

Precedential Patent Case Decisions During February 2020

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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 captions relating to the PTAB are in **red** text. Case captions of extraordinary importance are in **blue** text.

II. Abstracts and New Points of Law

Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020).

This is a decision on an appeal from the S.D. Fla. district court case 0:14-cv-62369-BB. The district court entered judgement that Arctic was not entitled to pre-complaint damages (due to the failure of Arctic Cat's licensee to mark products in accordance with 35 USC 287). Arctic appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 287, construction, cessation of sales of unmarked.

The Federal Circuit held that cessation of sale of unmarked products does not excuse non-compliance with the notice requirement of 35 USC 287.

This case presents a discontinuous situation in which unmarked products were sold, such that Arctic Cat could not receive damages before providing notice, but the sales of unmarked products allegedly stopped for a period of time prior to the filing of Arctic Cat's complaint. Thus, the issue presented is whether the cessation of sales of unmarked products excuses non-compliance with the notice requirement of § 287 such that a patentee may recover damages for the period after sales of unmarked products ceased but before the filing of a suit for infringement. We hold that it does not. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

We begin with the language of the statute. *Duncan v. Walker*, 533 U.S. 167, 172, 121 S.Ct. 2120, 150 L.Ed.2d 251 (2001). While § 287 describes the conduct of the patentee in the present tense, the consequence of a failure to mark is not so temporally limited. Section 287 provides that "in the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter" (emphasis added). The statute thus prohibits a patentee from receiving any damages in a subsequent action for infringement after a failure to mark, rather than merely a reduced amount of damages in proportion to the amount of time the patentee was actually practicing the asserted patent. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080]

(Fed. Cir. 2/19/2020)]

Arctic Cat's obligation to mark arose when its licensee began selling patented articles. The cessation of sales of unmarked products certainly did not fulfill Arctic Cat's notice obligations under § 287, nor did it remove the notice requirement imposed by the statute. The notice requirement to which a patentee is subjected cannot be switched on and off as the patentee or licensee starts and stops making or selling its product. After all, even after a patentee ceases sales of unmarked products, nothing precludes the patentee from resuming sales or authorizing a licensee to do so. In the meantime, unmarked products remain on the market, incorrectly indicating to the public that there is no patent, while no corrective action has been taken by the patentee. Confusion and uncertainty may result. Thus, once a patentee begins making or selling a patented article, the notice requirement attaches, and the obligation imposed by § 287 is discharged only by providing actual or constructive notice. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

This reading of § 287 comports with the purpose of the marking statute. The policy of § 287 is to encourage marking, not merely to discourage the sale of unmarked products. We have explained that the notification requirement of § 287 "serves three related purposes: (1) helping to avoid innocent infringement; (2) encouraging patentees to give public notice that the article is patented; and (3) aiding the public to identify whether an article is patented." *Arctic Cat I*, 876 F.3d at 1366 (citing *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1443 (Fed. Cir. 1998)). Requiring a patentee who has sold unmarked products to provide notice in order to begin recovering damages advances these objectives by informing the public and possible infringers that the article is patented. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

Legal issue: 35 USC 287, notice requirement, notwithstanding a finding of willful infringement.

The Federal Circuit also held that willful infringement could not substitute for actual notice, once the patentee had sold unmarked products.

Arctic Cat also argues that, regardless of its failure to mark, it should nevertheless recover the maximum amount of pre-suit damages allowed by 35 U.S.C. § 286 because the jury's finding that Bombardier willfully infringed the asserted claims should be sufficient to establish actual notice under § 287. Arctic Cat acknowledges, as it must, that this argument is foreclosed by our precedent. *In Amsted Indus. Inc. v. Buckeye Steel Castings Co.* we held that the determination whether a patentee provided actual notice under § 287 "must focus on the action of the patentee, not the knowledge or understanding of the infringer," and that "[i]t is irrelevant ... whether the defendant knew of the patent or knew of his own

infringement." 24 F.3d 178, 187 (Fed. Cir. 1994) (citing *Am. Med. Sys., Inc.*, 6 F.3d at 1537 n.18)). Accordingly, we reject Arctic Cat's argument. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

Aside from our inability to reverse the decision of an earlier panel, *see Newell Cos., Inc. v. Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988), we reiterate the conclusion that willfulness, as an indication that an infringer knew of a patent and of its infringement, does not serve as actual notice as contemplated by § 287. While willfulness turns on the knowledge of an infringer, § 287 is directed to the conduct of the patentee. The marking statute imposes notice obligations on the patentee, and only the patentee is capable of discharging those obligations. It is not directed to the infringer and does not contemplate mere knowledge of the infringer as sufficient to discharge the notice requirements placed on the patentee. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

The Federal Circuit made the following useful restatements of law.

