Precedential Patent Case Decisions During January 2017

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I. Introduction

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

II. Abstracts of New Points of Law

Iris Connex, LLC v. Dell, Inc., 2:15-cv-1915-JRG (1/25/2017).

Legal issue, 35 USC 285, attorneys fees, and who can be liable for them.

While this is only a district court case, its precedential effect may be substantial. After post judgement discovery regarding who was Iris's real party in interest, the Court held two non parties liable for attorneys fees pursuant to 35 USC 285, and for sanctions fees. Regarding who can be liable under 285,the Court concluded that:

> The question of who can be held liable under Section 285 has not been exhaustively explored by the appellate courts. However, this Court does not have the luxury of waiting for further guidance. As explained below, the Court concludes that the statutory text, current case law, and statutory purpose behind the Patent Act and Section 285 all support assessing direct Section 285 liability against non-parties, so long as (1) the actor is responsible for conduct that makes the case exceptional, (2) the actor is afforded due process, and (3) it is equitable to do so. [Iris Connex, LLC v. Dell, Inc., 2:15-cv-1915-JRG (1/25/2017).]

Cumberland Pharmaceuticals Inc. v. Mylan Institutional LLC, 2016-1155, 2016-1259 (Fed. Cir. 1/26/2017).

The Federal Circuit affirmed the N.D. Ill. district court in 1:12-cv-03846. The district court had rejected both Mylan's invalidity defenses: derivation of the claimed invention from someone at the FDA and obviousness.

Legal issue, 35 USC 102, burden of proof of derivation. The Federal Circuit held that the burden of proof of derivation, by the patentee from a third party, is clear and convincing evidence. The factual issue was who conceived of acetylcysteine compositions *substantially free of chelating agents*. Mylan had asserted that someone at FDA conceived and communicated that invention to the subject patent's named inventor:

> Cumberland Pharmaceuticals, Inc. owns U.S. Patent No. 8,399,445, which describes and claims acetylcysteine compositions substantially free of chelating agents. *** In this case, as the derivation issue was litigated, it suffices to focus on the fact that the required complete conception had to include the specific idea to remove EDTA from Acetadote® (or a similar product that met all the other

’445 claim elements) and *not* add another chelating agent. It was that idea which Mylan had to show, by clear and convincing evidence, was conceived by someone at the FDA and communicated to Mr. Pavliv. *See Amax Fly Ash Corp.*, 514 F.2d at 1048. [Cumberland Pharmaceuticals Inc. v. Mylan Institutional LLC, 2016-1155, 2016-1259 (Fed. Cir. 1/26/2017).]

Regarding the burden of proof of derivation from the third party, the Court stated:

> In inventorship disputes, “the inventors named on the issued patent are presumed to be correct” and “a person seeking to add his name ‘must meet the heavy burden of proving its case by clear and convincing evidence.’” *Shumv. Intel Corp.*, 633 F.3d 1067, 1083 (Fed. Cir. 2010) (*quoting Eli Lilly & Co. v. Aradigm Corp.*, 376 F.3d 1352, 1358(Fed. Cir. 2004)). We apply the same approach in the derivation context here. *Amax Fly Ash Corp. v. United States*, 514 F.2d 1041, 1047–48 (Ct. Cl. 1975), cited with approval in *Hess v. Advanced Cardiovascular Sys., Inc.*,106 F.3d 976, 980 (Fed. Cir. 1997). [Cumberland Pharmaceuticals Inc. v. Mylan Institutional LLC, 2016-1155, 2016-1259 (Fed. Cir. 1/26/2017).]

Tinnus Enterprises, LLC v. Telebrands Corporation, 2016-1410 (Fed. Cir. 1/24/2017).

The Federal Circuit affirmed the Ed. Tex. district court in No. 6:15-cv-00551-RWS-JDL. The district court had granted a preliminary injunction barring Telebrands from selling its accused product, Balloon Bonanza, or any colorable imitation thereof, based upon Tinnus' USP 9,051,066.

Legal issue, 35 USC 112 indefiniteness.

On December 30, 2016, the PTAB issued a final written decision in PGR2015-00018 finding the claims 1–6, 8, and 10–14 of USP 9,051,066 unpatentable for indefiniteness. In this Federal Circuit appeal, footnote 7 states:

> We are aware that the PTAB issued a Final Written Decision on December 30, 2016, concluding that the claims of the ’066 patent are indefinite. The PTAB’s decision is not binding on this court, and based on the record before us and the applicable standard of review, it does not persuade us that the district court abused its discretion in granting the preliminary injunction. The parties are, of course, free to ask the district court to reconsider its preliminary injunction in light of the PTAB’s Decision. [Tinnus Enterprises, LLC v. Telebrands Corporation, 2016-1410, footnote 7 (Fed. Cir. 1/24/2017).]

