

Brief Summary of Precedential Patent Case Decisions During September 2018

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I. Introduction

This paper contains summary abstracts of what I believe to be the significant new points of law from the precedential decisions in patent cases this month. Cases captions relating to the PTAB are in **red** text. Case captions of extraordinary importance are in **blue** text.

II. Brief Summary Abstracts and New Points of Law

Wisconsin Alumni Research Foundation v. Apple Inc., 2017-2265, 2017-2380 (Fed. Cir. 9/28/2018).

This is a decision on appeals from the W.D. Wis. district court case 3:14-cv-00062-wmc. A jury awarded Apple \$234 million in damages for patent infringement. The district court denied Apple's motion for JMOL. Apple appealed. The Federal Circuit reversed.

Legal issue: 35 USC 112, claim construction, "a prediction associated with the particular [load] instruction."

The Federal Circuit concluded that no reasonable juror could have found literal infringement. The claim read "1. In a processor ... a data speculation decision circuit comprising: a) a predictor receiving a mis-speculation indication from the data speculation circuit to produce a prediction associated with the particular [load] instruction"

The Federal Circuit noted that the evidence showed the accused device produced the same prediction for many load instructions, and that the word "particular" had its plain and ordinary meaning. Accordingly, the accused device did not meet the claim requirement "to produce a prediction associated with the *particular* [load] instruction."

Gust, Inc. v. Alphacap Ventures, LLC, 2017-2414 (Fed. Cir. 9/28/2018).

This is a decision on appeal from the S. D. NY district court cases 1:15-cv-06192-DLC and 1:16-cv-01784-DLC. The district court found the case "exception" within the meaning of 35 USC 285 and awarded attorneys fees pursuant to 35 USC 285, and held AlphaCap's law firm, Gutride, jointly and severally liable, pursuant to 28 USC 1927. Gutride appealed the jointly and severally liable holding. The Federal Circuit reversed.

28 USC 1927 reads:

Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

Legal issue: 28 USC 1927, requirements for claims to be (1) entirely without color and (2) brought in bad faith, in the context of 35 USC 101 patent eligibility.

The Federal Circuit, citing *Phonometrics, Inc. v. Westin Hotel Co.*, 350 F.3d 1242, 1246 (Fed. Cir. 2003), restated the actual law of the Second Circuit and extrapolated law of the Second Circuit, for 1927. In sum, the Federal Circuit noted that a 1927 award required the

asserted claims to be (1) entirely without color and (2) by an attorney acting in bad faith in contrast to merely filing a baseless complaint. The Federal Circuit found that the law of patent eligibility after *Alice* was sufficiently unsettled so that assertion of claims being patent eligible was not "entirely without color"; that merely filing such a civil action could not show attorney bad faith; and that failing to settle such a case, absent evidence showing that the attorneys controlled the decision process, could not show attorney bad faith.

Bennett Regulator Guards, Inc. v. Atlanta Gas Light Co. 2017-1555, 2017-1626 (Fed. Cir. 9/28/2018).

This is a decision on an appeal from PTAB case IPR2015-00826. Bennett appealed the decision on patentability and the sanctions order. The Federal Circuit vacated that patentability decision, and remanded the sanctions order.

Legal Issue: 35 USC 315(b), one year bar to an IPR, effect of involuntary dismissal of a complaint.

In this case, a complaint was involuntarily dismissed by the district court. The Federal Circuit concluded that involuntary dismissal has no effect on the 315(b) time bar to institution of an IPR proceeding based upon an IPR petition filed more than one year after service of the complaint.

Legal Issue: Authority of the PTAB to issue sanctions, when it loses jurisdiction due to a 315(b) violation.

The Federal Circuit concluded that the PTAB might retain jurisdiction to order sanctions when finding a party violated 35 USC 312(a)(2) by failing to timely name the real parties in interest; but declined to decide that issue in this case.

Gilbert P. Hyatt v. Iancu, 2017-1722 (Fed. Cir. 9/24/2018).

This is a decision on an appeal from the D. Nev. district court case 2:16-cv-01490-RCJ-PAL. The district court granted the PTO's motion for summary judgement. Hyatt appealed. The Federal Circuit affirmed. However, the Federal Circuit reversed the district court's dismissal for lack of subject matter jurisdiction and affirmed on other grounds.

Legal issue: 28 USC 1338(a), subject matter jurisdiction for APA appeals relating to PTO rules for appeal.

The Federal Circuit concluded the exclusive jurisdiction of the Federal Circuit and the Eastern Virginia district court to review final PTAB decisions under § 141 and § 145 does not displace the district court's jurisdiction over APA challenges relating to process leading to an applicant's appeal from the examiner to the PTAB.

