

Brief Summary of Precedential Patent Case Decisions During May 2018

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I. Introduction

This article presents a brief summary of relevant precedential points of patent law during the noted time period. However, it lacks the details and nuances of a more extensive review. A more extensive review appears in my "Precedential Patent Case Decisions" monthly articles. Cases captions relating to the PTAB are in **red** text. Case captions of extraordinary importance are in **blue** text.

II. Abstracts of New Points of Law

Polaris Industries Inc. v. Arctic Cat, Inc., 2017-1870, 2017-1871 (Fed. Cir. 5/30/2018)(Non-precedential order).

This is an order in response to a motion to remand appeals from PTAB cases IPR2015-01781, IPR2015-01783. The PTAB issued a final written decision on only some of the claims and ground challenged in the petition, prior to the Supreme Court decision in *SAS*. Polaris, the patent owner, moved to have the case remanded to the PTAB for decision on the non-instituted claims and grounds. The Federal Circuit remanded.

Legal Issue: Waiver, right to request remand, in view of the Supreme Court *SAS* decision.

The Federal Circuit held "failure to challenge the Board's partial institution before the Supreme Court's issuance of *SAS*" was excusable, and that Polaris was entitled to request remand.

Legal Issue: Remand, in view of the Supreme Court *SAS* decision, factors.

The Federal Circuit held that a patent owner may seek remand to obtain the benefits of 315(e) estoppel on all challenged claims.

Ericsson Inc. v. Intellectual Ventures I LLC, 2016-1671 (Fed. Cir. 5/29/2018).

This is a decision on an appeal from PTAB case IPR2014-00963.

The Federal Circuit majority consisted of Chief Judge Prost and Judge Newman. Judge Wallach dissented. The PTAB sustained the patentability of claims 1-16. Petitioner Ericsson appealed. The Federal Circuit reversed as to claim 1 and vacated and remanded as to claims 2-16.

Legal issue: Evidence required to contradict a reference.

The Federal Circuit concluded that an unsupported opinion (that is a conclusory opinion unsupported by reasoning and or documents) is not substantial evidence sufficient to contradict a reference.

XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).

This is a decision on appeals from the D. Col. district court case 1:13-cv-00876-WJM-NYW. After a jury trial on the breach of a patent license contract and patent infringement, both parties appealed. The jury had found both parties in breach and the

patents infringed and not invalid. The district court awarded ongoing royalties and otherwise denied all other post trial requests for relief. Both parties appealed. The Federal Circuit majority consisting of Judges Dyk and Chen affirmed-in-part, vacated in part, and remanded. The Federal Circuit majority contains a significant holding regarding collateral estoppel, and it is from this holding that Judge Newman dissented.

Legal Issue: Collateral estoppel from a decision on an appeal from the PTAB holding claims unpatentable.

The Federal Circuit majority held that the Court's affirmance of invalidity of claims of a patent in any case "has an immediate issue preclusive effect on any pending or co-pending actions involving the patent."

Judge Newman drafted a cogent and detailed dissent, explaining why she believed that collateral estoppel should not apply.

Note: I expect a request for rehearing and rehearing en banc, and I expect that request will be granted.

Legal issue: 35 USC 284, royalty rate determination for ongoing infringement.

Post jury trial, the district court reduced the royalty rate for ongoing infringement from the 15% of gross sales effectively determined by the jury for pre-verdict infringement, in view of the 10 percent royalty rate of other licenses for the same patents, to arrive at a 12.5% rate. The Federal Circuit vacated and remanded, because the district court "focused on pre-verdict factors that were either irrelevant or less relevant than post-verdict factors" in determining a royalty rate lower than the rate the jury effectively calculated for pre verdict infringement.

UCB, Inc., UCB Biopharma SPRL v. Accord Healthcare, Inc., 2016-2610, 2016-2683, 2016-2685, 2016-2698, 2016-2710, 2017-1001 (Fed. Cir. 5/23/2018).