That awareness did not seem to affect the Court's reasoning rejecting Telebrands' indefiniteness argument:

> ...Because Telebrands did not object to the R&R’s indefiniteness determination, we review the district court’s determination on indefiniteness for plain error. *Douglass*, 79 F.3d at 1430. *** Turning to the merits, Telebrands

argues on appeal that the '066 patent creates a subjective standard for determining whether a container is "substantially filled" because the specification makes frequent references to detaching the containers when they reach a "desired size." Appellant Br. 13–14. The specification, however, does not define or equate "substantially filled" with "desired size." And the claims themselves teach that shaking causes the containers to detach from the hollow tubes when they are "substantially filled" with water, '066 patent col. 6 ll. 46– 51, meaning that shaking will not detach the containers if they are not "substantially filled." To put a finer point on it, if the balloons detach after shaking, then they are "substantially filled." The R&R cited a portion of this claim language to support its conclusion that the '066 patent provided "specific parameters" for determining when the containers are "substantially filled." Magistrate Op., 2015 WL 11089479, at *5. *** Thus, we do not find this argument persuasive. [Tinnus Enterprises, LLC v. Telebrands Corporation, 2016-1410 (Fed. Cir. 1/24/2017).]

Legal issue, evidence of irreparable harm

Tinnus concludes that evidence pre-dating patent issuance can support a conclusion of irreparable harm

Finally, Telebrands alleges that it was clear error for the Magistrate Judge to rely on evidence pre-dating the '066 patent's issuance in support of its finding of irreparable harm. *Citing GAF Building Materials Corp. v. Elk Corp. of Dallas*, 90 F.3d 479 (Fed. Cir. 1996), Telebrands asserts that irreparable harm must be measured from the date the patent issues because that is the date on which the right to exclude others arises. The *GAF* case is inapposite, however, because it addresses the dismissal for lack of jurisdiction of an action for declaratory judgment of invalidity and noninfringement of a design patent that had not yet issued. Id. at 481–83. And Telebrands cites no case prohibiting reliance on evidence of irreparable harm pre-dating the patent's issuance. Evidence of consumer confusion, harm to reputation, and loss of goodwill pre-dating the patent is, at the very least, circumstantial evidence demonstrating the possibility of identical harms once the patent issues. Neither party has suggested that the issuance of a patent would somehow mitigate or otherwise eliminate those harms. Similarly, the pre-issuance price erosion evidence may be relevant to show what would happen if Balloon Bonanza was no longer on the market. For example, it might support an argument that, absent competition, Tinnus could raise its price back to the original price point, but would not be able to do so as long as competition from Balloon Bonanza remains. [Tinnus Enterprises, LLC v. Telebrands Corporation, 2016-1410, (Fed. Cir. 1/24/2017).]

Verinata Health, Inc. v. Ariosa Diagnostics, Inc., 12-cv-05501-SI, Dkt. No. 300 (N.D. Cal. 1/19/2017).

The N.D. Cal district court granted in part Verinata's motion to strike certain invalidity

contentions based upon 315(e) IPR estoppel.

Legal issue, 35 USC 315(e) scope of estoppel applied to a sub-combination of a combination to which 315(e) estoppel applies, despite a PTAB non-institution decision on the sub-combination.

This is only a district court case, but shows the evolving states of the law regarding 315(e). The district court concluded that estoppel applied to the combination of Dhallan and Binladen, despite the fact that the PTAB declined to institute on that ground. Instead, the PTAB instituted on the Dhallan, Binladen, and Shoemaker combination. However, the PTAB finally decided that the Dhallan, Binladen, Shoemaker combination ground stated in the petition failed to show the claims to be unpatentable:

> In May 2013, Ariosa filed two IPR petitions, which together challenged all asserted claims of the '430 Patent. Decl. Walter (Dkt. No. 301), Exs. 3, 25. In its petitions, Ariosa asserted three grounds of invalidity: (1) obviousness over the combined teachings of Dhallan and Binladen; *** and (3) obviousness over the combined teachings of Shoemaker, Dhallan, and Binladen. *See id.* The PTAB instituted IPR on only the third ground. Decl. Walter, Exs. 4, 26. On August 15, 2016, on remand from the Federal Circuit, the PTAB issued a second final written decision, rejecting Ariosa's invalidity grounds because Ariosa had not sufficiently described "why the ordinary artisan would have combined the [Shoemaker, Dhallan, and Binladen] references [in Ariosa's petition] to arrive at the method of the challenged claims . . . ." Decl. Walter, Ex. 11, at 17.*** Ariosa is estopped, however, from raising the obviousness combination of Dhallan and Binladen. Because the PTAB did not institute on this exact ground, instead finding it redundant in light of the instituted grounds of Shoemaker, Dhallan, and Binladen, the question is whether defendants "raised or reasonably could have raised" obviousness over Dhallan and Binladen during the IPR proceedings. The Court finds that defendants raised, or could have raised, these grounds in the IPR proceedings, as the combination of Dhallan and Binladen is simply a subset of the instituted grounds. Accordingly, Ariosa is estopped from raising invalidity grounds based on obviousness combinations of the Shoemaker, Dhallan, and Binladen art presented to the PTAB. [Verinata Health, Inc. v. Ariosa Diagnostics, Inc., 12-cv-05501-SI, Dkt. No. 300 (N.D. Cal. 1/19/2017).]

