

Brief Summary of Precedential Patent Case Decisions During May 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

Lone Star Silicon Innovations LLC v. Nanya Technology Corporation, 2018-1581, 2018-1582 (Fed. Cir. 5/30/2019).

This is a decision on appeals from the N.D. Cal. district court cases 3:17-cv-04032-WHA and 3:17-cv-04033-WHA. The district court dismissed under FRCP 12(b)(1). Lone Star appealed. The Federal Circuit vacated and remanded.

Legal issue: Article III standing of licensee to file suit for patent infringement.

The sleeper issue, buried on pages 17-18 in this case, is the panel's recognition that a long line of Federal Circuit cases equating constitutional Article III standing, for patent infringement with the "patentee" defined in 35 USC 281 (the party entitled to a remedy for patent infringement), was inconsistent with Supreme Court law. The Federal Circuit panel recognized that recent Supreme Court clarified that Article III standing merely required the plaintiff to have suffered a legal harm, and did not require the plaintiff to be the one statutorily entitled to a remedy. The Federal Circuit had previously held that only the 35 USC 281 "patentee" had Article III standing to sue. No more, according to this panel! This case opens the standing door to licensees (1) that have less than the entire right, title, and interest in a patent, and (2) that do not meet the Federal Circuit's "effective patentee" test.

Legal issue: FRCP 19, essential party, requirement for joinder.

The Federal Circuit concluded the district court erred by dismissing the civil action without first considering whether the non-joined essential party should have been joined, noting that normally the patentee should be joined. After explaining that Lone Star cleared the constitutional Article III standing threshold, the Federal Circuit explained that the district court's dismissal was inconsistent with Supreme Court and Federal Circuit law relating to FRCP 19, which ordinarily requires joinder instead of dismissal.

Papst Licensing GMBH & Co. KG v. Samsung Electronics America, Inc., 2018-1777 (Fed. Cir. 5/23/2019).

This is a decision on an appeal from PTAB case IPR2016-01733. The PTAB determined the claims were unpatentable for obviousness. Papst, the patent owner, appealed. The Federal Circuit affirmed.

Legal issue: Issue preclusion resulting from prior agency action; limitations on the conditions under which issue preclusion would apply.

The Federal Circuit rejected Papst substantive argument because the same issue had been previously decided in another PTAB case. The Federal Circuit explained why Papst arguments

did not show circumstances that were an exception to when issue preclusion applied. Then, the Federal Circuit “readily conclude that the conditions for issue preclusion are met.” So the relevant guidance in this decision is the discussion of the limitations on the conditions under which issue preclusion would apply. In particular, the Federal Circuit concluded that by aggressively litigating the prior case, and failing to settle, or request waiver of estoppel in the prior case, the exceptions to collateral estoppel were inapplicable.

Quest Integrity USA, LLC v. Cokebusters USA Inc., 2017-2423 (Fed. Cir. 5/21/2019).

This is a decision on an appeal from the D. Del. district court case 1:14-cv-01483-SLR. This district court entered summary judgement that all claims were invalid under 102(b) due to an offer for sale. Quest appealed. The Federal Circuit affirmed on some claims but reversed on other claims 30 and 40.

Legal issue: FRCP 56, summary Judgment, genuine issue of material fact, sham declaration doctrine.

The Federal Circuit concluded that the sham declaration doctrine was inapplicable for at least two reasons. First, Bondurant’s declaration contradicted earlier testimony of another witness, not his own testimony. Second, De Lorenzo later declaration provided a plausible explanation why his earlier deposition testimony was incorrect.

Nuvo Pharmaceuticals (Ireland) Designated Activity Company v. Dr. Reddy’s Laboratories Inc., 2017-2473; 2017-2481; 2017-2484; 2017-2486; 2017-2489; 2017-2491; 2017-2492; 2017-2493 (Fed. Cir. 5/15/2019).

This is a decision on appeals from the D. NJ. district court cases 3:11-cv-02317-MLC-DEA, 3:13-cv-00091-MLC-DEA, and 3:13-cv-04022-MLC-DE. The district court held the asserted claims to be nonobvious under 103, enabled under 112, and adequately described under 112. Dr. Reddy appealed. The Federal circuit reversed (and dismissed a cross-appeal).

Legal issue: 35 USC 112, requirement for written description of “efficacy” limitation.

The Federal Circuit clarified that when a POSITA reading the disclosure would not have understood the invention provided the claimed efficacy, then written description was missing. Here, the patent did not show that the inventor possessed the claimed invention, although it did enable one skilled in the art to make and use the invention. The problem with the disclosure is that the record evidence showed that the efficacy limitation was speculative.

Bradium Technologies LLC v. Iancu, 2017-2579, 2017-2580 (Fed. Cir. 5/13/2019).

This is a decision on appeals from PTAB cases IPR2016-00448, IPR2016-00449. The PTAB held the claims unpatentable for obviousness. Bradium appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 112, claim construction. Lexicography for claim terms. Reciting a claim term similar to but not exactly the same as a term defined in the specification.

