

## Precedential Patent Case Decisions During February 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

#### **Los Angeles Biomedical v. Eli Lilly and Company, 2016-1518 (Fed. Cir. 2/28/2017).**

The Federal Circuit vacated and remanded to the PTAB in case IPR2014-00752. This was a majority decision by judges Bryson and Moore, over a dissent by judge Newman. The Court concluded that the Board had erred in claim construction and the corresponding obviousness conclusion.

Legal issue, 35 USC 112 claim construction. The Court concluded that the method of treatment was limited to administering to patients with fibrosis of the penis, and not, as the Board had found, to erectile dysfunction.

1. The broadest reasonable interpretation of the phrase “an individual with at least one of penile tunical fibrosis and corporal tissue fibrosis” is its plain meaning: an individual with penile tunical fibrosis and/or corporal tissue fibrosis. [Footnote 4 omitted.] The Board’s construction (“an individual hav[ing] symptoms that may be associated with penile fibrosis, such as [erectile dysfunction], but not that the patient be specifically diagnosed as having penile tunical fibrosis or corporal tissue fibrosis”) reads that limitation out of the claim. That is because erectile dysfunction can have causes other than penile fibrosis, and because penile fibrosis does not necessarily result in erectile dysfunction. Because erectile dysfunction is merely a symptom that may be, but is not necessarily, associated with penile fibrosis, erectile dysfunction cannot be equated with tunical fibrosis and corporal tissue fibrosis. [Los Angeles Biomedical v. Eli Lilly and Company, 2016-1518 (Fed. Cir. 2/28/2017).]

This court’s decision in *Rapoport v. Dement*, 254 F.3d 1053 (Fed. Cir. 2001), is closely analogous to this case. There, the appellant argued that the claim term “treatment of sleep apneas” encompassed treatment of the symptoms associated with sleep apnea. *Id.* at 1059. This court disagreed, noting that the plain meaning of the term sleep apnea and the specification made clear that the patent was directed to treatment of the underlying sleep apnea condition, even though the written description noted that the claimed “treatment [also] alleviates the sleep apnea-related symptoms of anxiety, depression, fatigue, malaise, irritability, anger and hostility.” *Id.* (citing patent application). [Los Angeles

Biomedical v. Eli Lilly and Company, 2016-1518 (Fed. Cir. 2/28/2017).]

Legal issue, 35 USC 112 claim construction. The Court concluded that the claim recitation “arresting or regressing ... fibrosis” had patentable weight because it was an “efficacy requirement.”

2. The limitation “arresting or regressing the at least one of the penile tunical fibrosis and corporal tissue fibrosis” requires halting the progression of, or reversing, penile fibrosis. Lilly contends that the phrase “arresting or regressing the [penile fibrosis]” has no patentable weight. We conclude, however, that the phrase is more than a statement of the intended result of administering the PDE5 inhibitor within the dosage limits, with the frequency, and for at least the minimum period prescribed in the patent.

The full text of the limitation in which the “arresting or regressing” language appears reads: “arresting or regressing the [penile] fibrosis, wherein the PDE-5 inhibitor is administered at a dosage up to 1.5 mg/kg/day for not less than 45 days.” ’903 patent, col. 68, ll. 29-32. While not dispositive, it is significant that the phrase “arresting or regressing the [penile] fibrosis” is drafted as part of a separate step of the method, not as the preamble or introduction to a process carried out by the administration of the drug. The structure of the ’903 patent claim 1 is therefore not comparable to the structure of patent claims in which statements of general purpose in the preambles of method claims have been held to carry no patentable weight. *E.g.*, *Bristol-Myers Squibb Co. v. Ben Venue Labs., Inc.*, 246 F.3d 1368, 1375 (Fed. Cir. 2001) (preamble phrase “for reducing hematologic toxicity” was “non-limiting, and merely expressing a purpose”); *see also In re Montgomery*, 677 F.3d 1375, 1380 (Fed. Cir. 2012) (expressing “skeptical[ism]” that the phrase “for the treatment or prevention of stroke” in a claim preamble was more than an expression of purpose for the claimed method). [Los Angeles Biomedical v. Eli Lilly and Company, 2016-1518, (Fed. Cir. 2/28/2017).]