Comment: The court does not state whether the Dhallan and Binladen grounds relied upon the same teachings and the same legal theory for motivation to combine as the Shoemaker, Dhallan, and Binladen ground.

The district court also provided a summary of cases dealing with construction of 315(e) in light of *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016):

> However, the Federal Circuit did not limit its decision in *Shaw* as plaintiffs suggest. The court chose instead to interpret the IPR estoppel language literally, plainly stating that only arguments raised or that reasonably could have

been raised during IPR are subject to estoppel. 817 F.3d at 1300. Since *Shaw*, courts have read the decision accordingly. *See, e.g., HP Inc. v. MPHJ Tech. Invs., LLC*, 817 F.3d 1339, 1347 (Fed. Cir. 2016) ("[T]he noninstituted grounds do not become a part of the IPR. . . . [T]he noninstituted grounds were not raised and, as review was denied, could not be raised in the IPR."); *Illumina, Inc. v. Qiagen, N.V.*, No. 16-2788-WHA, 2016 WL 4719269, at *6 (N.D. Cal. Sept. 9, 2016) ("The Federal Circuit recently held that statutory estoppel does not apply to grounds raised in a petition but not instituted. [Citation.] Thus, the arguments that Qiagen raises herein, which were not instituted by the IPR, are not barred by Section 315(e)(2)."); *Intellectual Ventures I LLC v. Toshiba Corp.*, No. 13-453-SLR, 2016 WL 7341713, at *13 (D. Del. Dec. 19, 2016) ("[I]n *Shaw*[,] . . . because the PTAB rejected a certain invalidity ground proposed by the IPR petitioner, no IPR was instituted on that ground and, therefore, petitioner 'did not raise—nor could it have reasonably raised—the [rejected] ground during the IPR.'"), reconsideration denied, 2017 WL 107980, at *1 (D. Del. Jan. 11, 2017) (emphasis in original) ("[T]here . . . can be no dispute that estoppel does not apply to invalidity grounds that were raised by a petitioner in an IPR, but rejected by the [PTAB] as instituted grounds (i.e., 'noninstituted grounds')."). Indeed, limiting IPR estoppel to grounds actually instituted ensures that estoppel applies only to those arguments, or potential arguments, that received (or reasonably could have received) proper judicial attention. Accordingly, the Court finds that under *Shaw*, statutory estoppel only bars the petitioner, or the real party-in-interest or privy of the petitioner, from asserting invalidity grounds raised, or that reasonably could have been raised, during IPRs of the patents-in-suit. [Verinata Health, Inc. v. Ariosa Diagnostics, Inc., 12-cv-05501-SI, Dkt. No. 300 (N.D. Cal. 1/19/2017).]

SUPPLEMENTAL NOTE ON **Verinata Health, Inc. v. Ariosa Diagnostics, Inc.**

On 1/27/2017, Verinata filed a mandamus petition with the Federal Circuit. Ariosa's response deadline was extended by motion to 2/14. Meanwhile, on 2/3/2017, Depomed, Inc. filed an amicus brief arguing that the Federal Circuit should overturn *Shaw*:

> Thus, the only way to interpret the entire statute consistently in light of *Shaw* is to find that the language "during that inter partes review" does not apply to any ground the petitioner "reasonably could have raised." See Section 315(e)(2) (petitioner "may not assert … in a civil action … that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review."). This is because the only point in which a petitioner "reasonably could have raised" an invalidity challenge is in "the institution phase" when it submits its initial petition, which the *Shaw* Court has found is "before" and not "during" that inter partes review. For this reason, it is far more appropriate to interpret "during that inter partes review" to include both phases of an IPR proceeding. *** Accordingly, pursuant to Section 315(e)(2), estoppel applies to all invalidity grounds that a petitioner "reasonably could have

raised" when it submitted its IPR petition to the PTAB. This is the only interpretation that considers the entirety of the statute and is consistent with the intent of the statute.

Eli Lilly and Company v. Teva Parenteral Medicines, Inc., 2015-2067 (Fed. Cir. 1/12/2017).

The Federal Circuit affirmed the appeal from the decision of the S.D. Ind. district court in case 1:10-cv-01376-TWPDKL that found direct infringement attributable to physicians and held Defendants liable for inducing that infringement; and determined that the asserted claims were not invalid for, inter alia, indefiniteness, obviousness, or obviousness-type double patenting. The district court action was pursuant to 35 USC 271(e)(2), for an ANDA filing containing a 21 U.S.C. § 355(j)(2)(A)(vii)(IV) ANDA certification that USP 7,772,209 was invalid, unenforceable, and would not be infringed.

Legal issue, 35 USC 271(a), attribution of method claims steps to a single entity.