This is a decision on appeals from the thirteen D. Del district court cases. The district court held the claims not invalid. Accord appealed. The Federal Circuit majority consisting of Judges Bryson and Stoll affirmed. Judge Prost dissented.

Legal issue: Obviousness-type double patenting, legal test, propriety of considering claimed differences as well as claims as a whole.

The Federal Circuit held that the district court did not commit error by "focusing its double patenting analysis on the claims' differences, as well as the claims as a whole."

D Three Enterprises, LLC v. Sunmodo Corporation, 2017-1909, 2017-1910 (Fed. Cir. 5/21/2018).

This is a decision on appeals from the D. Col. cases 1:15-cv-01148-CBS and 1:15-cv-01151-CBS. The district court held the "washerless" claims invalid. D Three appealed. The Federal Circuit affirmed.

Legal issue: Probative value of admission of a lack of *suggestion* that a feature is not disclosed, on to the contention that the feature is disclosed. The Federal Circuit concluded that an admission that there is no statement in the subject application "that *suggest* the various attachment brackets *cannot* be used in a washerless system," supported a conclusion that the subject application did not *disclose* that various attachment brackets *can* be used in a washerless system.

Note: I question the logic, but note the holding in any case.

Legal issue: 35 USC 112 written description, broadened claims.

The District Court found that a PHOSITA would have understood that the particular

washerless assembly's bracket disclosed in the benefit application was not an optional feature. The claim covered alternatives to the bracket disclosed in the benefit application. The District Court held that the Washerless claims were not entitled to benefit of the 2009 Application because the 2009 Application did not support washerless claims that did not define such a bracket. On appeal, the Federal Circuit agreed with the district court, that the 2009 Application "in no way contemplates the use of other types of attachment brackets in a washerless assembly."

The Federal Circuit held that claims lacked written description support in benefit application and therefore entitlement to benefit, when the benefit application disclosed "one inventive component, and the ...[subject claims] claim[ed] entirely different inventive components in the same field."

Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).

This is a decision on appeals from PTAB case IPR2015-00529. The PTAB held claim 9 not unpatentable as obvious, from which Mallinckrodt appealed. The PTAB also held claims 1–8 and 10–11 unpatentable as obvious, from which Mallinckrodt cross-appealed. The Federal Circuit affirmed the PTAB's holding claims 1–8 and 10–11 unpatentable, and reversed the PTAB's holding of claim 9 not unpatentable.

The Federal Circuit panel majority consisted of Judges Lourie and Prost. Judge Newman concurred in the judgement, but wrote an opinion in which she "disagree[d] with the court's view of the "printed matter doctrine" and its application to "information" and "mental steps."

Legal issue, 35 USC 103, patentable weight accorded mental steps.

Claim 1 required obtaining and supplying a cylinder containing a gaseous blend of nitric oxide and nitrogen to a medical provider. Claim 1 also required "providing information" to the medical provider relating dosing and risk of using nitric oxide on patients with left ventricular dysfunction. Claim 3 depended from claim 1 and claimed the medical practitioner "evaluating" the risk versus benefit of administering nitric oxide, knowing that "that inhaled nitric oxide could cause an increase in PCWP leading to pulmonary edema in patients who have pre-existing [LVD]." The Federal Circuit majority noted that the PTAB properly construed the "providing information" limitation in claim 1 to be either printed matter or purely mental steps not entitled to patentable weight ... [because] those limitations lacked a functional relationship to the other claim limitations...."

The Federal Circuit then considered the claim 3 "evaluating" limitation and held that "a limitation that merely claims information by incorporating that information into a mental step will receive patentable weight only if the limitation is functionally related to the substrate."

In re Bigcommerce, Inc., 2018-120, 2018-122 (Fed. Cir. 5/15/2018).

Bigcommerce filed three petitions for writs of mandamus for E.D. Tex cases 6:17-cv-00186-JRG-JDL and 2:17-cv-00160-JRG-RSP. The Federal Circuit granted the petitions.

Legal Issue: 28 USC 1400(b), the meaning of "resides."