Other intrinsic evidence shows that the “arresting or regressing” limitation does not merely duplicate the wherein clause that follows. “Arresting or regressing” demands efficacy; the wherein clause does not. \*\*\* The wherein clause sets forth the minimum duration supported by the disclosure (45 days) for the arrest or regression of fibrosis at a high dosage of the PDE-5 inhibitor. But the reference to a minimum duration period of 45 days says nothing about the efficacy of the method if a lower dosage of PDE5 inhibitor is administered. \*\*\* Because the ’903 patent claims specify only a maximum dosage level and a minimum treatment period, it is different from cases in which the claims contain express dosage amounts as material claim limitations, and in which efficacy is “inherent in carrying out the claim steps.” *Dawson v. Dawson*, 710 F.3d 1347, 1355 (Fed. Cir. 2013) (*citing Bristol-Myers Squibb*, 246 F.3d at 1375, and *In re*

*Montgomery*, 677 F.3d at 1381). We therefore conclude that “arresting or regressing” the fibrosis adds an efficacy requirement that is not otherwise found in the claim language. [Los Angeles Biomedical v. Eli Lilly and Company, 2016-1518, (Fed. Cir. 2/28/2017).]

Legal issue, 35USC 103, reasonable expectation of success. The Court found that the Board's conclusion that the prior art provided a reasonable expectation of success for treating *erectile dysfunction* failed to meet the reasonable expectation of success requirement for finding *the claimed invention* obvious. The Court also found that the Board had improperly dismissed LAB's argument that a PHOSITA would not have had a reasonable expectation of success because the claimed method was believed to be detrimental to patients with fibrosis of the penis.

The Board dismissed LAB's argument as addressed only to the mechanism of action inherent in the claimed method, which it found was taught by the combination of Montorsi and Whitaker. That answer, however, does not address LAB's point that even if the combination of Montorsi and Whitaker teach long-term treatment with a PDE5 inhibitor of individuals with some forms of erectile dysfunction, a person of skill in the art would not have been motivated to combine those references to treat individuals with fibrosis-related erectile dysfunction because, according to LAB, the results would have been expected to be detrimental. *See Institut Pasteur*, 738 F.3d at 1346 (error to disregard prior art evidence of toxicity, which was relevant to question of whether skilled artisan would have a reasonable expectation of success in achieving the claimed invention). [Los Angeles Biomedical v. Eli Lilly and Company, 2016-1518, (Fed. Cir. 2/28/2017).]

**Los Angeles Biomedical v. Eli Lilly and Company, 2016-1547 (Fed. Cir. 2/28/2017).**  
Legal issue, 35 USC 102, anticipation.

The Federal Circuit affirmed the PTAB in case IPR2014-00693. The Court concluded that Whitaker's various examples may have suggested, but not disclose dosing every day for 45 days.

The reference to a dosing period of 8 or 12 weeks in Whitaker's Example 6 does not provide the necessary disclosure of dosing every day for at least 45 days. In fact, the “daily” dosing referred to in Example 6 included dosing on fewer than 30% of the days. \*\*\* Whitaker may “suggest” longterm daily treatment by noting the beneficial effects of daily treatment (better erectile response and decreased side effects) in light of Example 6, but that is not enough. To anticipate, a reference must do more than “suggest” the claimed subject matter. *AstraZeneca*, 633 F.3d at 1055. Thus, we hold that substantial evidence supports the Board's finding that Whitaker does not disclose the claimed treatment regimen with sufficient clarity to satisfy the demanding standard for anticipation. [Los Angeles Biomedical v. Eli Lilly and Company, 2016-1547 (Fed. Cir. 2/28/2017).]

**Icon Health & Fitness, Inc. v. Strava, Inc., 2016-1475 (Fed. Cir. 2/27/2017).**

The Federal Circuit vacated-in-part, affirmed-in-part, and remand to the PTAB in case 95/002,359. The majority decision was by judge Wallach. Judge O'Malley concurred-in-part and dissented-in-part.

Legal issue, waiver. The Court concluded that this case raised "an issue of general impact in that the issue potentially could affect the weight afforded to a large number of expert declarations containing similar statements." The Court therefore concluded that applying the doctrine of waiver to exclude new arguments would be inappropriate. So this case is presumably "significant" in explaining weight afforded expert declarations. However, it also addresses the extent to which the PTAB must go in finding facts based upon record evidence, and explaining their relevance to support its ultimate conclusions.