In this decision, the Federal Circuit concluded that product labeling was sufficient to show attribution. The claims required the step of administering folic acid followed by the step of administering the anti-cancer drug pemetrexed disodium. The evidence showed that a physician would administer pemetrexed disodium, but only after the patient administered folic acid. The product labeling carried the evidentiary burden to show attribution of the action of the patient, in administering folic acid, to the physician.

> Where, as here, no single actor performs all steps of a method claim, direct infringement only occurs if "the acts of one are attributable to the other such that a single entity is responsible for the infringement." *Akamai V*, 797 F.3d at 1022. The performance of method steps is attributable to a single entity in two types of circumstances: when that entity "directs or controls" others' performance, or when the actors "form a joint enterprise." *Id*. *** the question of direct infringement before us is whether physicians direct or control their patients' administration of folic acid. *** In *Akamai V*, we held that directing or controlling others' performance includes circumstances in which an actor: (1) "conditions participation in an activity or receipt of a benefit" upon others' performance of one or more steps of a patented method, and (2) "establishes the manner or timing of that performance." *Id*. at 1023 (emphases added). In addition to this two-prong test, we observed that, "[i]n the future, other factual scenarios may arise which warrant attributing others' performance of method steps to a single actor. Going forward, principles of attribution are to be considered in the context of the particular facts presented." *Id.* [Eli Lilly and Company v. Teva Parenteral Medicines, Inc., 2015-2067 (Fed. Cir. 1/12/2017).]
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> The district court's finding that physicians "condition" pemetrexed treatment on the administration of folic acid is supported by the record evidence. The Physician Prescribing Information, which is "directed to the physician," J.A. 2181, explains that folic acid is a "[r]equirement for [p]remedication" in order "to reduce the severity of hematologic and gastrointestinal toxicity of [pemetrexed]."

J.A. 11258. *** Furthermore, Eli Lilly's expert, Dr. Chabner, testified that it is "the physician's responsibility to initiate the supplementation" of folic acid. J.A. 2181. He explained that the product labeling shows that taking folic acid is "an absolute requirement" before pemetrexed treatment because "it wouldn't be safe to take the drug without the vitamin supplementation. . . . [I]t must be done this way." *** The product labeling is again informative. For instance, the Physician Prescription Information instructs physicians not only to tell patients to take folic acid orally, but also to take "400 [ìg] to 1000 [ìg] [of folic acid] once daily beginning 7 days before the first dose of [pemetrexed]," accompanied with warnings about the consequences of non-compliance. J.A. 11256. That dosage range and schedule overlaps with all of the asserted claims' dosage ranges and schedules.6 In addition, Dr. Chabner testified that "it's the doctor" who "decides how much [folic acid] the patient will take and when the patient takes it." [Eli Lilly and Company v. Teva Parenteral Medicines, Inc., 2015-2067 (Fed. Cir. 1/12/2017).]

Legal issue, 35 USC 271(b), inducement to infringe based upon ANDA product labeling.

Although we conclude that the two-prong *Akamai V* test is met here, this does not end our inquiry. "The mere existence of direct infringement by physicians, while necessary to find liability for induced infringement, is not sufficient for inducement." *Takeda Pharm. USA, Inc. v. West-Ward Pharm. Corp.*, 785 F.3d 625, 631 (Fed. Cir. 2015). To show inducement, Eli Lilly carries the burden of further proving "specific intent and action to induce infringement." *Takeda*, 785 F.3d at 631. Mere "knowledge of the acts alleged to constitute infringement" is not sufficient. DSU Med., 471 F.3d at 1305. *** We make two observations at the outset. First, to be clear, the intent for inducement must be with respect to the actions of the underlying direct infringer, here physicians. Second, we have not required evidence regarding the general prevalence of the induced activity. When the alleged inducement relies on a drug label's instructions, "[t]he question is not just whether [those] instructions describ[e] the infringing mode, . . . but whether the instructions teach an infringing use such that we are willing to infer from those instructions an affirmative intent to infringe the patent." *Takeda*, 785 F.3d at 631 (internal quotation marks omitted). "The label must encourage, recommend, or promote infringement." *Id*. For purposes of inducement, "it is irrelevant that some users may ignore the warnings in the proposed label." *AstraZeneca LP v. Apotex, Inc.*, 633 F.3d 1042, 1060 (Fed. Cir. 2010). *** In sum, evidence that the product labeling that Defendants seek would inevitably lead some physicians to infringe establishes the requisite intent for inducement. The district court did not clearly err in concluding that Defendants would induce infringement of the asserted claims of the '209 patent. [Eli Lilly and Company v. Teva Parenteral Medicines, Inc., 2015-2067 (Fed. Cir. 1/12/2017).]

Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).

The Federal Circuit dismissed the appeal from PTAB decision IPR2014-00676. The PTAB had issued a final written decision finding the challenged claims nonobvious.

Legal issue, Constitutional Article III standing in an appeal from an agency decision.

In this decision, the Federal Circuit defines the criteria required to establish "standing in an appeal from a final agency action," including the burden of production, evidence, and timing of establishing standing.

The Federal Circuit defines the "summary judgment burden of production" applicable to demonstrating Article III standing in an appeal from an agency decision when the appellant's standing comes into doubt.