Section 1400(b) states that "Any civil action for patent infringement may be brought in the judicial district where the defendant *resides*, or where the defendant has committed acts of infringement and has a regular and established place of business." The Federal Circuit held that "a domestic corporation incorporated in a state having multiple judicial districts 'resides' for

purposes of the patent-specific venue statute, 28 U.S.C. § 1400(b), only in the single judicial district within that state where it maintains a principal place of business, or failing that, the judicial district in which its registered office is located."

SAP America, Inc. v. InvestPic, LLC, 2017-2081 (Fed. Cir. 5/15/2018).

This is a decision on an appeal from N.D. Tex. case 3:16-cv-02689-K. The district court held all claims ineligible under 35 USC 101, on the pleadings. InvestPic appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 101, patent eligibility.

The Federal Circuit held that an innovation in mathematical calculations was an innovation in ineligible subject matter.

Anacor Pharmaceuticals, Inc. v. Iancu, 2017-1947 (Fed. Cir. 5/14/2018).

This is a decision on an appeal from PTAB case IPR2015-01776. The PTAB held all claims of the patent unpatentable for obviousness. Anacor appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 103, obviousness, chemical compounds, structural and functional similarity.

The Federal Circuit upheld the PTAB's conclusion that a method claim directed to a new treatment using a known compound was unpatentable for obviousness. The method was treating an animal having tinea unguium invention comprising administering a therapeutically effective amount of tavaborole (claim 6 restated). In doing so, the Federal Circuit held that "Where the patent is directed to a new treatment using a known compound, it is reasonable to assume that similar compounds that share certain common properties are apt to share other related properties as well." This was in light of the Federal Circuit's understanding that in this case, "there is only limited structural similarity," and that it was the "functional similarities between the compounds" that was the "substantial evidence [that] support[ed] the Board's [related] findings."

M-I Drilling Fluids UK Ltd. v. Dynamic Air Ltda., 2016-1772 (Fed. Cir. 5/14/2018).

This is a decision on appeal from the D. Minn. district court case 0:13-cv-02385-ADM-HB. The Federal Circuit panel consistent of Judges Reyna, Hughes, and Stoll. Judge Reyna wrote a concurrence. M-I was sued by Dynamic (DAL") for patent infringement. The district court dismissed the patent infringement case for lack of personal jurisdiction. DAL appealed. The Federal Circuit reversed and remanded.

Legal Issue: Personal Jurisdiction, application of specific personal jurisdiction to patent infringement on US flagged ships.

DAL and Petrobras are both corporations organized under the laws of and have principle places of business in Brazil. DAL contracted with Petrobras, another Brazilian company, "for the installation of pneumatic conveyance systems on ships to assist in the removal of waste created by drilling undersea oil wells." The contract apparently accorded Petrobras authority to inform DAL onto which ships to install such systems. Pursuant to that contract, DAL installed such systems on two US flagged ships.

The Federal Circuit held that contractual control of obligations of one foreign company by another foreign company was not a factor for determining specific personal jurisdiction if the one foreign company for patent infringement on US flagged ships.

In re HTC Corporation, 2018-130 (Fed. Cir. 5/9/2018).

This is an order on petition for writ of mandamus for the D. Del district court case

1:17-cv-00083-LPS. The Federal Circuit denied the petition.

Legal Issue: 28 USC 1391(c)(3), non resident defendant venue rule.

HTC Corporation (HTC), a Taiwanese corporation with its principal place of business in Taiwan. HTC was sued for patent infringement in the D. Del district court. The district court denied HTC's motion to dismiss under FRCP 12(b)(3) for improper venue.

The Federal Circuit held that recent developments did not upend the long standing alien-venue rule applicable to corporations not resident in the United States.

WesternGeco LLC v. Ion Geophysical Corporation, 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 (Fed. Cir. 5/7/2018).

This is a decision on appeals from nine PTAB cases. WesternGeco appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 135(b) time bar, privity.

This was the second case decided by the Federal Circuit on 315(b) privity after the Federal Circuit en banc decided that 315(b) decisions of the PTAB were appealable.

The Federal Circuit began by adopting general Supreme Court law on privity, for 315(b).