Evidentiary issue, 5 USC 706, PTAB reliance upon legal conclusions in an expert declaration. The PTAB is entitled to rely upon factual findings in an expert declarations underlying a conclusion of obvious also made in the expert declaration.

To the extent Icon makes a legal argument, there is no per se prohibition against relying on an expert's declaration in support of factual findings underlying a legal conclusion of obviousness solely because the declaration states that something "would have been obvious." Indeed, we frequently have affirmed PTAB determinations on obviousness that rely on expert declarations that include such statements, so long as other aspects of the declarations contain statements related to factual findings. *See Veritas Techs. LLC v. Veeam Software Corp.*, 835 F.3d1406, 1413 (Fed. Cir. 2016) (affirming the PTAB's conclusion of obviousness that relied on, inter alia, an expert's statements that "it would have been obvious that" a prior art reference discloses a limitation in the disputed patent application (emphasis added) (internal quotation marks and citation omitted)); *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1293 (Fed. Cir. 2015) (affirming the PTAB's conclusion of obviousness that was based, in part, upon an expert's statement that "it would have been obvious . . . to incorporate" a prior art reference's capabilities into another prior art reference (emphasis added) (citation omitted)). To determine if an expert's statement is directed to factual findings or the legal conclusion of obviousness, we look to the statement not in isolation, but in the context of the whole declaration. *Cf. VirnetX Inc. v. Apple Inc.*, Nos. 2015-1934, -1935, 2016WL 7174130, at \*4 (Fed. Cir. Dec. 9, 2016) ("We will not find legal error based upon an isolated statement stripped from its context."). Therefore, we will review the PTAB's rejection of the Asserted Claims in accordance with the operative standard of review. [Icon Health & Fitness, Inc. v. Strava, Inc., 2016-1475 (Fed. Cir. 2/27/2017).]

Evidentiary issue, 5 USC 706, the PTAB must provide an evidentiary basis in the record, for any finding.

The PTAB "sustain[ed] the Examiner's rejection" of claims 98–100. *Strava*, 2015 WL 5723014, at \*12. Icon had argued that substituting Shum's

accelerometer for Root's GPS would change Root's principle of operation. J.A. 1705. The PTAB determined that Icon's argument "ignor[ed] other rationales set forth by the Examiner and/or [Strava]," an apparent adoption of Strava's argument that the references also teach combining Shum's accelerometer and Root's GPS in Root's system. *Strava*, 2015 WL 5723014, at \*12. Thus, "regardless of the mere substitution rationale," the PTAB concluded that "the rejection may properly be supported by other rationales, which [Icon] d[id] not challenge." *Id.* While the PTAB found that Shum's accelerometer and Root's GPS could be combined in Root's system, it did not provide any evidentiary basis for this finding. *See id.* Icon's failure to produce evidence that the references could not be combined does not relieve the PTAB of its obligation to provide an "adequate evidentiary basis for its findings." *NuVasive*, 842 F.3d at 1382 (internal quotation marks and citation omitted). [*Icon Health & Fitness, Inc. v. Strava, Inc.*, 2016-1475 (Fed. Cir. 2/27/2017).]

Legal issue, 5 USC 706, compliance with the APA, findings requirement. The PTAB cannot rely upon attorney argument for the findings or the reasoned explanation required under the APA.

Nevertheless, the PTAB's incorporation by reference of the Examiner's factual findings as to claims 57–62 and 65 gives us considerable pause. The PTAB purported to incorporate portions of the Examiner's Right of Appeal Notice that address these claims. *Strava*, 2015 WL 5723014, at \*9. In the Right of Appeal Notice, however, the Examiner only stated that it "agree[d] with" and "incorporated by reference" Strava's November 2013 Comments as to claims 57–62 and 65. J.A. 1643. Neither the PTAB nor the Examiner made any factual findings; instead, both purported to incorporate by reference arguments drafted by Strava's attorneys. *See Strava*, 2015 WL 5723014, at \*9 (citing Strava's PTAB Response Brief (J.A. 2591–98) and Examiner's Right of Appeal Notice (J.A. 1641–56), the latter of which cites Strava's November 2013 Comments (J.A. 1541–42)). \*\*\* Neither the PTAB's adoption of Strava's PTAB Response Brief nor the Examiner's adoption of Strava's November 2013 Comments transform Strava's attorney argument into factual findings or supply the requisite explanation that must accompany such findings. As we recently explained, "[t]wo distinct yet related principles are relevant to our review. First, the PTAB must make the necessary findings and have an adequate evidentiary basis for its findings. . . . Second, the PTAB must examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made. . . . This explanation enables the court to exercise its duty to review the PTAB's decision to assess whether those decisions are arbitrary, capricious, an abuse of discretion, or . . . unsupported by substantial evidence . . . ." *NuVasive*, 842 F.3d at 1382 (internal quotation marks and citations omitted). Because the PTAB failed to comport with what these principles demand, the PTAB's rejection of these claims must be vacated and the

