizing differences between claim construction standards used in the various for a will lead to greater uniformity and predictability of the patent grant, improving the integrity of the patent system.” 77 Fed. Reg. 51,342. One of the driving consideration in the adoption of this rule was a question of fairness. “According to some patent owners, the same claim construction standard should apply to both a validity (or patentability) determination and an infringement determination. Because the BRI standard potentially reads on a broader universe of prior art than does the *Phillips* standard, a patent claim could potentially be found unpatentable in an AIA proceeding on account of a claim scope that the patent owner would not be able to assert in an infringement proceeding.” 77

Fed. Reg. 51,342. One of the drivers for the decision to change the claim construction standard is to reduce “wasted effort in conducting duplicative efforts in construing claims. For example, there may be savings in legal fees because the parties may be able to leverage work done in the district court.” *Id.* at 51,344.

The new rules for IPRs are as follows. Similar changes were made to the rules for PGR and CBM review.

§ 42.100 Procedure; pendency.

(a) An inter partes review is a trial subject to the procedures set forth in subpart A of this part.

(b) In an inter partes review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.121, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the inter partes review proceeding will be considered.

This rule indicates that the Board will consider the claim constructions of the district courts and ITC. The rules do not require such a claim construction order to be submitted. But, it is important to note that where a party is taking a position inconsistent with a prior claim construction by a district court or by the ITC, that party may be obligated to submit it in the proceeding under 37 C.F.R. § 42.51(b) (requiring the submission of “relevant information that is inconsistent with a position advanced by the party during the proceeding”). *See* 77 Fed. Reg. 51,356.

D. Motions to Amend

The Office has sought feedback on two issues related to motions to amend. Specifically, the Office would like to receive public comments on a proposed new procedure for motions to amend that will allow the parties to get a preliminary ruling from the Board before motions to amend are finalized and a final decision is reached about the patentability of substitute claims. *See Request for Comments on Motion to Amend Practice and Procedures in Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board*, 83 Fed. Reg. 54,319 (Oct. 29, 2018). The second aspect that the Office is seeking feedback about is the allegation of the burden of persuasion in motions to amend and whether the approach specified in the Board’s informative decision in *Western Digital Corp. v. SPEX Techs., Inc.*, IPR2018-00082 (Paper 13) (PTAB Apr. 25, 2018) is a sound manner for approaching

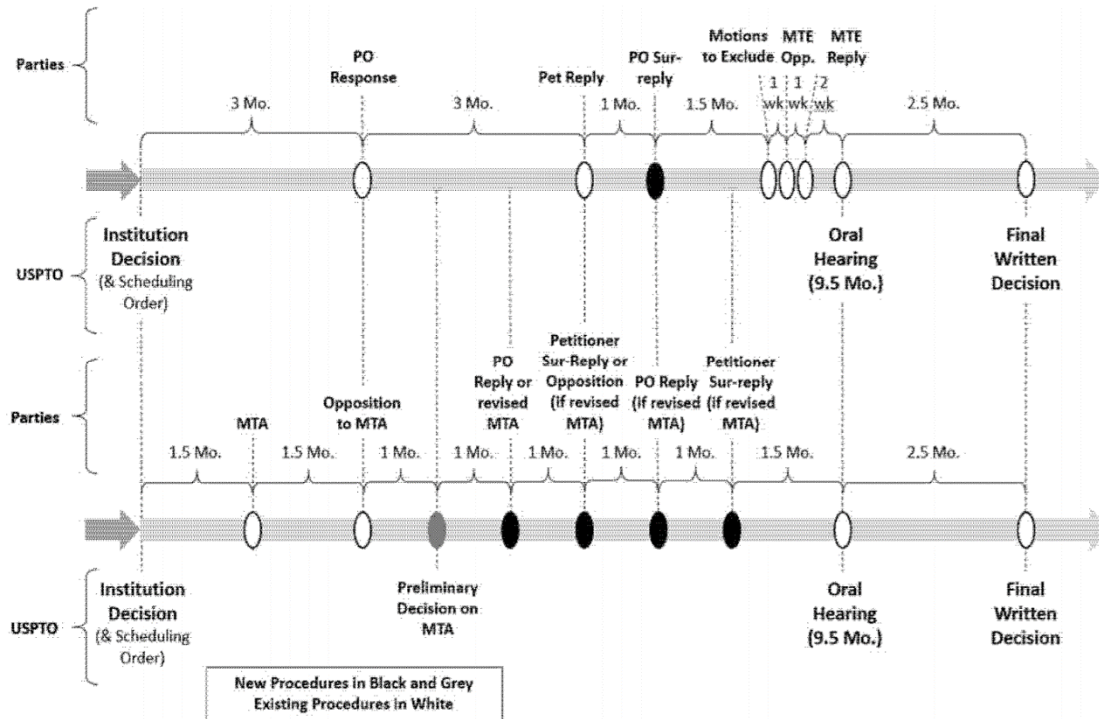
the issue. *Id.* at 54,322.