As an initial matter, the district court had subject matter jurisdiction over Mr. Hyatt's challenge to the PTO's denial of his petition for rulemaking. *** based in part upon 28 U.S.C. 1338(a). *** Although Congress has granted this court and the Eastern Virginia district court exclusive jurisdiction to review final PTAB application decisions, this grant does not displace the district court's jurisdiction in this case. Under 35 U.S.C. § 141(a), if the PTAB affirms an examiner's final rejection, the applicant may appeal the PTAB's final decision to this court. Under 35 U.S.C. § 145, an applicant may alternatively challenge the PTAB's decision by instituting a civil action against the PTO Director in the Eastern Virginia district court. But here, Mr. Hyatt's petition for rulemaking was not an appeal from an examiner's rejection of his applications. Relatedly, the PTO Director's denial of Mr. Hyatt's petition is not a PTAB decision. Thus, Mr.

Hyatt's challenge to the denial of his petition falls outside the exclusive zone of jurisdiction created by § 141 and § 145. [*Gilbert P. Hyatt v. Iancu*, 2017-1722 (Fed. Cir. 9/24/2018); internal quotes and cites omitted.]

The Federal Circuit concluded that a petition that does not change the process that culminates in final PTAB decisions does not indirectly affect the Federal Circuit's jurisdiction over those decisions and therefore did not implicate the *TRAC* exception to APA jurisdiction.

The district court reasoned that, even though the denial of Mr. Hyatt's petition for rulemaking was not itself a final PTAB decision within the scope of § 141 and § 145, it lacked jurisdiction because an order invalidating MPEP § 1207.04 would indirectly affect our jurisdiction over appeals from final PTAB decisions. This reasoning reflected the district court's interpretation of *Telecommunications Research & Action Center v. FCC*, 750 F.2d 70 (D.C. Cir. 1984) ("TRAC"), a case in which the D.C. Circuit noted a "well settled" rule that "where a statute commits review of agency action to the Court of Appeals, any suit seeking relief that might affect the Circuit Court's future jurisdiction is subject to the exclusive review of the Court of Appeals." *Id.* at 76, 78–79. *** In contrast to the agency actions challenged in those cases, the PTO's denial of Mr. Hyatt's petition was not an intermediate action taken in the course of proceedings that would culminate in a final agency action exclusively reviewable by this court and the Eastern Virginia district court. The process for petitioning the PTO for rulemaking is completely separate from the patent application examination process that culminates in final PTAB decisions. Thus, we do not need to exercise exclusive jurisdiction over denials of petitions for rulemaking in order to protect our future jurisdiction. If another court granted Mr. Hyatt's requested relief and prohibited PTO examiners from reopening prosecution of applications after an appeal brief has been filed, the prosecution process would change, but our ability to review final PTAB decisions would remain unaffected. Accordingly, the exclusive jurisdiction of this court and the Eastern Virginia district court to review final PTAB decisions under § 141 and § 145 does not displace the district court's jurisdiction over APA challenges to the PTO's denial of a petition for rulemaking. [*Gilbert P. Hyatt v. Iancu*, 2017-1722 (Fed. Cir. 9/24/2018).]

Power Integrations, Inc. v. Fairchild Semiconductor International, Inc., 2016-2691, 2017-1875 (Fed. Cir. 9/20/2018; modifying the 7/3/2018 decision).

This is a modification of the original decision issued July 3, 2018. I show below the changes to my writeup by adding ~~strikeout~~ to text removed and underlining to show text added by this modification of my writeup of the new decision relative to the original decision.

This is a decision on appeals from the N.D. Cal. case 3:09-cv-05235-MMC. A jury found some claims literally infringed and others infringed under the doctrine of equivalents, found that the entire market value rule applied, and awarded damages accordingly. The district court denied Fairchild's motion for JMOL. Fairchild appealed. The Federal Circuit affirmed infringement, and vacated the damages award and remanded.

Legal issue: 35 USC 284, reasonable royalty, entire market value rule for a multi-component product.

Evidence showed that the infringing product contained valuable features other than the patented feature. The Federal Circuit held that, "[w]hen the product contains other valuable features, the patentee must prove that those other features ~~did not influence purchasing decisions~~ do not cause consumers to purchase the product, to prove entitlement to damages based upon the entire market value.

Regents of the University of California v. Broad Institute, Inc., 2017-1907 (Fed. Cir. 9/10/2018).

This is a decision on an appeal from PTAB case 106,048; the much vaunted CRISPR-Cas9 interference. The PTAB determined that there was no interference-in-fact, concluding that Broad's claims would not have been obvious over UC's claims. UC appealed. The Federal Circuit affirmed.

Legal Issue: 35 USC 103 obviousness, requirement for reasonable expectation of success, which is reviewed only for substantial evidence.