case remanded for additional PTAB findings and explanation. *See, e.g., In re Van Os*, 844 F.3d 1359, 1362 (Fed. Cir. 2017) (explaining that the court vacates and remands when additional fact finding and explanation is warranted). [Icon Health & Fitness, Inc. v. Strava, Inc., 2016-1475 (Fed. Cir. 2/27/2017).]

Legal issue, 5 USC 706, compliance with the APA, findings and explanation requirements. The PTAB cannot Summarize and then reject certain arguments in favor of other arguments, without explaining why the other arguments prevailed.

When addressing claims 46 and 74 generally, the PTAB stated that it was “not persuaded” by Icon’s arguments as to these claims because Icon had not “rebutt[ed] the substance” of the First Koperda Declaration and that “the Examiner’s rejection [was] sufficiently supported by the record.” *Strava*, 2015 WL 5723014, at \*11. The PTAB made only vague references to “the microphone . . . of Jacobsen” and the “two-way audio radio limitation” when summarizing Icon’s arguments. *Id.* (internal quotation marks omitted). At no point did the PTAB make explicit findings as to these elements or specify what aspects of Jacobsen and the First Koperda Declaration it found persuasive. *See id.* As with claims 57–62 and 65, the PTAB never made factual findings with a basis in the record or provided the requisite explanation to support its findings for claims 46 and 74. It merely summarized Icon’s arguments and stated that the “Examiner’s rejection [was] sufficiently supported by the record.” *Id.* However, the PTAB cannot satisfactorily make a factual finding and explain itself by merely “summariz[ing] and reject[ing] arguments without explaining why [it] . . . accepts the prevailing argument.” *NuVasive*, 842 F.3d at 1383. [Icon Health & Fitness, Inc. v. Strava, Inc., 2016-1475 (Fed. Cir. 2/27/2017).]

Legal issue, 5 USC 706, compliance with the APA, findings and explanation requirements. The PTAB cannot rely upon a party's failure to challenge a combination as the basis for accepting the combination as proper.

Even if we determined that the PTAB provided an adequate evidentiary basis for its finding that it would have been reasonable for a PHOSITA to combine Shum’s accelerometer and Root’s GPS, it did not satisfactorily explain its reasoning. The PTAB’s sole reason for its finding was that Icon “d[id] not challenge” the combination rationale. *Strava*, 2015 WL 5723014, at \*12. This is insufficient. To be sure, the PTAB is permitted to credit a party’s argument as part of its reasoned explanation of its factual findings; however, the PTAB still must “explain[] why [it] accepts the prevailing argument.” *NuVasive*, 842 F.3d at 1383 (citation omitted). The PTAB failed to do so here. To the extent that the PTAB adopted the Examiner’s rationale, that rationale cannot salvage the PTAB’s deficient explanation. Once again, the Examiner stated only that it “agree[d] with” and “incorporated by reference” *Strava*’s November 2013 Comments. J.A. 1654. That is no explanation at all. *See NuVasive*, 842 F.3d at

1383 (providing that the fact finder must explain it why accepts the prevailing argument). [Icon Health & Fitness, Inc. v. Strava, Inc., 2016-1475 (Fed. Cir. 2/27/2017).]

Judge O'Malley's concurrence echos that of Judge Newmann in a prior case, calling for the Court to reverse, rather than vacate and remand, when the PTO fails its examination burden to show claims to be unpatentable. I predict this issue will eventually be heard en banc.

