Precedential Patent Case Decisions During October, 2016

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I. Introduction

This paper abstracts what I believe to be the most significant new points of law from the precedential decisions in patent cases this month. Cases relating to the PTAB are in red font. Cases of extraordinary importance are in blue font.

II. Abstracts of New Points of Law

Medtronic, Inc. v. Robert Bosch Healthcare, 2015-1977 (Fed. Cir. 10/20/2016). Legal issue, 35 USC 314(d), scope of bar to review of an institution decision.

This decision is a result of Medtronic's petition for rehearing of the panel's earlier nonprecedential decision that held "that a determination by the Patent Trial and Appeal Board ("Board") to discontinue inter partes review proceedings was not reviewable on appeal under 35 U.S.C. § 314(d)." On review, in view of *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), the panel reaffirmed its earlier order and made its decision precedential.

> We conclude that under Cuozzo a decision whether to institute inter partes review proceedings pursuant to § 314(a) (the issue in *Cuozzo*) and a reconsideration of that decision (the situation here) are both barred from review by § 314(d). Interpreting the "closely related" language in *Cuozzo*, we recently concluded that questions regarding the application and interpretation of "statutes 'closely related' to the decision whether to institute are necessarily, and at least, those that define the metes and bounds of the inter partes review process." *Husky*, 2016 WL 5335500, at *6. The Board's reconsideration in this case is fairly characterized as a decision whether to institute proceedings, the review of which is barred by § 314(d). [Medtronic, Inc. v. Robert Bosch Healthcare, 2015-1977 (Fed. Cir. 10/20/2016).]

> The Board vacated the institution decisions and terminated the proceedings because of Medtronic's failure to comply with the requirement that all real parties in interest be disclosed. *** This conclusion is supported by our own cases after *Cuozzo*, holding § 314(d) to bar review of questions "closely related" to the institution decision such as assignor estoppel or the time-bar of § 315(b). *See Husky*, 2016 WL 5335500, at *6; *Wi-Fi One, LLC v. Broadcom Corp.*, No. 15-1944, 2016 WL 4933298, at *4 (Fed. Cir. Sept. 16, 2016). [Medtronic, Inc. v. Robert Bosch Healthcare, 2015-1977 (Fed. Cir. 10/20/2016).]

In re Efthymiopoulos, 2016-1003 (Fed. Cir. 12/18/2016), legal issue, 35 USC 103 obviousness. This case elucidates how different judges interpret references. In this case judges

of the same panel can reach opposite conclusions about the meaning of a sentence in a reference. The legal issue of obviousness was whether it would have been obvious to administer zanamivir by oral inhalation. The majority (Judges Prost and Bryson) opinion seems to make short shrift of the case, asserting that the prior art secondary reference provides an express teaching:

> ...In particular, Von Itzstein II expressly discloses administration through "oral," "nasal," or other forms "suitable for administration by inhalation," among other methodologies. The Board's finding then, that a skilled artisan would be motivated to use zanamivir in the methods disclosed by Von Itzstein II, is supported by substantial evidence. [In re Efthymiopoulos, 2016-1003 (Fed. Cir. 12/18/2016).]

But Judge Newman, dissenting, disputed the factual assertion by the majority, that Von Itzstein II expressly disclosed oral administration by inhalation. Judge Newman stated that "No disclosure of administration of zanamivir by oral inhalation can be found here [sic; in Von Itzstein II] or anywhere else in the prior art." Judge Newman quoted the passage in Von Itzstein II apparently relied upon by the majority to conclude that Von Itzstein II "expressly discloses administration through 'oral,' ... or other forms 'suitable for administration by inhalation." The passage Judge Newman quoted reads:

> Pharmaceutical formulations include those suitable for oral, rectal, nasal, topical, (including buccal and sub-lingual), vaginal or parenteral (including intramuscular, sub-cutaneous and intravenous) administration or in a form suitable for administration by inhalation or insufflation.

This passage states "oral ... administration *or in a form*" suitable for inhalation. This phrase "oral ... *or in a form* suitable for inhalation" does expressly state, as the majority asserted, administration through "'oral,' *or other forms*" suitable for administration by inhalation. Like Judge Newman, I do not see how the majority could conclude that the quoted passage in Von Itzstein II expressly discloses that oral administration is a form suitable for administration by inhalation. While illustrative of how different judges think, I found no new point of law in this case.

