

Precedential Patent Case Decisions During June 2019

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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

Cellspin Soft, Inc. v. Fitbit, Inc., 2018-1817, 2018-1819, 2018-1820, 2018-1821, 2018-1822, 2018-1823, 2018-1824, 2018-1825, 2018-1826 (Fed. Cir. 6/25/2019).

This is a decision on appeals from the N.D. Cal. district court cases 4:17-cv-05928-YGR, 4:17-cv-05929-YGR; 4:17-cv-05931-YGR; 4:17-cv-05933-YGR; 4:17-cv-05938-YGR; and 4:17-cv-05939-YGR. The district court granted the defendants' motion to dismiss for patent ineligibility under 35 USC 101 and awarded them attorneys fees.

Legal issue: 35 USC 101, Alice/Mayo step 2, 12(b)(6), and existence of factual dispute regarding presence of an inventive concept precluding grant of a motion to dismiss.

The Federal Circuit found that the district court erred by discounting the nonmoving party's (Cellspin's) "specific, plausible factual allegations about why aspects of its claimed inventions were not" well understood, routine and conventional. The Federal Circuit noted that the district court erred when concluding that support for the plead "specific, plausible factual allegations" had to be present in the specification.

The Federal Circuit also noted that the district court erred by ignoring the Federal Circuit precedent that an allegation that raises a factual dispute whether an aspect of a claim is inventive precludes dismissal at the pleadings stage.

As to step two, the district court found that the asserted claims of the '794 patent do not recite an "inventive concept." *Id.* at 1152. In particular, the district court concluded that the various claim elements, e.g., the data capture device and Bluetooth enabled mobile device, represent generic computer components performing "as expected according to their ordinary use." *Id.* (quoting TLI, 823 F.3d at 615). In a footnote, the district court acknowledged Cellspin's argument that there was a factual dispute about whether the "combination" of these elements was "well understood, routine and conventional." *Id.* at 1154–55 n.12 (citing *Berkheimer*, 881 F.3d 1360). But the district court concluded that it "need not reach the issue" for two reasons. *Id.* First, the district court distinguished *Berkheimer* because it arose "at the summary judgment stage, not in the context of a motion to dismiss." *Id.* Second, the district court faulted Cellspin for not "identify[ing] any portion of the ['794 patent's] specification" that described the inventive concepts Cellspin alleged in its amended complaints. *Id.* *** [Cellspin

Soft, Inc. v. Fitbit, Inc., 2018-1817 et al. (Fed. Cir. 6/25/2019).]

Cellspin’s allegations identify several ways in which its application of capturing, transferring, and publishing data was unconventional. For example, Cellspin’s amended complaints noted that prior art devices included “a capture device with built in mobile wireless Internet.” J.A. 2290. [3] But these devices were “inferior,” Cellspin alleged, “because, especially at the time of the patent priority date . . . the combined apparatus [was] bulky, expensive in terms of hardware, and expensive in terms of requiring a user to purchase an extra and/or separate cellular service for the data capture device.” *Id.* Against this backdrop, Cellspin alleged that it was unconventional to separate the steps of capturing and publishing data so that each step would be performed by a different device linked via a wireless, paired connection. J.A. 2292–2293. This two-step, two-device structure is discussed throughout the shared specification. *See, e.g.*, ’794 patent, col. 2, ll. 2–54; J.A. 2290 (citing ’794 patent, col. 2, ll. 2–3). Cellspin also alleged that this structure provided various benefits over prior art systems. For example, it means the device capturing data only needs to serve one core function—capturing data—and does not need to incorporate other hardware and software components that might be needed to store data or publish it onto the Internet. J.A. 2290. Instead, the data capture device can “[l]everag[e]” the hardware and software on a user’s mobile device. J.A. 2292–2293. According to Cellspin, this allows data capture devices to be smaller and cheaper to build. J.A. 2293 (discussing how reducing the complexity of hardware allows for smaller size, etc.). It also makes using data capture devices simpler, e.g., one mobile device with one data plan controls several data capture devices. J.A. 2293–2294. And uploading data via a separate device, wirelessly paired to the data capture device, allows users to access and upload data even if the capture device is physically inaccessible to the user. [Cellspin Soft, Inc. v. Fitbit, Inc., 2018-1817 et al. (Fed. Cir. 6/25/2019).]

Cellspin also alleged that its specific ordered combination of elements was inventive. For example, Cellspin alleged that “inferior” prior art data capture devices “forward[ed] data to a mobile device as captured.” J.A. 2290. By contrast, the claimed inventions require establishing a paired connection between the mobile device and the data capture device before data is transmitted. ’794 patent, col. 11, ll. 60–61. According to Cellspin, this ensures that data is only transmitted if the mobile device is capable of receiving it. J.A. 2290 (“[H]av[ing] the capture device simply forward data to a mobile device as captured . . . is inferior because, without a paired connection, there is no assurance that the mobile device is capable (e.g., on and sufficiently near) of receiving the data.”). Cellspin also pointed to its use of HTTP, by an “intermediary device” and while the data is “in transit,” as being inventive. J.A. 2293–2294. Indeed, it specifically alleged that “HTTP transfers of data received over [a] paired wireless connection to web services [were] non-existent” prior to its inventions. J.A. 2289; see also ’794

patent, col. 10, ll. 4–9 (discussing the use of HTTP); '752 patent, col. 12, ll. 16–36 (reciting the use of HTTP); '698 patent, col. 13, ll. 8–22 (same); '847 patent, col. 12, ll. 62–67 (same). [Cellspin Soft, Inc. v. Fitbit, Inc., 2018-1817 et al. (Fed. Cir. 6/25/2019).]