I concur with the majority's merits discussion in this opinion. I agree that the PTAB properly disallowed claims 43, 71, and 86 of the '800 patent. I also agree that the Board's disallowance of claims 46, 57–62, 65, 74, and 98–100 is not supported by substantial evidence. I write separately because I believe that “remand is not the appropriate remedy in examination appeals in which the PTO has not carried its burden of establishing unpatentability.” *In re Van Os*, 844 F.3d 1359, 1362 (Fed. Cir. 2017) (Newman, J., concurring in part, dissenting in part). The PTO and PTAB bear the burden to establish unpatentability in examination appeals, and I agree with the majority that, in large measure, they failed to do so here. 35 U.S.C. § 102(a) (“A person shall be entitled to a patent unless— . . .”). The appropriate remedy in this situation is to allow any claims for which the PTAB has not carried its burden of proof. Accordingly, rather than simply vacate the PTAB's findings on claims 46, 57–62, 65, 74, and 98–100, I would reverse those findings. From the majority's conclusion otherwise, I respectfully dissent. [Icon Health & Fitness, Inc. v. Strava, Inc., 2016-1475 (Fed. Cir. 2/27/2017)(Judge O'Malley concurring in part, dissenting in part).]

**Life Technologies Corp. c. Promega Corp., 14-1538, 580 U. S. \_\_\_\_ (2/22/2017).**

The Supreme Court reversed the Federal Circuit. The Court concluded that 35 USC 271(f)(1) and (2) worked in tandem. That section (1)'s "substantial portion" had a quantitative meaning for commodity components, in contrast to "any" noncommodity component “especially made or especially adapted for use in the invention” defined by section (2).

Legal issue, statutory construction, 35 USC 271(f)

This case concerns the intersection of international supply chains and federal patent law. Section 271(f)(1) of the Patent Act of 1952 prohibits the supply from the United States of “all or a substantial portion” of the components of a patented invention for combination abroad. 35 U. S. C. §271(f)(1). We granted certiorari to determine whether a party that supplies a single component of a multicomponent invention for manufacture abroad can be held liable for infringement under §271(f)(1). 579 U. S. \_\_\_\_ (2016). We hold that a single component does not constitute a substantial portion of the components that can give rise to liability under §271(f)(1). Because only a single component of the patented invention at issue here was supplied from the United States, we reverse and remand. [Life Technologies Corp. c. Promega Corp., 14-1538, 580 U. S. \_\_\_\_ (2/22/2017).]

We hold that the phrase “substantial portion” in 35 U. S. C. §271(f)(1) has a quantitative, not a qualitative, meaning. We hold further that §271(f)(1) does not cover the supply of a single component of a multicomponent invention. The judgment of the Court of Appeals for the Federal Circuit is therefore reversed, and the case is remanded for further proceedings consistent with this opinion. [Life Technologies Corp. c. Promega Corp., 14-1538, 580 U. S. \_\_\_\_ (2/22/2017).]

**Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).**

The Federal Circuit reversed the PTAB's conclusion that the patent was a CBM patent and vacated the PTAB's claim constructions with respect to obviousness and obviousness determinations, in PTAB case CBM2014-00100. This was a majority decision by judge Plager, joined by Judge Taranto. Judge Lourie dissented.

Legal issue, 5 U.S.C. § 706(2), standard of review regarding CBM patent determination. The Court concludes that the relevant standard of review depends upon the scope of statutory definition, which is a question of law.

Both appellant and appellees are of the view that the applicable standard of review in this case is whether the Board’s decision was arbitrary and capricious. That is incorrect. The issue here is not whether a particular patent falls within the properly-understood scope of the statutory definition of a CBM patent; rather, the issue here is whether the Board properly understood the scope of the statutory definition. That is a question of law. [Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).]

Legal issue, statutory construction, AIA 18(d)(1), definition of a CBM patent. The Court determined that AIA 18(d)(1) defines a CBM patent to be one in which the claim is construed in view of the specification, and requires a finance-related activity. The Court construed the recitation "a patent that claims" to apply to both of the following clauses, and to be construed in view of the written description.

The statutory definition by its terms makes what a patent “claims” determinative of the threshold requirement for coming within the defined class. The first definitional question presented by this statutory provision is whether the requirement that the patent claim ‘something’ applies only to the first clause—a method or corresponding apparatus for performing data processing or other operations—or whether it applies to that clause and the second clause—used in the practice, etc., of a financial product or service. \*\*\* It follows that bifurcating the statute so that the phrase “a patent that claims” should apply only to the first phrase, and not to the entire definition Congress provided, would be radically out of keeping with the statute and congressional intent, considered in the context of other provisions in the statute. [Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).]