The Federal Circuit defines evidence the appellant must product to meet this burden: standing may be self-evident (such as when the appellant is or was the object of the action). If not, the appellant must identify record evidence sufficient to support its standing if standing was raised below. If standing was not an issue below and record evidence supporting standing does not exist, the appellant must submit additional evidence to the court of appeals by affidavit or other evidence.

The Federal Circuit defines when standing evidence must produced at the appellate level to be "at the earliest possible opportunity."

The excerpts below show these summaries.

> In the nearly thirty-five years since the court's inception, we have not established the legal standard for demonstrating standing in an appeal from a final agency action. This standard must identify the burden of production; [footnote 3 omitted] the evidence an appellant must produce to meet that burden; and when an appellant must produce that evidence. We discuss each item in turn. [Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).]

> As to the burden of production, the Supreme Court has held that each element is "an indispensable part of" an appellant's case and "must be supported in the same way as any other matter on which the [appellant] bears the burden of proof, i.e., with the manner and degree of evidence required at the successive stages of the litigation." *Lujan*, 504 U.S. at 561. Interpreting *Lujan*, the D.C. Circuit has held that an appellant's burden of production is "the same as that of a plaintiff moving for summary judgment in the district court." *Sierra Club v. EPA*, 292 F.3d 895, 899 (D.C. Cir. 2002) (citation omitted). At least four of our sister circuits have adopted the D.C. Circuit's standard, *see Sierra Club v. EPA*, 793 F.3d 656, 662–663 (6th Cir. 2015), *cert. denied sub nom., Ohio v. Sierra Club*, 136 S. Ct. 1491 (2016); *N. Laramie Range All. v. FERC*, 733 F.3d 1030, 1034 (10th Cir. 2013); *Iowa League of Cities v. EPA*, 711 F.3d 844, 869–70 (8th Cir. 2013); *Citizens Against Ruining the Env't v. EPA*, 535 F.3d 670, 675 (7th Cir. 2008), and two others appear to have followed it, *see Ass'n of Pub. Agency Customers v. Bonneville Power Admin.*, 733 F.3d 939, 971 n.7 (9th Cir. 2013) (Alarcón, J., dissenting) (explaining that the Ninth Circuit has appeared to follow, but not expressly adopted, the burden of production standard articulated in *Sierra*

Club, 292 F.3d 895); *Manufactured Hous. Inst. v. EPA*, 467 F.3d 391, 398 (4th Cir. 2006) (similar). [footnote 4 omitted.] Our review of *Lujan* and the Supreme Court's subsequent decisions leads us to conclude that the summary judgment burden of production applies in cases where an appellant seeks review of a final agency action and its standing comes into doubt. *See Lujan*, 504 U.S. at 561 (explaining that a party challenging government action may demonstrate its standing, inter alia, "at the summary judgment stage"); see also *Massachusetts*, 549 U.S. at 521–23 (relying upon evidence typically produced at the summary judgment stage (i.e., affidavits and declarations) to find that a party possessed standing in an appeal from a final agency action). [Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).]

Having established the relevant burden of production, we turn to what evidence will meet the burden. The D.C. Circuit has held that, in some cases, an appellant's "standing to seek review of administrative action is self evident; no evidence outside the administrative record is necessary for the court to be sure of it." *Sierra Club*, 292 F.3d at 899–900. Self-evident standing typically arises when an appellant "is 'an object of the action (or forgone action) at issue.'" [footnote 5 omitted.] *Id*. at 900 (quoting *Lujan*, 504 U.S. at 561–62). "When the [appellant]'s standing is not self-evident, however, the [appellant] must supplement the record to the extent necessary to explain and substantiate its entitlement to judicial review." *Id*. In so doing, an appellant may submit "arguments and any affidavits or other evidence" to demonstrate its standing. *Id*. Taken together, an appellant "must either identify . . . record evidence sufficient to support its standing to seek review or, if there is none because standing was not an issue before the agency, submit additional evidence to the court of appeals," such as "by affidavit or other evidence." *Id*. at 899 (internal quotation marks and citation omitted). [Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).]

Finally, we must determine when an appellant should produce the evidence establishing its standing. Because standing involves threshold questions over a court's authority to hear a dispute, *see Massachusetts*, 549 U.S. at 505, an appellant must identify the relevant evidence demonstrating its standing "at the first appropriate" time, whether in response to a motion to dismiss or in the opening brief, *Sierra Club*, 292 F.3d at 900; see id at 901. Imposing on an appellant the dual obligations of producing the evidence and producing the evidence early in the litigation comports with the reality that such evidence is "necessarily peculiar to" the appellant and "ordinarily within its possession." *Id*. at 901. Thus, if there is no record evidence to support standing, the appellant must produce such evidence at the appellate level at the earliest possible opportunity. [Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).]

Legal issue, summary judgment burden of production on standing from an administrative proceeding. The Federal Circuit found Phigenix's evidence consistent of statements of law and

concluded that was insufficient to meet the summary judgment standard.