The Federal Circuit then reviewed the Board's findings relevant to the 315(b) and concluded that they did not show that ION and PGS were 315(b) privies, and accordingly that the petitions were not barred by 315(b).

The General Hospital Corporation v. Sienna Biopharmaceuticals, Inc., 2017-1012 (Fed. Cir. 5/4/2018).

This is a decision on an appeal from PTAB case 106,037. The PTAB held that GHC lacked standing as a result of insufficient written description for its pending claims, and also denied GHC's contingent motion to add a proposed new interfering claim. GHC appealed. The Federal Circuit vacated and remanded.

Legal issue, 37 CFR 41.208(b) burden of proof to show patentability of a proposed new claim in an interference.

The Federal Circuit found that GHC's compliance with SO 208.5.1 (which states "Certify that the movant is not aware of any reason why the claim is not patentable") certification carried GHC's burden of proof on patentability.

Legal issue, 37 CFR 41.208(b), burden of proof to show 37 CFR 41.203(a) interfering subject in an interference.

The undisputed facts were that GHC's proposed new claim defined a value within the range defined by Sienna's claim 1, and that there was no evidence that the defined value would not have been obvious in view of the range defined by Sienna's claim 1. The Federal Circuit concluded that, under those circumstances "GHC has put forth sufficient evidence to establish proposed claim 74 would have been rendered obvious by claim 1 of the '941 patent." And therefore interfering.

Energy Heating, LLC v. Heat On-The-Fly, LLC, 2016-1559, 2016-1893, 2016-1894 (Fed. Cir. 5/4/2018).

This is a decision on appeals from the D. N.D. district court case 4:13-cv-00010-RRE-ARS. The district court held that Heat On-The-Fly, LLC (HOTC) 's patent was unenforceable for inequitable conduct, invalid for obviousness, and not infringed, and denied Energy's motion for 35 USC 285 attorneys fees. The Federal Circuit affirmed the judgement unenforceability and vacated and remanded the denial of attorneys fees.

The Federal Circuit held that, "a district court must articulate a basis for denying attorneys' fees following a finding of inequitable conduct *** to explain why a case is not exceptional in the face of an express finding of inequitable conduct."

In re VerHoef, 2017-1976 (Fed. Cir. 5/3/2018).

This is an appeal from PTAB case 13/328,201. The PTAB affirmed the examiner's 102(f) rejection. Verhoef appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 102(f), inventorship and ex parte rejections based thereupon.

This is the very rare case where evidence in the record for a patent application shows that the named inventor is not the inventive entity for the claims. VerHoef's own affidavit was substantial evidence showing that "Lamb shared in the conception of the claimed invention."

Altaire Pharmaceuticals, Inc. v. Paragon Biotech, Inc., 2017-1487 (Fed. Cir. 5/2/2018).

This is a decision on appeal from PTAB case PGR2015-00011. The PTAB held that Altaire failed to prove the challenged claims unpatentable. Altaire appealed. The Federal Circuit reversed-in-part, vacated-in-part, and remanded.

Legal issue: Constitutional Article III standing in an appeal from a final agency action, impact of statutory right to appeal, and statutory estoppel factor on injury-in-fact.

The Federal Circuit first restated the constitutional minimum standing requirements. Then restated its *Phigenix* precedent to conclude that the existence of a statutory right to appeal relaxed the normal injury in fact and redressability standing requirements.

Legal issue: Constitutional Article III standing in an appeal from a final agency action, statutory estoppel factor on injury-in-fact.

Regarding the *estoppel*, the Federal Circuit held that "estoppel effect in this case further supports Altaire's claimed injury in fact" since Altaire contemplated infringing activity.

Legal issue, 5 USC 551, APA, abuse of discretion, requirements for an affidavit supporting test data.

The Federal Circuit concluded that the PTAB abused its discretion by assigning "no weight" to test data supported by an affidavit. The PTAB improperly required a showing that the affiant was an "expert witness," when no such requirement existed in the rule for admitting test data (rule 37 CFR 42.65(b)).