Finally then, how are we to understand the phrase “a patent that claims”? It is the claims, in the traditional patent law sense, properly understood in light of the written description, that identifies a CBM patent. And for the reasons set out, what a qualifying patent must “claim” requires compliance with the clauses of the statutory definition. [Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).]

The Court construed the recitation “a financial product or service” to require the claim recite performing data processing or other operations used in the practice, administration, or management of “a financial product or service”.

In the case before us, the Board as part of its broader discussion of what is a “financial product or service,” concluded that “[t]he method and apparatus claimed by the ’91 patent perform operations used in the practice, administration, or management of a financial product or service and are incidental to a financial activity.” J.A. 10 (emphasis added). Consistent with *Unwired Planet*, we hold that the emphasized phrase is not a part of the statutory definition of what is a CBM patent, and, as we did in *Unwired Planet*, we conclude that such a definition of a CBM patent is beyond the scope of the statutory standard and thus “not in accordance with law.” [Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).]

To be clear: the phrasing of a qualifying claim does not require particular talismanic words. When properly construed in light of the written description, the claim need only require one of a “wide range of finance-related activities,” examples of which can be found in the cases which we have held to be within the CBM provision. See *Versata*, 793 F.3d at 1312–13, 1325–26; *Blue Calypso*, 815 F.3d at 1339–40; *SightSound*, 809 F.3d at 1315–16. [Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).]

In sum, if a patent that fits the term covered business method patent, as defined in AIA § 18(d)(1), is to be usefully distinguished from all other patents, the distinction will not lie based on non-statutory phrases like “incidental to” or “complementary to” financial activity. Such phrases can have unintended consequences. For example, it is safe to assume that most, if not virtually all, inventors of methods or products claimed in a patent have some expectation that complementary financial activity will result—stated another way, that eventually their invention will produce financial rewards for their efforts. A definition that could sweep that broadly obviously will not do. Necessarily, the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element. [Secure Access, LLC 2 v. PNC Bank National Association, 2016-1353 (Fed. Cir. 2/21/2017).]

**Metalcraft of Mayville, Inc. v. The Toro Company, 2016-2433, 2016-2514 (Fed. Cir.**

**2/16/2017).**

Toro had appealed the district court's grant of a preliminary injunction in E.D. Wis. case 2:16-cv-00544-WED. The Federal Circuit affirmed.

Legal issue, 35 USC 103, motivation to combine. The most significant aspect of this decision is the manner in which it cabins *KSR*.

We hold that the district court's finding that there would not have been a motivation to combine is not clearly erroneous. \*\*\* Toro merely identifies a problem that Henriksson sought to solve. However, "knowledge of a problem and motivation to solve it are entirely different from motivation to combine particular references." *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1373 (Fed. Cir. 2008). We agree with the district court that Toro provides no explanation or reasoning for concluding that one of skill in the art would have combined these particular references to produce the claimed invention. Without any explanation as to how or why the references would be combined to arrive at the claimed invention, we are left with only hindsight bias that *KSR* warns against. *See KSR*, 550 U.S. at 421. And while we understand that "[t]he obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation," we also recognize that we cannot allow hindsight bias to be the thread that stitches together prior art patches into something that is the claimed invention. *See KSR*, 550 U.S. at 419, 421. For these reasons, we conclude that the district court did not abuse its discretion in rejecting Toro's obviousness defense and determining that Toro did not raise a substantial question of validity. [*Metalcraft of Mayville, Inc. v. The Toro Company*, 2016-2433, 2016-2514 (Fed. Cir. 2/16/2017).]

**Xilinx, Inc. v. Papst Licensing GMBH & Co. KG, 2015-1919 (Fed. Cir. 2/15/2017).**

The Federal Circuit reversed and remanded to the N.D. Cal. district court in case 5:14-cv-04963-LHK. The district court had dismissed Xilinx's declaratory judgment action against Papst for lack of personal jurisdiction.

Legal issue, personal jurisdiction.

The personal jurisdiction issue turned on whether the exercise of specific personal jurisdiction was reasonable and fair. The Court concluded that non practicing status for a non US entity, made a difference, boding for exercise of specific personal jurisdiction to be reasonable and fair.