> Rule 56(c)(4) explains that a "declaration used to support . . . a motion must be made on personal knowledge, set out facts that would be admissible in evidence, and show that the . . . declarant is competent to testify on the matters stated." Fed. R. Civ. P. 56(c)(4) (emphasis added). A "conclusion[] of law" in a declaration "cannot be utilized [i]n a summary-judgment motion." *** Phigenix's documents do not have such supporting facts. *** The conclusory statements in the Gold Declaration and the letter as to the hypothetical licensing injury therefore do not satisfy the requirements of Rule 56(c)(4). [Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).]

The Federal Circuit ignored Phigenix's activity in research and development in the relevant field, and applied the injury-in-fact standard it previously applied to non practicing entities, to find no injury-in-fact.

> The third party, Phigenix, describes itself "as a for-profit discovery stage biotechnology, pharmaceutical, and biomedical research company" that focuses "on the use of novel molecular therapeutics" designed to fight cancer. *** Finally, Phigenix asserts an injury in fact based on 35 U.S.C. § 315(e), arguing that "the estoppel effect of the [PTAB]'s decision adversely impacts Phigenix's ability to provide a contractual warranty." *** In *Consumer Watchdog*, we explained that a similar estoppel provision "do[es] not constitute an injury in fact" when, as here, the appellant "is not engaged in any activity that would give rise to a possible infringement suit." 753 F.3d at 1262 (citation omitted). We see no reason to reach a different conclusion on the facts before us. [Phigenix, Inc. v. Immunogen, Inc., 2016-1544 (Fed. Cir. 1/9/2017).]

Andre Walker v. Health International Corporation, 2015-1676 (Fed. Cir. 1/6/2017).

The Federal Circuit affirmed the decision of the Colorado district court in case 1:12-cv-03256-WJM-KLM, and found the appeal to be frivolous and granted a motion for sanctions. The district court had "awarding sanctions for Walker's vexatious actions in continuing to litigate after the parties settled all claims." Walker counsel compounded their errors on appeal *inter alia* by improperly accusing opposing counsel of misconduct. Consequently, the Federal Circuit awarded sanctions against counsel, in the full amount requested by HIC.

Miscellaneous issue, Sanctions.

> Walker also raises new arguments in his Reply amounting to baseless accusations against opposing counsel. *** This appeal was frivolous as filed. *** Walker's numerous mischaracterizations of clear authority in arguing the appeal also makes this case frivolous as argued. *** Particularly troubling are Walker's baseless assertions of misconduct against his opposing counsel and continued misrepresentation of clear, binding Supreme Court precedent even after

the distortion was pointed out by opposing counsel. The continued misrepresentation standing alone is a very serious matter that could warrant sanctions. *** We therefore hold Walker's counsel jointly and severally liable for the damages we assess. [Andre Walker v. Health International Corporation, 2015-1676 (Fed. Cir. 1/6/2017).]

While not new law, the following restatement of the Federal Circuit's authority to award attorney's fees and costs as sanctions is useful.

> The court's authority to award attorneys' fees and costs as sanctions under Federal Rule of Appellate Procedure 38 is linked to the merits of, and the party's conduct during, the appeal. Rule 38 provides that "[i]f a court of appeals determines that an appeal is frivolous, it may, after a separately filed motion or notice from the court and reasonable opportunity to respond, award just damages and single or double costs to the appellee." We recognize two related ways that an appeal can be frivolous under Rule 38. First, an appeal is frivolous as filed when "the judgment by the tribunal below was so plainly correct and the legal authority contrary to appellant's position so clear that there really is no appealable issue." *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 948 F.2d 1573, 1578 (Fed. Cir. 1991) (quoting *Finch v. Hughes Aircraft Co.*, 926 F.2d 1574, 1579–80 (Fed. Cir. 1991)). Second, an appeal is frivolous as argued when "the appellant's misconduct in arguing the appeal" justifies such a holding. Id. (quoting *Romala Corp. v. United States*, 927 F.2d 1219, 1222 (Fed. Cir. 1991)). Such misconduct can include manufacturing arguments "by distorting the record, by disregarding or mischaracterizing the clear authority against its position, and by attempting to draw illogical deductions from the facts and the law." Id. at 1579. [Andre Walker v. Health International Corporation, 2015-1676 (Fed. Cir. 1/6/2017).]

Sonix Technology Co., Ltd. v. Publications International, Ltd., 2016-1449 (Fed. Cir. 1/5/2017).