A patentee's licensees must also comply with § 287. *See Arctic Cat I*, 876 F.3d at 1366 (citing *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1111 (Fed. Cir. 1996)). While courts may consider whether the patentee made reasonable efforts to ensure third parties' compliance with the marking statute, *id.*, here Arctic Cat's license agreement with Honda expressly states that Honda had no obligation to mark. J.A. 4081 ¶ 6.01; J.A. 259 ¶ JJ. Thus, it is does not excuse Arctic Cat's lack of marking that it is Arctic Cat's licensee, rather than Arctic Cat itself, who sold unmarked products. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

A patentee who makes or sells patented articles can satisfy the notice requirement of § 287 either by providing constructive notice—i.e., marking its products—or by providing actual notice to an alleged infringer. *Gart v. Logitech, Inc.*, 254 F.3d 1334, 1345 (Fed. Cir. 2001). "Actual notice requires the affirmative communication of a specific charge of infringement by a specific accused product or device." *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 187 (Fed. Cir. 1994). [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

The notice provisions of § 287 do not apply to patents directed to processes or methods. *See Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 395, 56 S.Ct. 528, 80 L.Ed. 736 (1936). Nor do they apply when a patentee never makes or sells a patented article. *Id.* at 398, 56 S.Ct. 528. [Arctic Cat Inc. v. Bombardier Recreational Products Inc., 2019-1080 (Fed. Cir. 2/19/2020)]

Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).

This is a decision on appeals from PTAB case PR2017-01188. The PTAB held claim 11 unpatentable for obviousness, but declined to analyze whether claims 1-4 and 8 were unpatentable because it concluded those claims were indefinite. Samsung appealed the PTAB's failure to hold claims 1-4 and 8 unpatentable. Prisia appealed from the PTAB holding claim 11 unpatentable.

Legal issue: 35 USC 318(a), statutory authority, basis for canceling claims in an IPR proceeding, indefiniteness.

The Federal Circuit held that “the Board may not cancel claims for indefiniteness in an IPR proceeding.”

We reject Samsung's contention that the IPR statute authorizes the Board to cancel challenged claims for indefiniteness. In *Cuozzo Speed Techs., LLC v. Lee*, the Supreme Court said the Patent Office would be acting “outside its statutory limits” by “canceling a patent claim for ‘indefiniteness under § 112’ in inter partes review.” 136 S. Ct. 2131, 2141–42 (2016). This court subsequently echoed that view, stating—albeit in a non-precedential opinion—that “[i]n an IPR, the Board cannot declare claims indefinite.” *Google LLC v. Network1 Techs., Inc.*, 726 F. App'x 779, 782 n.3 (Fed. Cir. 2018) (citing 35 U.S.C. § 311(b)); *see also Neptune Generics, LLC v. Eli Lilly & Co.*, 921 F.3d 1372, 1378 (Fed. Cir. 2019) (holding that the Board is not authorized to address challenges to patent eligibility under 35 U.S.C. §101 in an IPR proceeding: “Congress expressly limited the scope of inter parties review to a subset of grounds that can be raised under 35 U.S.C. §§ 102 &103.”). [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

Samsung asks us to reject those statements as dicta and to hold that even though the Board may not institute inter partes review based on a claim's indefiniteness, it may cancel such a claim on indefiniteness grounds once it has instituted review on statutorily authorized grounds. We are not persuaded by Samsung's arguments; we hold that the Board may not cancel claims for indefiniteness in an IPR proceeding. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

The problem with that argument is that it divorces the final written decision provision, section 318(a), from the rest of the inter partes review statute. Section 311(b) says that a petitioner may ask the Board “to cancel [challenged claims] as unpatentable” on certain 102 and 103 grounds. In context, it is clear that section 318(a)'s directive to the Board to issue a final written decision on the “patentability” of a challenged claim refers back to the grounds on which, under section 311(b), the petitioner may request the Board to “cancel as unpatentable” claims of the challenged patent, i.e., the designated section 102 and 103 grounds. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169,

2019-1260 (Fed. Cir. 2/4/2020).]

Because the Board is charged with the responsibility under section 318(b) of “incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable,” the Board’s authority with respect to new and amended claims necessarily extends to other possible grounds of unpatentability, in particular, a failure to comply with section 112. Because the statutory provisions governing challenged claims in an IPR differ importantly from those governing substitute claims, the term “unpatentability” necessarily has a different scope as to each. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

Legal issue: 35 USC 318(a), statutory construction of “patentability”

The Federal Circuit held that “patentability” in 318(a) referred to the limited grounds of unpatentability specified in section 311(b).

To the contrary, the term “patentability” takes its meaning in each of the two statutory provisions from its particular context. Congress laid out the scope of inter partes review in section 311(b), at the beginning of Chapter 31 of Title 35. It laid out the scope of post-grant review in section 321(b), at the beginning of Chapter 32. Congress’s use of the word “patentability” in the final written decision provision of each chapter—in sections 318(a) and 328(a), respectively—most naturally refers to the previously defined scope of the particular review in question. Patentability for purposes of section 318(a) thus refers to the limited grounds of unpatentability described in section 311(b), and patentability for purposes of section 328(a) refers to the broader grounds of unpatentability described in section 321(b). [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

Legal issue: 35 USC 112, means plus function, burden to overcome presumption that a recitation is not MPF when it does not recite “means for”, specific term, “digital processing unit.”