Moreover, there are other facts that, under the *Burger King* analysis, confirm the view that the burden on the defendant is not undue. For instance, the burden on Papst is mitigated by Papst's status as a non-practicing patent holder residing outside the United States. This is not a case like *Red Wing*, where the defendant conducts its affairs in one state and is called to litigate in a distant state rather than its own residence. *See* 148 F.3d at 1357. By the very nature of its business, Papst must litigate its patents in the United States in fora far from its home office. In this context the burden on Papst to litigate in California appears

not undue. [Xilinx, Inc. v. Papst Licensing GMBH & Co. KG, 2015-1919 (Fed. Cir. 2/15/2017).]

We do not suggest that the foreign location of a defendant itself supports personal jurisdiction. *See Avocent*, 552 F.3d at 1339. Rather, we note that Papst, as a non-practicing patent owner, necessarily must litigate its patents somewhere in the United States. [Xilinx, Inc. v. Papst Licensing GMBH & Co. KG, 2015-1919, footnote 6 (Fed. Cir. 2/15/2017).]

**Personal Web Technologies, LLC v. Apple, Inc., 2016-1174 (Fed. Cir. 2/14/2016).**

The Federal Circuit remanded IPR2013-00596 to the PTAB for further proceedings. The PTAB had found the subject claims obvious. The Court affirmed the Board's claim construction. However, the Court vacated Board's obviousness determination, noting that "the Board did not adequately support its findings that the prior art disclosed all elements of the challenged claims and that a relevant skilled artisan would have had a motivation to combine the prior-art references to produce the claimed '310 inventions with a reasonable expectation of success."

The Board had relied upon a section of the petition that discussed one reference, Stefik, as disclosing claim 24's "causing the content dependent name of the particular data item to be compared to a plurality of values." The Court noted that "Apple has made clear that it relies solely on Woodhill as disclosing this claim element. Appellee's Br. at 25–29." The Court then noted that:

A later portion of the Board opinion, in responding to an argument by PersonalWeb that Woodhill does not use its binary object identifiers "to access, search for, or address binary objects," *Apple v. PersonalWeb*, 2015 WL 1777147, at \*11, refers to a part of column 17 of Woodhill, *id.* But the Board's discussion does not address, or at least does not clearly address, the "plurality of values" comparison element. *Id.* When referring to a determination "as to whether the content-based identifier for the particular data item corresponds to an entry in a database," *id.*, the Board's opinion does not explicitly say, let alone explain, how Woodhill shows that determination to involve a comparison between the content-based identifier and a plurality of values. We might attempt on our own to parse Woodhill, and column 17 specifically, to find such a comparison, but this is not an issue on which we could confidently rely on our independent reading, without more help than we have received from the Board. Neither column 17 of Woodhill nor any other portion identified for us is self-explanatory on this point. [Personal Web Technologies, LLC v. Apple, Inc., 2016-1174 (Fed. Cir. 2/14/2016).]

Note: Do not rely upon the Court to interpret references.

The Court also rejected the Board's conclusion that there was motivation to combine. The court concluded that the Board failed to show a PHOSITA would have the necessary motivation and reasonable expectation of success, because the Board failed provide "a clear,

evidence-supported account of the contemplated workings of the combination."

The Board's reasoning is also deficient in its finding that a relevant skilled artisan would have had a motivation to combine Woodhill and Stefik in the way claimed in the '310 patent claims at issue and would have had a reasonable expectation of success in doing so. The Board's most substantial discussion of this issue merely agrees with Apple's contention that "a person of ordinary skill in the art reading Woodhill and Stefik would have understood that the combination of Woodhill and Stefik *would have allowed for* the selective access features of Stefik to be used with Woodhill's content-dependent identifiers feature." \*\*\* Indeed, the Board nowhere clearly explained, or cited evidence showing, how the combination of the two references was supposed to work. At least in this case, such a clear, evidence-supported account of the contemplated workings of the combination is a prerequisite to adequately explaining and supporting a conclusion that a relevant skilled artisan would have been motivated to make the combination and reasonably expect success in doing so. [Personal Web Technologies, LLC v. Apple, Inc., 2016-1174 (Fed. Cir. 2/14/2016).]