The Federal Circuit concluded that disclosure distinguishing a low-bandwidth channel from a high-bandwidth channel did not in this case distinguish a claim to a “limited-bandwidth” channel from a high-bandwidth channel.

Note: Words in claims matter. If the patentee had included claims reciting a “low-bandwidth

communications channel” instead of or in addition to the claim reciting “limited bandwidth communications channel,” at least this issue could have been mooted. If the patentee had included claims reciting “limited bandwidth communications channel,” in which the limitation was a result of “direct technological constraints,” such as wireless technology, this issue could also have been mooted.

Novartis Pharmaceuticals Corporation v. West-Ward Pharmaceuticals International Limited, 2018-1434 (Fed. Cir. 5/13/2019).

This is a decision on an appeal from the D. Del. district court case 1:15-cv-00474-RGA. The district court held claims not obvious over prior art. West-Ward appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 103 obviousness, motivation to combine, distinguishing method of use case law from lead compound case law.

The Federal Circuit, disagreeing with the district court’s analysis of motivation to combine. The Federal Circuit explained that the district court erred by requiring a showing of motivation to specifically select everolimus from other treatment options, for a method of treatment claim administering everolimus, as in a lead compound analysis for compound claims.

AVX Corporation v. Presidio Components, Inc., 2018-1106 (Fed. Cir. 5/13/2019).

This is decision on appeal from PTAB case IPR2016-00636. The PTAB held that AVX had failed to establish unpatentability of some claims (“upheld claims”). AVX appealed. The Federal Circuit concluded that AVX lacked standing, and dismissed.

Legal issue: 35 USC 315(e), statutory estoppel, applicability to a party lacking standing to appeal from a PTAB decision.

The Federal Circuit’s review of the facts pertaining to lack of standing covers no new ground. However, the Federal Circuit addressed, AVX’s second argument for standing as a result of the harm caused by IPR estoppel, noting that it was not yet decided whether 315(e) estoppel applied to a party lacking standing to appeal an adverse PTAB decision.

Note1: It appears that a party lacking standing to appeal from a PTAB issue would nevertheless have to appeal in order to preserve the argument that 315(e) did not preclude them from prior art defenses, in case they were subsequently sued for patent infringement.

Note2: This case was decided prior to *Lone Star Silicon Innovations LLC v. Nanya Technology Corporation*, 2018-1581, 2018-1582 (Fed. Cir. 5/30/2019). *Lone Star* may affect how the Federal Circuit characterizes issues it previously referred to as standing issues.

Swagway, LLC v. ITC, 2018-1672 (Fed. Cir. 5/9/2019).

This is a decision on an appeal from ITC investigations 337-TA-1007, 337-TA-1021. The ITC held that Swagway violated 19 USC 1337 (“Section 337”). Swagway appealed. The Federal Circuit affirmed.

Legal issue: Whether an ITC decision has preclusive effect.

The Federal Circuit held that, like in patent issues, in TM issues, and ITC decision does not have preclusive effect.

We have previously determined that “Congress did not intend decisions of the ITC on patent issues to have preclusive effect.” *Tex. Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996); see *Tandon*

Corp. v. U.S. Int'l Trade Comm'n, 831 F.2d 1017, 1019 (Fed. Cir. 1987) ("[O]ur appellate treatment of decisions of the Commission does not estop fresh consideration by other tribunals."). We see no reason to differentiate between the effect of the Commission's patent-based decisions and the Commission's decisions regarding trademarks. Because we hold that the Commission's trademark decisions, like its patent decisions, do not have preclusive effect, we need not reach Swagway's procedural arguments regarding its consent order motion. [Swagway, LLC v. ITC, 2018-1672 (Fed. Cir. 5/9/2019).]

Amgen Inc. v. Sandoz Inc., 2018-1551, 2018-1552 (Fed. Cir. 5/8/2019).

This is a decision on N.D. Cal. district court cases 3:14-cv-04741-RS and 3:16-cv-02581-RS. The district court entered summary judgement of noninfringement of the claim. Amgen appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 112, claim construction, method claims, whether separate functional effects require separate steps, given the facts of the case.

The Federal Circuit concluded under the facts of this case that steps recited separately implied different or sequential actions.

Legal issue: 35 USC 271 infringement, doctrine of equivalents (DOE), functions of method steps versus method steps.

The Federal Circuit held that the one step process of Sandoz accomplishing the same functions as the three step claimed process, did not infringe under the DOE.

Valve Corporation v. Electronic Scripting Products, Inc., IPR2019-00062; IPR2019-00063; and IPR2019-00084, paper 11 (4/2/2019, designated precedential 5/7/2019).

This is a decision by the PTAB on three IPR petitions filed by Valve against the same patent. The PTAB denied institution.

Legal issue: 35 USC 314(a), exercise of discretion to deny institution of IPR petitions, "same petitioner" criteria.

The PTAB denied institution of the current IPR petitions because the current petitions and petitioner were closely related to the prior petitions and prior petitioner. The PTAB applied the *General Plastic* factor 1 same petitioner criteria to the closely related petitioners, to conclude the petition should be denied for prudential reasons.