The Federal Circuit held that the PTAB erred in concluding that the recited “digital processing unit” invoked MPF construction because no evidence existed to overcome the presumption against MPF construction of “digital processing unit.”

We agree with Samsung that the term “digital processing unit” is not a “means-plus-function” limitation subject to analysis under section 112, paragraph 6. Because the reference to the digital processing unit does not contain the words “means for,” there is a rebuttable presumption that section 112, paragraph 6, does not apply to that limitation. *Williamson*, 792 F.3d at 1348. That presumption can be overcome, but only “if the challenger demonstrates that the claim term fails to ‘recite sufficiently definite structure’ or else recites ‘function without reciting

sufficient structure for performing that function.” *Id.* at 1349. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

As used in the claims of the '591 patent, the term “digital processing unit” clearly serves as a stand-in for a “general purpose computer” or a “central processing unit,” each of which would be understood as a reference to structure in this case, not simply any device that can perform a particular function. *See, e.g., LG Elecs., Inc. v. Bizcom Elecs., Inc.*, 453 F.3d 1364, 1372 (Fed. Cir. 2006), *rev'd* on other grounds, *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617 (2008); *Inventio AG v. ThyssenKrupp Elevator Ams. Corp.*, 649 F.3d 1350, 1359 (Fed. Cir. 2011). Significantly, that is what the Board found with respect to the use of the term “digital processing unit” in claim 11. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

Given the Board’s findings with respect to claim 11, the context of the term in the claim at issue, and the presumption arising from the patentee’s failure to use the “means for” formulation, unrebutted by any evidence before the Board, we conclude that the Board erred in ruling that the term “digital processing unit” does not recite structure and instead is a purely functional term. We therefore reject the Board’s conclusion that the term “digital processing unit,” as used in claim 1, invoked means-plus-function claiming, and that for that reason claims 1 and 4–8 cannot be analyzed for anticipation or obviousness. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

Legal issue: 35 USC 103, indefiniteness, claim reciting mixed statutory classes, does not preclude determining obviousness.

The Federal Circuit held that claim indefiniteness due to mixed statutory classes does not did not preclude a determination of obviousness.

On remand, the Board should address Samsung’s argument that the Board may analyze the patentability of a claim even if that claim is indefinite under the reasoning of *IPXL*. The rationale of *IPXL* is that the claim conflates elements of both an apparatus and a method, rendering the claim indefinite for purposes of determining when infringement occurs. But that merely says that the claim is subject to invalidation on the ground of indefiniteness. It does not speak to whether the claim is also invalid for obviousness, regardless of whether it is treated as being directed to an apparatus or a method. [Samsung Electronics America, Inc. v. Prisia Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

Even though the validity of the challenged claims may be subject to

question for *IPXL*-type indefiniteness, that is simply another ground on which the claims might be challenged in an appropriate forum (other than the Board). See *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 453–55 (Fed. Cir. 1985) (upholding decision that patent was invalid for both indefiniteness and obviousness); *In re Collier*, 397 F.2d 1003, 1004–06 (CCPA 1968) (rejecting claim on grounds of indefiniteness and obviousness). It does not necessarily preclude the Board from addressing the patentability of the claims on section 102 and 103 grounds. In the remand proceedings, the Board should determine whether claim 1 and its dependent claims are unpatentable as anticipated or obvious based on the instituted grounds. [Samsung Electronics America, Inc. v. Prisua Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]

The Board has previously held that *IPXL*-type indefiniteness does not prevent the Board from addressing patentability. See *Vibrant Media, Inc. v. Gen. Elec. Co.*, No. IPR2013-00172, 2014 WL 3749773 (P.T.A.B. July 28, 2014), *aff'd*, 626 F. App'x 1010 (Fed. Cir. 2015). Although the Board in this case suggested that its decision in *Vibrant Media* might be inconsistent with this court's decision in *Enzo Biochem, Inc. v. Applera Corp.*, 599 F.3d 1325, 1332 (Fed. Cir. 2010), the statement in the *Enzo* case quoted by the Board—that “a claim cannot be both indefinite and anticipated”—did not involve *IPXL*-type indefiniteness and therefore did not resolve the question presented to the Board in this case. Our decision here is limited to *IPXL*-type indefiniteness and does not affect claims that are indefinite for other reasons. Moreover, our ruling in this case does not affect the disposition of cases in forums that are authorized to consider indefiniteness as a basis for invalidating a claim. [Samsung Electronics America, Inc. v. Prisua Engineering Corp., 2019 1169, 2019-1260 (Fed. Cir. 2/4/2020).]