Synopsys, Inc. v. Mentor Graphics Corporation, 2015-1599 (Fed. Cir. 10/17/2016). Legal issue, 35 USC 101 patent eligibility.

The Federal Circuit affirmed the district court, concluding that the claims at issue defined a mental process. Consequently, the apparently novel solution (use of assignment conditions as an intermediate step in the translation process) to the problem of circuit design, could not save the claims from patent ineligibility.

> ... A review of the actual claims at issue shows that they are directed to the abstract idea of translating a functional description of a logic circuit into a hardware component description of the logic circuit. *** Moreover, the claims

> do not call for the involvement of a computer. *** We recognize that defining the precise abstract idea of patent claims in many cases is far from a "straightforward" exercise. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014). But, here, the Asserted Claims are drawn to the abstract idea of: translating a functional description of a logic circuit into a hardware component description of the logic circuit. As detailed above, this translation is a mental process. *** The Asserted Claims, in contrast to those at issue in DDR Holdings and BASCOM, contain no such technical solution. To the extent the Asserted Claims add anything to the abstract idea (i.e., translating a functional description of a logic circuit into a hardware component description of the logic circuit), it is the use of assignment conditions as an intermediate step in the translation process. *** But, given that the claims are for a mental process, assignment conditions, which merely aid in mental translation as opposed to computer efficacy, are not an inventive concept that takes the Asserted Claims beyond their abstract idea. [Synopsys, Inc. v. Mentor Graphics Corporation, 2015-1599 (Fed. Cir. 10/17/2016).]

Note that, if the claims in this case had been tied to computer implementation, the outcome might have been different

Poly-America, L.2 P. v. API Industries, Inc., 2016-1200 (Fed. Cir. 10/14/2016). Legal issue, 35 USC 112 claim construction, disavowal.

In this case, the Federal Circuit affirmed the district court, stating that "The only question is whether the inventor disavowed trash bags with short seals that do not extend inwardly to narrow the upper opening width in relation to the bag proper width."

> While disavowal must be clear and unequivocal, it need not be explicit. *Trs. of Columbia Univ. v. Symantec Corp.*, 811 F.3d 1359, 1363-64 (Fed. Cir. 2016). For example, an inventor may disavow claims lacking a particular feature when the specification describes "the present invention" as having that feature. *See e.g., Luminara Worldwide, LLC v. Liown Elecs. Co.*, 814 F.3d 1343, 1353 (Fed. Cir. 2016). Here, the specification states that: "In looking at both FIG. 1 and FIG 2, it is important to note that one of the characteristics *of the present invention* is a reduction in upper width . . . resulting from the extended short seals."' 308 patent col. 6 ll. 11-15 (emphasis added). Directing the reader to figures one and two, which demonstrate the extended short seal feature, does not limit the import of this clear statement that describes a characteristic feature of the invention. [Poly-America, L.2 P. v. API Industries, Inc., 2016-1200 (Fed. Cir. 10/14/2016).]
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> Similarly, an inventor may disavow claims lacking a particular feature when the specification distinguishes or disparages prior art based on the absence of that feature. *See Openwave*, 808 F.3d at 513-14; *SightSound Techs., LLC v.*

Apple Inc., 809 F.3d 1307, 1317 (Fed. Cir. 2015). That is exactly what the specification to the '308 patent does by stating that prior art bags are difficult to secure over trash receptacle lips and explaining that the use of extended short seals reduces the claimed bag's upper opening, making it easy to fit around a trashcan. See '308 patent col. 2 ll. 49-51, col. 5 ll. 36-48, col. 6 l. 32-col. 7 l. 19. [Poly-America, L.2 P. v. API Industries, Inc., 2016-1200 (Fed. Cir. 10/14/2016).]

MIT v. Shire Pharmaceuticals, Inc., 2015-1881 (Fed. Cir. 10/13/2016). Legal issue, 35 USC 112 claim construction, specifically prosecution history disclaimer.