Note: I am confused by this passage. It is the job of the petitioner in the petition to provide "a clear, evidence-supported account of the contemplated workings of the combination." The PTAB is supposed to agree or disagree, or provide notice and an opportunity to be heard in case the PTAB perceives during the course of the trial a different rationale for unpatentability. While the Court reviews the PTAB's FWD, why did the Court focus here on the FWD instead of citations in the FWD to the Petition and related evidence in support of motivation to combine? If the PTAB in fact switched legal theories mid-stream, that is if the PTAB did not rely upon the theory specified in the Petition, the Court could just have said so. *SAS Institute, Inc. v. Complementsoft, LLC*, 2015-1346 (Fed. Cir. 6/10/2016). Instead it appears the Court tried to parse the FWD to determine if the FWD contained a theory of combinability.

**MPHI Technology Investments, LLC v. Ricoh Americas Corporation, 2016-1243 (Fed. Cir. 2/13/2017) (Judge O'Malley concurring in part and dissenting in part).**

The majority affirmed the Board's decision in IPR2014-00538. The Board had found claims 1-8 are invalid on grounds of anticipation and obviousness.

Legal issue, 35 USC 112, claim construction. At issue is the claim language "a selection of a Go button" and whether that selection defines a one step process. A significant issue was the presence of certain language in a provisional to which the patent claimed benefit, the lack of that same language, expressly, in the patent, and whether the fact that the provisional was incorporated by reference mattered. The majority stated:

We agree that a provisional application can contribute to understanding the claims. *See Trs. of Columbia Univ. in New York v. Symantec Corp.*, 811 F.3d 1359, 1365 (Fed. Cir. 2016) (looking to the provisional application for guidance as to claim construction); *Vederi, LLC v. Google, Inc.*, 744 F.3d 1376, 1383 (Fed. Cir. 2014) (same). In this case, it is the deletion from the '798 Provisional

application that contributes understanding of the intended scope of the final application. We conclude that a person of skill in this field would deem the removal of these limiting clauses to be significant. The '173 Patent in its final form contains no statement or suggestion of an intent to limit the claims to the deleted one-step operation. Neither the specification nor the claims state that this limited scope is the only intended scope. Instead, the '173 Patent describes the single step operation as "optional." [MPHI Technology Investments, LLC v. Ricoh Americas Corporation, 2016-1243 (Fed. Cir. 2/13/2017).]

In her dissent, Judge O'Malley disagreed with the majority's conclusion regarding the language not present in the provisional because the provisional was incorporated by reference into the patent, and because she found similar language present in the patent. She stated:

Not only does the '173 patent in fact make repeated references to a single-step operation, but the '173 patent specification incorporates in full the '798 provisional application, including all of the statements the patentee made about the single-step nature of the VC invention. Despite the majority's assertions to the contrary, the incorporation of these statements is significant for understanding the intended scope of the claims. In fact, by incorporating the '798 provisional application, the patentee did the opposite of deleting any references to a single-step operation. \*\*\* I conclude that these statements collectively rise to the level of clear and unmistakable disavowal of claim scope.

**Shire Development, LLC v. Watson Pharmaceuticals, Inc., 16-1785 (Fed. Cir. 2/10/2017).**

The Federal Circuit reversed and remanded to the S.D. Fla. in case 0:12-cv-60862-DMM.

Legal issue, 35 USC 112, claim construction of a Markush group "consisting of" recitation. In the decision on the prior appeal in this case to the Federal Circuit, had explained that the claim 1b) matrix compositions is "limited by the Markush group[]." The 1b) claim element at issue recites in relevant part "an outer hydrophilic matrix wherein the lipophilic matrix is dispersed, and said outer hydrophilic matrix consists of compounds selected from the group consisting of polymers or copolymers of ...." Magnesium stearate is claimed to be a member of this group.

The district court had found that: magnesium stearate was lypophylic; that magnesium stearate was present in the outer matrix; but had concluded that magnesium stearate was "unrelated to the invention." The Federal Circuit noted that the district court had also found that magnesium stearate: exerted lipophilic influence in the outer matrix; and may impart lipophilic characteristics to a composition even in low concentrations. From those facts, the Federal Circuit concluded that magnesium stearate "structurally and functionally relates to the invention." The Federal Circuit concluded that the presence of magnesium stearate in the outer matrix violates the "consisting of" requirement in claim 1(b) regardless of the fact that the magnesium stearate was added for some other purpose than to affect lipophilicity of the outer matrix.

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