The Federal Circuit reversed the decision of the N.D. Ill. in case 1:13-cv-02082. The district court had granted summary judgment that the claims were invalid for indefiniteness. The district court had held that the claimed term "visually negligible" rendered the asserted claims indefinite. The Federal Circuit recapped its reasoning as follows:

> Our holding in this case does not mean that the existence of examples in the written description will always render a claim definite, or that listing requirements always provide sufficient certainty. Neither does the fact that an expert has applied a contested claim term without difficulty render a claim immune from an indefiniteness challenge. As always, whether a claim is indefinite must be judged "in light of the specification and prosecution history" of the patent in which it appears. Interval Licensing, 766 F.3d at 1369. We simply hold that "visually negligible" is not a purely subjective term and that, on this record, the written description and prosecution history provide sufficient support

> to inform with reasonable certainty those skilled in the art of the scope of the invention. The examiner's knowing allowance of claims based on the term that is now questioned, plus the acceptance of the term by both parties' experts, force us to the conclusion that the term "visually negligible" is not indefinite. Accordingly, we reverse the district court's conclusion that the asserted claims are invalid as indefinite. [Sonix Technology Co., Ltd. v. Publications International, Ltd., 2016-1449 (Fed. Cir. 1/5/2017).]

Legal issue, standard of review. The Federal Circuit decided that the de novo standard applied regardless of the existence extrinsic evidence supporting judicial fact findings underlying the district court's indefiniteness conclusion. This is because the district court indicated that the extrinsic evidence unnecessary for its conclusion.

> The district court expressly explained that the extrinsic evidence was "not necessary for [its] consideration" of the indefiniteness issue. *Opinion*, 2015 WL 8153600, at *15. Moreover, the district court's conclusions of subjectivity and lack of an objective standard are not findings subject to clear error review; instead, they are conclusions relating to the meaning of the intrinsic evidence, and whether it conveys claim meaning with reasonable certainty. *See Teva* II, 789 F.3d at 1342. Such conclusions cannot be transformed into factual matters "simply by having an expert offer an opinion on [them]." *Id*. [Sonix Technology Co., Ltd. v. Publications International, Ltd., 2016-1449 (Fed. Cir. 1/5/2017).]

Legal issue, 35 USC 112 indefiniteness. The Federal Circuit distinguished the facts in this case from its prior decisions on indefiniteness. First, the Federal Circuit found that "visually negligible" was not purely subjective:

> *Datamize* and *Interval Licensing* involved terms that were subjective in the sense that they turned on a person's tastes or opinion. "Aesthetically pleasing" implicates matters of taste or preference; whether something is aesthetically pleasing is a value judgment that inherently varies from person to person. "In an unobtrusive manner that does not distract" similarly implicates a person's individual focus, concentration, attentiveness, or similar mental state at a given moment, or even opinions, affecting what is or is not distracting. The question whether something is "visually negligible" or whether it interferes with a user's perception, however, involves what can be seen by the normal human eye. This provides an objective baseline through which to interpret the claims. *See Warsaw Orthopedic, Inc. v. NuVasive, Inc.*, 778 F.3d 1365, 1371 (Fed. Cir. 2015), *cert. granted, judgment vacated sub nom. Medtronic Sofamor Danek USA, Inc. v. NuVasive, Inc.*, 136 S. Ct. 893 (2016), and opinion reinstated in relevant part, 824 F.3d 1344, 1346 (Fed. Cir. 2016). Thus, although the term may be a term of degree, it is not "purely subjective." [Sonix Technology Co., Ltd. v. Publications International, Ltd., 2016-1449 (Fed. Cir. 1/5/2017).]

Second, the Federal Circuit interpolated written description relative to earlier cases dealing with indefiniteness:

> On the other hand, the '845 patent contains considerably more detail than *Datamize* or *Interval Licensing*. As explained previously, the written description of the '845 patent includes: (1) a general exemplary design for a visually-negligible indicator, '845 patent, col. 3 ll. 13–20; (2) "requirements for the graphical indicators being negligible to human eyes," id. col. 4 l. 60–col. 5 l. 5; and (3) two specific examples of visually-negligible indicators, id. col. 5 ll. 6–15. That there are examples at all distinguishes this case from *Datamize*, and that the written description contains an additional example and specific requirements distances this case from *Interval Licensing*. Instead, the level of detail provided in the written description is closer to that provided in *Enzo*: These are statements that provide guidance on how to create visually-negligible indicators, and specific examples that provide points of comparison for the result. [Sonix Technology Co., Ltd. v. Publications International, Ltd., 2016-1449 (Fed. Cir. 1/5/2017).]

Finally, the Federal Circuit found circumstantial evidence in the litigation history probative that "visually negligible" was not indefinite.

> The extrinsic evidence, to the extent that it is necessary in this case, does not counsel otherwise. Appellees apparently understood the meaning of "visually negligible" from the beginning of the litigation. Their initial invalidity contentions did not argue that the "visually negligible" was indefinite, and neither did their final contentions. Indeed, at no point before Dr. Ashok's deposition did they contend that "visually negligible" was indefinite, even though they contended that twenty-eight other terms were indefinite. That Appellees themselves did not question the clarity of "visually negligible" in the first several years of litigation supports the conclusion that the term could be understood with reasonable certainty.
>
> Appellees' other actions during litigation also reflect that they understood "visually negligible." They initially argued for a specific construction of the term, but later abandoned their attempt in favor of an ordinary-meaning construction. The parties' experts also had no difficulty in applying "visually negligible." Dr. Ashok and Dr. Engels repeatedly applied the term to the references and the accused products. Although Appellees again argue that this does not establish an objective standard, continued application by the experts in this case further supports the conclusion that a skilled artisan did understand the term with reasonable certainty. [Sonix Technology Co., Ltd. v. Publications International, Ltd., 2016-1449 (Fed. Cir. 1/5/2017).]