Regarding the first issue, the Office has proposed a procedure by which the patentee will get to file an earlier motion to amend and the petitioner may oppose the motion to amend. These briefs may be supported by evidence, but depositions of the declarants are not permitted. The Board will then issue a preliminary decision addressing “whether there is a reasonably likelihood that: (1) The patent owner would prevail in establishing that the motion to amend meets statutory and regulatory requirements, and/or (2) the petitioner would prevail in establishing the unpatentability of any proposed substitute claims.” 83 Fed. Reg. at 54,322. After this preliminary decision is rendered, there are two alternative paths that the proceedings may take.

Alternative 1 addresses a situation in which the Board has preliminarily determined that the motion to amend will be unsuccessful. In this case, the Patent Owner can do one or two things. They can file a reply to the preliminary decision and the petitioner’s opposition, or they can file a revised motion to amend seeking to fix the issues that were raised by the Board. “A revised motion to amend must provide amendments, arguments, and/or evidence in a manner that is responsive to issues raised in the preliminary decision.” *Id.* at 54,323. In the event that a patent owner chooses to file a reply to the opposition and the preliminary decision, a petitioner may file a sur-reply to that reply. Thus, depending on which avenue the patent owner chooses to take, there will be a different number of briefs after the preliminary decision. If the patent owner elects to file a revised motion, then four briefs will be filed: motion, opposition, reply, and sur-reply. If the patent owner chooses instead to file a reply, then there are only two additional papers: reply and sur-reply.

Alternative 2 may occur where the preliminary decision indicates that the patent owner will likely be successful in its motion to amend. *See* 83 Fed. Reg. 54,323. In this case, “the petitioner may file a reply to the preliminary decision (e.g., within one month after the Board provides its preliminary decision), and the patent owner may file a sur-reply in response (e.g., within one month after the reply.” *Id.* Alternative 2 can also occur where the patent owner chooses not to file a paper after the Board enters a preliminary decision. In this case, the petitioner may file a reply to the preliminary decision and the patent owner may file a sur-reply. *Id.* All cross-examination will occur after the preliminary decision. *Id.*

An example of the timing of these options, with respect to a typical IPR procedural schedule is set forth below:



The Board is also considering enlisting the assistance of the examining corps in circumstances in which the petitioner is not participating in the motion to amend process. In such a case, the Board may, in its discretion, solicit an “examiner advisory report” that will provide an opinion on the patentability of the proposed substitute claims. That advisory report will become a part of the record and is based on the evidence of record, as well as a supplemental search that relates only to the proposed substitute claims. The patent owner will have an opportunity to respond to the advisory report. “

The Board has indicated that this procedure would be implemented sometime shortly after December 14, 2018 as a “pilot program” that will last a year. It may be extended by the Office. It will apply to all proceedings filed after the date that the pilot program takes effect. “The program is a ‘pilot’ in the sense that the Office may modify the amendment procedures in response to feedback and experience with the program, during the course of the pilot.” *Id.* at 54,324.

Regarding the allocation of the burden of persuasion in a motion to amend, the Office “requests comments from the public regarding whether it should engage in rulemaking to allocate the burden of persuasion as suggested by the *Aqua Products en banc* court, and if so, whether the Office should allocate that burden as set forth in the *Western Digital* order. Specifically, the *Western Digital* order provides that ‘the burden of persuasion will ordinarily lie with the petitioner to show that any proposed substitute claims are unpatentable’ and that the ‘Board itself also may justify any finding of unpatentability be reference to evidence of record in the proceeding.’” 83 Fed. Reg. At 54,324. The Office is looking for comments about when the Board may need to justify unpatentability itself. “[T]he Board is not required to make any determinations of unpatentability in situations where the petitioner, for any

reason, has not established that proposed substitute claims are unpatentable by a preponderance of the evidence. . . . [T]he Board is permitted, but not required, to find claims unpatentable for reasons other than those advanced by the petitioner as long as the patent owner has notice and an opportunity to be heard.” *Id.*