

Brief Summary of Precedential Patent Case Decisions During March 2019

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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

TEK Global, S.R.L., v. Sealant Systems International, Inc., 2017-2507 (Fed. Cir. 3/29/2019).

This is a decision on appeals from the N.D. Cal. district court cases 3:11-cv-00774-VC, 5:11-cv-01649-PSG. The district court issued a claim construction order, denied Sealant Systems International (SSI)'s motion for a new trial, and denied SSI's motion for JMOL of invalidity, noninfringement, and damages, and the district court granted a permanent injunction against SSI. SSI appealed those issues. The Federal Circuit vacated the final judgement of no invalidity; granted the motion for a new trial on validity; and exercised its discretion to review and affirm all other issues.

Legal issue: FRCP 50, motion for new trial, abuse of discretion, erroneous interpretation of remand order resulting in exclusion of probative evidence and argument.

The Federal Circuit explained that, in a prior appeal (SSI II) for this case, it remanded because the district court construed the "additional hose cooperating with" limitation to not require a direct connection between the additional hose and the inflatable article, and had invalidated the claims for obviousness based upon Bridgestone in combination with Eriksen, despite the fact that neither reference disclosed an additional hose having a direct connection with the inflatable object.

The Federal Circuit explained that the district court misinterpreted the scope of its prior holding to preclude any reason why Bridgestone in combination with Eriksen might make the claim obvious. Consequently, the Federal Circuit determined that the district court's limitations on evidence and argument as a result of this misinterpretation constituted an abuse of discretion.

Endo Pharmaceuticals Inc. v. Teva Pharmaceuticals USA, Inc., 2017-1240, 2017-1455, 2017-1887 (Fed. Cir. 3/28/2019).

This is a decision on appeals from the D. Del. district court cases 1:14-cv-01381-RGA; 1:14-cv-01382-RGA; and 1:14-cv-01389-RGA. The district court held the claims of 8,808,737 ineligible under 35 USC 101. The Federal Circuit reversed.

Legal issue, 35 USC 101 patentable subject matter, Alice step 1, method of treatment.

This is a *Vanda* follow-on case. The district court found the claims ineligible, at *Alice* step 2. The Federal Circuit found the claims eligible at step 1. The Federal Circuit found the claims at issue "legally indistinguishable from the claims in *Vanda*. The Federal Circuit discounted each of Actavis' attempts to distinguish *Vanda*.

Chargepoint, Inc. v Semaconnect, Inc, 2018-1739 (Fed. Cir. 3/28/ 2019).

This is an appeal from D. Md. district court case 8:17-cv-03717-MJG. The district court held that the patent claims asserted by ChargePoint were patent ineligible. ChargePoint appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 101 patent eligibility, *Alice/Mayo*, step 1, "directed to" inquiry, network communications for controlling a remote device.

The Federal Circuit concluded that claim 1 was directed to the abstract idea of communication over a network for interacting with a device, applied to the context of electric vehicle charging stations.

Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).

This is a decision on appeals from the D. N.J. district court cases 2:13-cv-04507-CCC-MF; 2:13-cv-06929-CCC-MF; 2:13-cv-07803-CCC-MF; 2:14-cv-03941-CCC-MF; 2:14-cv-04617-CCC-MF; and 2:15-cv-06797-CCC-MF.

The district court found USP 7,994,364 not invalid obviousness or lack of utility. Alkem and Hickma appealed. The Federal Circuit affirmed.

The district court found that Hikma and Actavis did not infringe U.S. Patent No. 8,536,130. Grunenthal appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 271(c), inducing infringement, ANDA case, labeling.

This case discusses the circumstances under which proposed labeling does or does not result in inducing infringement.

The Federal Circuit found no error in the district court finding no inducement of infringement. The Federal Circuit noted that the proposed labels did not implicitly or explicitly encourage or instruct users to infringe (to take “action that would inevitably lead to use of tapentadol hydrochloride for treatment of polyneuropathic pain”).

Legal issue, 35 USC 101, practical utility requirement, pharmaceutical patent.

The Federal Circuit found that the district court did not err in finding the ‘364 patent met the “practical utility” requirement of 35 USC 101. The Federal Circuit concluded that the ‘364 patent concretely discloses the practical benefit of Form A of tapentadol hydrochloride as an analgesic. The Federal Circuit rejected Hikma’s argument that practical utility for a pharmaceutical requires test data.

Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).

This is a decision on appeals from PTAB cases IPR2016-01385, IPR2016-01388. The PTAB determined that all claims of the ‘188 and ‘822 were unpatentable. Arctic appealed. The Federal Circuit reversed in part, vacated in part, and remanded regarding the ‘188 patent, and affirmed regarding the ‘822 patent.