Wi-Fi One, LLC v. Broadcom Corporation, 2015-1944, -1945, -1946 (Fed. Cir. 1/4/2017)(en banc order, per curiam).

Procedural issue, decision on petition for en banc review. The en banc Federal Circuit granted Wi-Fi One's petition for en banc review of the Court's 9/16/2016 panel decision(s) of appeals from PTAB decisions in IPR2013-00601, IPR2013-00602, and IPR2013-00636. The panel decision held that the the Supreme court's *Cuozzo* decision had not overruled the Federal Circuit's earlier *Achates* decision (holding that determination to initiate IPR proceedings based on the PTAB's assessment of the time-bar of § 315(b), even if such assessment was reconsidered during the merits phase of the PTAB proceeding and restated as part of the PTAB's final written decision, was not appealable). The en banc order (1) grants en banc review; (2) vacates the panel decision(s) and reinstates the appeal(s); and (3) requests additional briefing by the parties, amici, the USPTO on the following question:

> Should this court overrule *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015) and hold that judicial review is available for a patent owner to challenge the PTO's determination that the petitioner satisfied the timeliness requirement of 35 U.S.C. § 315(b) governing the filing of petitions for inter partes review?

In re Ethicon, Inc., 2015-1696 (Fed. Cir. 1/3/2017).

The Federal Circuit affirmed the PTAB decision in appeal 2014-008135 (from merged inter partes reexaminations 95/000,542 and 95/000,552) in which the PTAB had affirmed an obviousness rejection. A majority of the Court (Judges Lourie and Dyke) agreed with the Director that the PTAB had not erred on fact findings and conclusions that claims were obvious in view of a combination of three references. Judge Newman dissented, categorically disagreeing with every one of the majority's conclusions. I see no clear precedential point of law in the case.

In re Marcel Van Os, 2015-1975 (Fed. Cir. 1/3/2017).

The Federal Circuit vacated and remanded the PTAB decision of an appeal from patent application 12/364,470. The PTAB had affirmed an obviousness rejection over two prior art references on the sole basis that the combination was "intuitive."

Legal issue, 35 USC 103, substantial evidence for motivation to combine. The Court found the PTAB's conclusion, that motivation for the combination existed because the combination was "intuitive," failed the test for an articulated rationale to support a finding under the substantial evidence standard, for a motivation to combine:

> The Board's conclusion that claims 38–41 of the '470 application would have been obvious hinges on its finding that a person of ordinary skill in the art would have been motivated to modify Hawkins' initiation of an editing mode via menu selection or keyboard command with Gillespie's disclosure of a sustained touch, "holding the finger steady over an icon for a given duration" to "activate" an icon. Specifically, the Board found, without further discussion, that the combination of Gillespie with Hawkins would have been "intuitive." *** Absent some articulated rationale, a finding that a combination of prior art would have been "common sense" or "intuitive" is no different than merely stating the

> combination "would have been obvious." Such a conclusory assertion with no explanation is inadequate to support a finding that there would have been a motivation to combine. *** For these reasons, the Board's holding that claims 38–41 of the '470 application would have been obvious is vacated and remanded. [In re Marcel Van Os, 2015-1975 (Fed. Cir. 1/3/2017).]

Procedural issue, remedy.

Judge Newman concurred in vacating the PTAB decision, but dissented as to the remand. According to Judge Newman, the appropriate remedy should have been an instruction to the PTO to allow the application:

> PTO and the PTAB are not neutral arbiters; they bear the burden of establishing unpatentability. This is a critical difference between an examination appeal and the new post-grant AIA procedures. On examination, the statute provides: "A person shall be entitled to a patent unless—." 35 U.S.C. 102(a). Thus the burden of establishing unpatentability rests with the PTO during examination. If the PTO fails to carry that burden, by statute the applicant is "entitled to a patent." *** Unlike the facts of *In re Lee*, the issue here is not a lack of specificity or absence of citation to the record or to legal authority. *Lee*, 277 F.3d at 1343–44 (remanding for further explanation when examiner's suggested motivations to combine lacked "specificity" and were based on "unknown authority"). Nor is the Van Os application defective simply due to incorrect construction of a claim term, as in *Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1325–26 (Fed. Cir. 2015) ("Because we vacate the Board's construction of the 'coupled' limitation in claim 1, we likewise vacate and remand its anticipation rejections of claims 17, 18, and 19."). *** On our recognition and affirmation that the PTO failed to meet its statutory burden, the appropriate remedy is to instruct that the claims be allowed and the patent granted. [In re Marcel Van Os, 2015-1975 (Fed. Cir. 1/3/2017)(Judge Newman, dissenting on the remedy).]

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