Significantly, while the prior petitions were not filed by the same entity, they were filed by Valve's licensee with whom Valve cooperated in developing the accused product and Valve was initially named as a co-defendant. From those facts, the PTAB found that the *General Plastic* factor 1 "same patentee" criteria weighed against institution on these facts. That is, despite the petitioners in fact being different entities, they were closely enough related by relationship to alleged infringement of the challenged claims to weigh against institution as if they were the same patentee.

NHK Spring Co., Ltd. v. Intri-plex Technologies, Inc., IPR2018-00752, paper 8 (PTAB 9/12/2018; designated precedential 5/7/2019).

This is a decision in PTAB case IPR2018-00752. NHK filed and IPR petition. The PTAB denied institution.

Legal issue: 35 USC 314(a), exercise of discretion to deny institution, inefficient use of resources, timing of parallel district court adjudication of the same prior art issues.

The PTAB concluded that institution should be denied based upon solely upon 325(d).

However, the PTAB also concluded that instituting would not be consistent with the objective of the AIA of providing an efficient and effective alternative to district court litigation because the PTAB decision would be too late to achieve that objective, which suggested denying institution under 314(a).

The PTAB noted facts indicating the likelihood that the district court would have adjudicated the same validity issues raised in the IPR petition long prior to when the PTAB would reach a final written decision. The PTAB noted the timing issues were not consistent with the AIA objective of providing an effective and efficient alternative to district court litigation.

The PTAB referred to this situation as an “additional factor that weighs in favor of denying the Petition under § 314(a).” The relevant facts identified by the PTAB were that in the district court litigation: the same prior art relied upon in the petition was presented; expert discovery closed in two and one half months; the trial date was in six months, and that the PTAB would not reach a final written decision until about 6 months after the district court trial. Note: The PTAB did not expressly indicate that it would have denied institution in this case based solely upon the 314(a) factors. However, this decision puts parties on notice that the PTAB may do so in the future. This case is very significant because it places a time constraint relative to district court discover and trial dates, on when a petition on comparable prior art evidence presented in the district court should be filed.

ENDO Pharmaceuticals Inc. v. Actavis LLC, 2018-1054 (Fed. Cir. 5/3/2019).

This is a decision on an appeal from the D. Del. district court case 1:14-cv-01381-RGA. The district court held that Endo failed to prove the asserted claims were invalid for obviousness or anticipation. Endo appealed. The Federal Circuit majority consisting of Judges Wallach and Clevenger affirmed. Judge Stoll dissented.

Legal issue: Pre-AIA 35 USC 102(f), availability of communications.

After noting that the subject patent was subject to pre-AIA prior art law, in footnote 9, the Federal Circuit majority explained why the district court, by concluding that the FDA communications were not prior art, erred. The Federal Circuit majority explained why the FDA communications were available under 102(f)/103; a conclusion also relied upon by the dissent.

Amarin Pharma, Inc. v. ITC, 2018-124, 2018-114 (Fed. Cir. 5/1/2019).

This is a decision on both an appeal and a petition for Writ of Mandamus from ITC case 337-TA-3247. The ITC determined not to institute an investigation and dismissed Amarin’s complaint. The ITC reasoned that the Food, Drug, and Cosmetic Act (“FDCA”) did not give private parties a right of enforcement. Amarin appealed and petitioned for mandamus. The Federal Circuit majority consisting of Chief Judge Prost and Judge Hughes affirmed.

Legal issue: Jurisdiction to review a Commission’s decision dismissing a complaint.

The Federal Circuit majority concluded that it had jurisdiction to review the dismissal because the dismissal was “intrinsically a final determination that effectively denies Amarin’s request for relief under § 337(d) and (f).”

Legal issue: Whether the Commission has a mandatory, non-discretionary duty to institute an investigation when presented with a complaint under oath.

The Federal Circuit majority concluded that the ITC need not institute an investigation when the complaint failed to state a cognizable claim under section 337.

Legal issue: Whether the Commission correctly determined that Amarin's allegations are precluded by the FDCA.

The Federal Circuit majority held that Amarin's claims were in effect an attempt to enforce the FDCA. The FDCA provides no private cause of action. Therefore, the Federal Circuit concluded the ITC correctly determined that Amarin's allegations are precluded by the FDCA.

Thermolife International LLC v. GNC Corporation, 2018-1657, 2018-1666 (Fed. Cir. 5/1/2019).

This is a decision on appeals from the S.D. Cal. district court cases 3:13-cv-00651-JLS-MDD; 3:13-cv-00830-JLS-MDD; and 3:13-cv-01015-JLS-MDD. The district court held all asserted claims invalid. Later, the district court granted of Hi-Tech's and Vital's motions for attorney's fees under 35 USC 285. Thermolife appealed. The Federal Circuit affirmed.

Legal issue: District court discretion to determine a case to be exceptional, within the meaning of 35 USC 285, to support an award of attorney fees.

This case stands out from other Federal Circuit cases reviewing district court 285 exceptionality determinations. This is because the conduct on which the district court based its exceptionality determination were an inadequate pre-filing investigation, not how the patentee litigated the case.