Legal issue: Priority of invention, requirements to show reasonable diligence in order to antedate a reference.

The PTAB determined that Arctic failed to show reasonable diligence from prior to the 102(e) date of the reference patent. The Federal Circuit disagreed.

The Federal Circuit concluded the Board erred by relying upon lack of a sufficiently detailed explanation of diligence. The Federal Circuit also held that “[I]ack of diligence cannot be inferred from putting the invention into someone else’s hands for needed testing and awaiting

test results for a short period commensurate with the testing need, at least where oversight was diligent.” The Federal Circuit found that the facts showed diligent oversight of the needed testing.

Note: The facts of this case are that the period for the required showing of diligence was April 1, 2002 to October 29, 2002, a seven month period. During that period, the Federal Circuit cited record evidence only on the dates of March 15, May 17, and August 16. The Federal Circuit inferred additional activity of revising the test specifications from revision indicia. That record, indicating a requirement for testing justifying delay, was sufficient to avoid the conclusion of lack of reasonable diligence.

SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).

This is a decision on an appeal from the D. Del. district court case 1:13-cv-01534-SLR-SRF. A jury found that Cisco infringed claims of the asserted patents. The district court denied Cisco’s SJ motion of 35 USC 101 patent ineligibility; denied Cisco’s motion for JMOL of no willful infringement. The district court also grant SJ of no anticipation, construed “network traffic data”; and granted enhanced damages, attorney’s fees, and ongoing royalties. Cisco appealed from of these district court actions.

The Federal Circuit decision is a split decision having a majority consisting of Judges O’Malley and Stoll, and a dissenting opinion by Judge Lourie.

Judge Lourie dissented from the majority decision upholding the patent eligibility of the claims. Judge Lourie would have held the claims to be “clearly abstract.” Judge Lourie would have found “the claims directed to the abstract idea of monitoring network security,” in *Alice/Mayo* step 1.

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, eligibility of a claim that improves the technical functioning of the computer and computer networks by reciting a specific technique for improving computer network security.

The majority held that claims that improve the technical functioning of the computer and computer networks by reciting a specific technique for improving computer network security were patent eligible.

Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).

This is a decision on an appeal from the S.D. Cal. district court case 3:16-cv-02146-H-AGS. The district court entered judgement on the pleadings that the asserted claims were patent ineligible. Natural appealed. The Federal Circuit majority consisting of Judges Moore and Wallace reversed and remanded.

Judge Reyna concurred-in-part and dissented-in-part, based upon his belief that the “district court and the majority relied on an erroneous claim construction.” Judge Reyna noted, in his footnote 2, that, on remand, the majority’s holding did not preclude claim construction. If Judge Reyna is correct, it may be that the district court will again review the patent eligibility of the claims after they are construed.

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, method of treatment claims that cover using a natural product in unnatural quantities with specific dosages.

The Federal Circuit majority held that method of treatment claims that cover using a natural product in unnatural quantities with specific dosages are patent eligible.

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, a claim to a product

made from a natural product that has different characteristics and the potential for significant utility relative to the natural product.

The Federal Circuit majority held that a claim directed to a product made from a natural product that has different characteristics and the potential for significant utility relative to the natural product, is patent eligible.

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, a claim directed to a combination of two naturally occurring products that has synergistic effects.

The Federal Circuit majority held that a claim directed to a product made by combining two naturally occurring products that has synergistic effects is patent eligible.

Forest Laboratories, LLC v. Sigmapharm Laboratories, LLC, 2017-2369, 2017-2370, 2017-2372, 2017-2373, 2017-2374, 2017-2375, 2017-2376, 2017-2389, 2017-2412, 2017-2436, 2017-2438, 2017-2440, 2017-2441 (Fed. Cir. 3/14/2019).

This is a decision on appeals from the D. Del. district court cases 1:14-cv-01119-MSG; 1:14-cv-01266-SLR-SRF; 1:14-cv-01504-SLR-SRF; 1:15-cv-00158-SLR; and 1:15-cv-00430-SLR.

The district court held that the appellants had not established certain claims to not be valid. On that issue, the Federal Circuit vacated and remanded.

Legal issue: 35 USC 103, presence of a motivation to combine, question of fact, standard of review, requirement for express finding.

The Federal Circuit discerned no clear finding supporting the district court's conclusion of the existence of no motivation to combine. The Federal Circuit vacated and remanded for that reason.

Personal Web Technologies, LLC v. Apple, Inc., 2018-1599 (Fed. Cir. 3/8/2019).

This is a decision on appeal from PTAB case IPR2013-00596. The PTAB entered a final written decision holding the claims unpatentable for obviousness. Personal Web appealed. The Federal Circuit reversed.