In this case, the Federal Circuit affirmed the district court's judgment of validity and infringement of patents directed to three dimensional scaffolding for growing cells in vitro to produce organ tissue in vivo. In doing so, the court identified some new factors that bode against or did not rise to prosecution history disclaimer.

The Court concluded that a limitation which the applicant had argued patentably distinguished over the prior art, which limitation the examiner rejected for lack of 112 support, followed by allowance in reliance on some other limitation, bode against prosecution history disclaimer.

> MIT's attempt to add the "non-skin" limitation during prosecution of the asserted patents reinforces our conclusion that the asserted claims as issued include skin within their scope. MIT tried to narrow the application claims early in prosecution to exclude skin organ cells, but the examiner rejected the "non-skin" limitation under § 112 as new matter. MIT never again sought to limit the claims to exclude skin organ cells. Had the examiner actually agreed with MIT's arguments and allowed the proposed amendments, the claims could well have a different claim scope. But the examiner did not, and MIT took a different approach. Since claims to "vascularized organ tissue" were ultimately allowed over the prior art without the proposed "non-skin" amendment, it is difficult to infer that a skilled artisan would interpret other isolated statements by MIT during the course of the prosecution history as a clear and unmistakable disclaimer of claim scope. Rather, we determine that a skilled artisan, reading the prosecution history as a whole, would conclude that MIT's invention does in fact cover vascularized skin. [MIT v. Shire Pharmaceuticals, Inc., 2015-1881 (Fed. Cir. 10/13/2016).]

The Court also clarified that identifying a thickness limitation (here, an organ thickness greater than that of skin) as only the "*primary*" goal and distinguishing prior art on the basis that prior art only taught organs not meeting the thickness limitation, was insufficient to result in prosecution history disclaimer of that thickness limitation (and the corresponding organ, skin).

> Finally, Shire points to MIT's statement that "the prior art only exemplified skin replacement, not replacement of organs." J.A. 1709. Again, this statement must be read in context. It was made when the claims included a

> thickness minimum, and MIT attempted to distinguish the claims on that basis, asserting that "it is the formation of thick organ structures that is the *primary* goal of the invention." *Id*. (emphasis added). As such, MIT's statement cannot be read as limiting the ordinary meaning of "vascularized organ tissue" in the issued claims, which do not recite a thickness minimum. [MIT v. Shire Pharmaceuticals, Inc., 2015-1881 (Fed. Cir. 10/13/2016).]

Fairwarning IP, LLC v. Iatric Systems, Inc., 2015-1985 (Fed. Cir. 10/11/2016). Legal issue, 35 USC 101 patent eligibility.

In this case, the Federal Circuit clarified that claiming "real time" processing was insufficient to defeat a motion for failure to state a claim because of 35 USC 101 invalidity.

> FairWarning further alleges that the district court improperly granted Iatric's motion under Rule 12(b)(6). *** FairWarning argues that the district court wrongly found facts outside of the pleadings and construed disputed facts in a light unfavorable to FairWarning. It argues that the court erred in finding, on a motion to dismiss, that the '500 patent is not necessarily rooted in computer technology. It points to the ability of its system and method to collect and analyze disparate data sources in real time. And it claims that the court, drawing all reasonable inferences in its favor, could not resolve this issue on a motion to dismiss. We disagree. As we explained above, the practices of collecting, analyzing, and displaying data, with nothing more, are practices "whose implicit exclusion from § 101 undergirds the information-based category of abstract ideas." *Elec. Power*, 2016 WL 4073318, at *4. The district court correctly dismissed FairWarning's purportedly factual claims as insufficient to impart patent eligibility. [Fairwarning IP, LLC v. Iatric Systems, Inc., 2015-1985 (Fed. Cir. 10/11/2016).]

Apple Inc. v. Samsung Electronics Co., Ltd., 2015-1171 (Fed. Cir. 10/7/2016). Legal issue, standard of review.

The Federal Circuit, *en banc*, vacated is earlier panel decision and reinstated the district court's judgment regarding three patents ('647, '721, and '172 patents). However, the precedential aspects of the decision addressed the limitations on the Court's appellate role and its standards of review on appeal.