Legal issue, 5 USC 551, APA, abuse of discretion, testimony submitted with a petitioner response.

The Federal Circuit concluded that PTAB was required to consider the petitioner's reply testimony, because that testimony responded to a challenge to the qualifications of Petitioner's declarant's testimony. Accordingly, the Federal Circuit concluded that the PTAB abused its discretion by not considering the evidence.

Legal issue, 5 USC 551, APA, abuse of discretion, test data submitted with a petitioner response. The Federal Circuit also concluded that the PTAB abused its discretion by excluding additional test data evidence, submitted with the petitioner's reply, because the patent owner's challenge to that evidence was unexpected. The Federal Circuit explain that the challenge was unexpected because "Altaire had no reason to suspect that Paragon would later challenge the data, upon which it [sic; Paragon] previously relied [for Paragon's ANDA submission to the FDA], as unreliable before the PTAB."

Notes:

During oral argument, one Federal Circuit judge characterized Paragon behavior as "*at best, predatory gotcha.*" Oral argument at 16:50. This predatory gotcha behavior and may also have swayed the Court's decision to find standing.

The Federal Circuit repeatedly cites to *Belden* for the proposition that the PTAB "has long granted permission to file surreplies despite the absence of any regulation providing for such filings" But the PTAB is not required to grant permission to parties to file surreplies. And the PTAB is not required to grant permission to a patent owner to file a surreply when a petitioner includes new evidence with its reply. *Belden* conclusion, as a general rule, is suspect. Reliance upon *Belden* for the proposition that a patent owner is entitled to a surreply to a petitioner's reply that includes additional evidence is, in my view, best addressed by rule, not by PTAB panel discretion.

Disc Disease Solutions Inc. v. VGH Solutions, Inc., 2017-1483 (Fed. Cir. 5/1/2018).

This is a decision on an appeal from the M.D. Ga. case 1:15-cv-00188-LJA. The district court dismissed with prejudice Disc's complaint for failure to state a claim and denied Disc's request to amend its complaint. Disc appealed. The Federal Circuit reversed and remanded.

Legal issue: FRCP 12(b)(6), *Iqbal/Twombly* 'plausible on its face' standard for stating a claim upon which relief can be granted.

The Federal Circuit found that in a simple technology with simple patents, the "*Iqbal/Twombly*" standard was met by (1) attaching copies of the patents to the complaint; (2) specifically identified the accused product by name; (3) attaching photos of the product packaging as exhibits; and (4) alleging that the that the accused products meet "each and every element of at least one claim of the '113 [or '509] Patent, either literally or equivalently."

Note: The complaint was filed one day before the FRCP amendment abrogating Rule 84 and Form 18. The complaint was filed with Form 18. The Federal Circuit stated in a footnote that it did not "address the question of ... Form 18" because it concluded that Disc's pleadings were sufficient under *Iqbal/Twombly*.

Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Electronics America, Inc., 2016-2121, 2016-2208, 2016-2235 (Fed. Cir. 5/1/2018).

This is a decision on appeals from the E.D. Tex. district court case 4:08-cv-00451-RAS. A jury returned a verdict for Texas Advanced Optoelectronic Solutions (TAOS) and awarded damages no claims for patent infringement, trade secret misappropriation, breach of contract, and tortious interference. Both parties appealed. The Federal Circuit inter alia affirmed liability for trade secret misappropriation on a more limited basis than TAOS presented to the jury, affirmed liability for patent infringement, vacated the monetary awards and remanded.

Legal issue: Contract construction, terms defining limited right to use confidential information.

The Federal Circuit held that use of confidential information of another entity, to make a "Build vs. Buy" analysis obtained under an agreement providing for the limited purpose of enabling the recipient of such information to investigate and evaluate the business and financial condition of the other entity, was not misappropriation.

Legal issue: Constitution, Seventh Amendment right, disgorgement of profits issue for trade secret misappropriation.

The Federal Circuit held that there was no Seventh Amendment right for disgorgement of profits remedy for trade secret misappropriation.

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