Legal issue: 5 USC 706(2)(E), substantial evidence supporting a finding, finding based upon inherency.

In a prior appeal, the Federal Circuit had affirmed the PTAB's claim construction, but vacated and remanded the PTAB's findings in support of obviousness. In that prior decision, the Federal Circuit instructed the PTAB to limit its obviousness analysis to the grounds presented in the petition (the PTAB's original decision had relied upon the Stefik for disclosing a claim element whereas the petition relied upon the Woodhill reference, column 17, for disclosing that limitation); to explain a motivation to combine (the PTAB's original decision provided reasoning supporting motivation); and to describe how the references were combined (the PTAB's original decision did not describe how the references were combined).

In the final written decision leading to this second appeal, the Board found that the Woodhill reference, column 17, inherently disclosed the claim element. But the Federal Circuit disagreed, because the PTAB had not established that the natural result flowing from the operation as taught would result in the claim limitation. And the Federal Circuit noted that Personal Web contrary explanation, supported by the record, was plausible.

Amazon.com, Inc. v. Uniloc Luxembourg S.A., IPR2017-00948, paper 34 (1/18/2019); designated precedential 3/18/2019).

Legal issue: 35 USC 316(d), basis under which the PTAB may reject a motion to

amend the patent.

The patent owner argued that the Board could not consider 101 patent eligibility of proposed substitute claims as a basis to reject a motion to amend, citing *Aqua Products*. The Board disagreed, concluding that the case law and statute did not limit the grounds of unpatentability that can be raised in response to proposed substitute amended claims presented in a motion to amend.

[DePuy Synthes Prods., Inc. v. Medidea, L.L.C., IPR2018-00315, paper 29 \(1/23/2019; designated precedential 3/18/2019\).](#)

Legal issue: 35 USC 316(a)(8), procedures for submission of evidence, Office Patent Trial Practice Guide, inventor appearance at oral hearing.

The PTAB relied upon the Trial Practice Guide (TPG), not an enumerated rule, for its precedential holding. That reliance is contrary to a prior policy of the PTAB deeming the TPG to not be a promulgated rule.

In particular, the PTAB relied upon the TPG to deny a request for the inventor to address the panel at oral hearing.

[K-40 Elecs., LLC v. Escort, Inc., IPR2013-00203, paper 34 \(5/21/2014; designated precedential 3/18/2019\).](#)

Legal issue: 35 USC 316(a)(5), procedures for submission of evidence, inventor testimony, inventor appearance at oral hearing.

The PTAB relied upon the Trial Practice Guide (TPG), not an enumerated rule, for its precedential holding. That reliance is contrary to a prior policy of the PTAB deeming the TPG to not be a promulgated rule.

In particular, the PTAB relied upon the TPG to allow the inventor to give cross-examination testimony to the panel at the final oral argument.

The PTAB specified the factors it considered relevant in deciding whether to allow the inventor to give live testimony before the PTAB included the probative value of the testimony to the case and whether the testimony was fact witness or expert witness testimony (see the case for details).

[Proppant Express Investments, LLC v. Oren Techs., LLC, IPR2018-00914, paper 38 \(3/13/2019; designated precedential 3/13/2019\).](#)

Legal issues: 35 USC 315(b) and 315(c), same party joinder; joinder of new issues, impact of 315(b) on 315(c).

A POP panel held that: 35 USC 315(c) permits a petitioner be joined to a proceeding in which it is already a party; permits joinder of new issues to an existing proceeding; and 315(c) joinder is not barred when the later petition fails to meet the 315(b) bar deadline. The POP panel set a high standard for same party and new issues joinder (see the case for details).

The POP panel indicated that a 315(b) violation was only one factor for same party and new issues joinder. The POP does not set a different standard depending upon whether a 315(b) violation exists; it merely adds that in as a factor.

[Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 \(PTAB 2/25/2019; designated precedential 3/7/2019\).](#)

Legal issue: 35 USC 316(d), requirements for a motion to amend the patent.

The PTAB reiterated existing requirements for a motion to amend the patent by

substituting claims. Amongst other things, the PTAB pronounced that: (1) that testimony in support of both the opposition and reply were authorized; (2) motions to substitute claims will normally be deemed contingent; (3) PTAB could deny a motion to amend by reference to evidence of record; (4) substitute claims that contained limitations that responded to ground of unpatentability in the proceeding, could include additional limitations to address other issues; (5) patent scope limitation on substitute claims was relative to any claim in the patent; (6) citation to support of a filed application should be made to the application as filed; and (7) noted considerations for complying with the duty of candor.

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