This case turned on the standard of review for reasonable expectation of success. The PTAB's found that there was no reasonable expectation of success in applying the CRISPR-Cas9 system in eukaryotes. The fact that the Federal Circuit has defined reasonable expectation of success as a question of fact, was a death knell for UC's appeal. The Federal Circuit concluded that the PTAB's finding that there was no reasonable expectation of success was supported by substantial evidence.

ParkerVision, Inc. v. Qualcomm Incorporated, 2017-2012; 2017-2013; 2017-2014; and 2017-2074 (Fed. Cir. 9/13/2018).

This is a decision on appeals from PTAB cases: IPR2015-01828; IPR2015-01829; and IPR2015-01831. All three IPRs involved the same patent. The PTAB held apparatus claims proved unpatentable and analog method not proved unpatentable. ParkerVision appealed the proved unpatentable holding. Qualcomm cross-appealed the not proved unpatentable holding. The Federal Circuit affirmed.

Legal issue: 35 USC 112, claim construction, apparatus claims "capable" of generating a particular signal feature versus method claims generating that particular signal feature.

The Federal Circuit concluded that, while the apparatus claims were proved obvious, the analog method claim were not proved obvious because no evidence was submitted to show that the Nozawa reference, although capable of producing a periodic signal that included a plurality of harmonics, actually did so. The apparatus claim recited "a switching module ... to gate said bias signal and thereby generate a periodic signal having a plurality of harmonics" whereas the method claim recited "gating ... at a rate that is a function of said string of pulses to create a periodic signal having a plurality of harmonics." A clear take away from this case is to not assume the APJs hearing the case have any technical background knowledge, despite 35 USC 6(a).

Orexo AB v. Actavis Elizabeth LLC, 2017-1333 (Fed. Cir. 9/10/2018).

This is a decision on an appeal from the D. Del. district court case 1:14-cv-00829-SLR-SRF. The district court held certain claims invalid for obviousness. Orexo appealed. The Federal Circuit reversed.

Legal Issue: 35 USC 103, objective indicia of unobviousness, weight accorded to evidence of unexpected utility.

Here, the patentee attributed the improvements achieved by their product, Zubsolv, to a

66% increase in bioavailability over the prior art. The Federal Circuit concluded the district court erred in heavily discounting the weight to be accorded that evidence.

Acorda Therapeutics, Inc. v. Roxane Laboratories, Inc., 2017-2078, 2017-2134 (Fed. Cir. 9/10/2018).

This is a decision on appeals from the D. Del. district court cases 1:14-cv-00882-LPS; 1:14-cv00922-LPS; 1:14-cv-00935-LPS; and 1:14-cv-00941-LPS (Fed. Cir. 9/10/2018). Judge Taranto, with whom Judge Dyk joined, constituted the majority. Judge Newman dissented.

Legal issue, 35 USC 103, impact of blocking patent on weight accorded secondary indicia of non-obviousness.

Acorda had a license to a blocking patent. The Federal Circuit, held that the existence of the blocking patent discounted the weight accorded evidence of commercial success, failure of others, and long-felt but unmet need.

Worlds Inc. v. Bungie, Inc., 2017-1481, 2017-1546, 2017-1583 (Fed. Cir. 9/7/2018).

This is a decision on appeals from PTAB cases IPR2015-01264; IPR2015-01319; and IPR2015-01321. The PTAB invalidated the corresponding three patents. World appealed. The Federal Circuit vacated and remanded

Legal Issue: 35 USC 315(b), burden of persuasion.

And the Federal Circuit held that the IPR petitioner bears the burden of persuasion to demonstrate that 315(b) does not time bar its petition.

Legal Issue: 35 USC 315(b), petition RPI identification, no presumption of correctness.

The Federal Circuit held that IPR petition's RPI identification was not entitled to a presumption of correctness.

Legal Issue: 35 USC 315(b), petition RPI identification, quantum of evidence required to place RPI into issue.

The Federal Circuit gave no test for the quantum of evidence the patent owner must put forth to place RPI and 315(b) into dispute ("For purposes of deciding this case, we need not address the quantum of support required from a patent owner.").

Intellectual Ventures I LLC v. T-Mobile USA, Inc., 2017-2434, 2017-2435 (Fed. Cir. 9/4/2018).

This is a decision from the D. Del. cases 1:13-cv-01671-LPS and 1:13-cv01672-LPS. The district court construed key claim terms adverse to IV, and also held certain IV claims indefinite. IV appealed. The Federal Circuit reversed on the claim construction issues, and upheld the indefiniteness determination.

Legal Issue: 35 USC 112, claim definiteness, subjective limitations.

The Federal Circuit concluded that the claimed "so as to optimize end user application IP QoS requirements," in view of the specification, were entirely subjective and user-defined, and therefore indefinite.

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