Judge Moore wrote for a seven judge majority, including judges Newmann, Lourie, O'Malley, Wallach, Chen, and Stoll. Judges, Prost, Dyk, and Reyna, who formed the earlier panel decision, each wrote dissents. The majority held that the Federal Circuit generally cannot rely on "extra-record evidence." Specifically, the majority held that the Federal Circuit (1) cannot rely upon extra-record evidence regarding claim construction and (2) cannot rely on extra-record extrinsic evidence to determine how an accused device operates (that is, whether it infringes). Presumably, the carefully qualifications of limitations on the Courts reliance on extra-record evidence were in consideration of the fraud exception to the record rule (see for example Home Products v. U.S., 2010-1184, (Fed. Cir. 2/7/2011)). The Court also held that (3) it is not

permitted to reverse fact findings that were not appealed and (4) it is required to review jury fact findings when they are appealed for substantial evidence. These holdings are embedded in the following portion of the majority opinion:

> We granted Apple's en banc petition to affirm our understanding of the appellate function as limited to deciding the issues raised on appeal by the parties, deciding these issues only on the basis of the record made below, and as requiring appropriate deference be applied to the review of fact findings. There was no need to solicit additional briefing or argument on the question of whether an appellate panel can look to extra-record extrinsic evidence to construe a patent claim term. "The Supreme Court made clear that the factual components [of claim construction] include 'the background science or the meaning of a term in the relevant art during the relevant time period.'" *Teva Pharms., Inc. v. Sandoz, Inc.*, 789 F.3d 1335, 1342 (Fed. Cir. 2015) (quoting *Teva Pharms., Inc. v. Sandoz*, Inc., 135 S. Ct. 831, 841 (2015)). After *Teva*, such fact findings are indisputably the province of the district court. We did not need to solicit additional briefing or argument to conclude that the appellate court cannot rely on extra-record extrinsic evidence in the first instance or make factual findings about what such extrinsic evidence suggests about the plain meaning of a claim term in the art at the relevant time or how such extra record evidence may inform our understanding of how the accused device operates. We likewise did not need additional briefing or argument to determine that the appellate court is not permitted to reverse fact findings that were not appealed or that the appellate court is required to review jury fact findings when they are appealed for substantial evidence. The panel reversed nearly a dozen jury fact findings including infringement, motivation to combine, the teachings of prior art references, commercial success, industry praise, copying, and long-felt need across three different patents. It did so despite the fact that some of these findings were not appealed and without ever mentioning the applicable substantial evidence standard of review. And with regard to objective indicia, it did so in ways that departed from existing law. [Apple Inc. v. Samsung Electronics Co., Ltd., 2015-1171 (Fed. Cir. 10/7/2016).]

Ex parte Schulhauser, 2013-007847 (PTAB 4/28/2016) (Precedential). Legal issue, 35 USC 112, claim construction. This decision is precedential for its determination that method steps subject to an optional condition precedent, do not limit the scope of the claim.

> Claim 1 ... A method for monitoring of cardiac conditions incorporating an implantable medical device in a subject, the method comprising the steps of: *** triggering an alarm state if the electro cardiac signal data is not within the threshold electrocardiac criteria; determining the current activity level of the subject from the activity level data if the electrocardiac signal data is within the threshold electrocardiac criteria; *** Here, claim 1 is directed to a method for monitoring cardiac conditions incorporating an implantable medical device in a

subject, where the method includes several steps that only need to be performed if certain conditions precedent are met. More specifically, the "triggering" and "determining" steps of this claim are mutually exclusive. If the electrocardiac signal data is not within the threshold electrocardiac criteria, then an alarm is triggered and *the remaining method steps need not be performed*. *** Thus, in the event that the electrocardiac signal data is not within the threshold electrocardiac criteria and an alarm is triggered, the remaining steps of claim 1 need not be performed in the method as recited. *** Based on the manner in which claim 1 is written, the modified method of Kramer would literally infringe claim 1 by virtue of its performance of only the "collecting," "comparing," and "triggering" steps. *** As such, we agree with the Examiner's determination that claim 1 is unpatentable under 35 U.S.C. § 103(a). [Ex parte Schulhauser, 2013-007847 (PTAB 4/28/2016) (Precedential).]

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