The district court discounted these allegations in granting Appellees' motions to dismiss because Cellspin "fail[ed] to cite to support in the [shared specification]" for its allegations. *101 Order*, 316 F. Supp. 3d at 1154. In particular, the district court required Cellspin to cite instances where the patents treat this application of HTTP as inventive or contemplate benefits like smaller, streamlined data capture devices. *Id.* at 1153 ("The other proffered benefits which relate to . . . [the] order or timing of the Bluetooth wireless pairing; and elimination of the need for bulky hardware and costly cell phone services; do not appear in the patent's specification." (internal footnote omitted)). In *Aatrix*, however, we repeatedly cited allegations in the complaint to conclude that the disputed claims were potentially inventive. *See, e.g.*, 882 F.3d at 1128 ("There are concrete allegations in the second amended complaint that individual elements and the claimed combination are not well-understood, routine, or conventional activity."). While we do not read *Aatrix* to say that any allegation about inventiveness, wholly divorced from the claims or the specification, defeats a motion to dismiss, plausible and specific factual allegations that aspects of the claims are inventive are sufficient. *Id.* As long as what makes the claims inventive is recited by the claims, the specification need not expressly list all the reasons why this claimed structure is unconventional. In this case, Cellspin made specific, plausible factual allegations about why aspects of its claimed inventions were not conventional, e.g., its two-step, two-device structure requiring a connection before data is transmitted. The district court erred by not accepting those allegations as true. [Cellspin Soft, Inc. v. Fitbit, Inc., 2018-1817 et al. (Fed. Cir. 6/25/2019).]

The district court also decided that it need not credit Cellspin's allegations because the case Cellspin relied on for that proposition, *Berkheimer*, could be distinguished because it arose in the context of a motion for summary judgment. *101 Order*, 316 F. Supp. 3d 1138, 1154–55 n.12 ("*Berkheimer* addressed a defendant's burden at the summary judgment stage, not in the context of a motion to dismiss."). That conclusion is impossible to reconcile with *Aatrix*, where we expressly stated that "patentees who adequately allege their claims contain inventive concepts survive a § 101 eligibility analysis under Rule 12(b)(6)." *Aatrix*, 882 F.3d at 1126–27. The district court thus further erred by ignoring the principle, implicit in *Berkheimer* and explicit in *Aatrix*, that factual disputes about whether an aspect of the claims is inventive may preclude dismissal at the pleadings stage under § 101. [Cellspin Soft, Inc. v. Fitbit, Inc., 2018-1817 et al. (Fed. Cir. 6/25/2019).]

Elbit Systems Land v. Hughes Network Systems, LLC, 2018-1910 (Fed. Cir. 6/25/2019).

Legal issue: 28 USC 1295, requirement for finality for appellate jurisdiction.

The Federal Circuit concluded that, under *Budinich v. Becton Dickinson & Co.*, 87-283, 486 US 196 (1988)'s requirement for finality, of separating merits and fees determinations, the Federal Circuit lacked jurisdiction to review a judgement of entitlement to attorneys fees that lacked quantification.

We begin with 28 U.S.C. § 1295, which requires a final decision in the case being appealed and is interpreted in accordance with the interpretation of 28 U.S.C. § 1291. *See Johannsen v. Pay Less Drug Stores Nw. Inc.*, 918 F.2d 160, 161 n.1 (Fed. Cir. 1990). We see no basis for § 1295 jurisdiction to review an exceptionality determination made under 35 U.S.C. § 285 before fees have been quantified. [*Elbit Systems Land v. Hughes Network Systems, LLC, 2018-1910 (Fed. Cir. 6/25/2019).*]

...Once the fees determination is viewed separately from the merits, as *Budinich* requires, it follows that a determination of entitlement to fees is not a reviewable final decision until quantification of the fee award. *See Falana v. Kent State Univ.*, 669 F.3d 1349, 1360 (Fed. Cir. 2012) (“[T]he district court’s exceptional case determination is a separately appealable judgment which itself must be final. . . . The district court’s decision finding the case exceptional and awarding attorney fees that remain as of yet unquantified is not final and thus, not appealable. . . . A non-final decision does not become final simply because it is issued in the same order as a final decision.”); *Special Devices, Inc. v. OEA, Inc.*, 269 F.3d 1340, 1345 (Fed. Cir. 2001) (“A decision to award attorney fees under 35 U.S.C. § 285 is not final and appealable before the award has been quantified.”). [*Elbit Systems Land v. Hughes Network Systems, LLC, 2018-1910 (Fed. Cir. 6/25/2019).*]

Mayne Pharma International Pty. Ltd. v. Merck Sharp & Dohme Corp., 2018-1593(Fed. Cir. 6/21/2019).

This is a decision on appeal from PTAB case IPR2016-01186. The PTAB held that claims of the patent were unpatentable over prior art. Mayne appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 314(d), scope of bar to judicial review.

The Federal Circuit held that the scope of the bar on judicial review imposed by 35 USC 314(d) was not jurisdictional. According to the Federal Circuit, they did “not address the issue of appealability,” that is, whether 314(d) bars appeal on the 315(b) issue presented. However, the Federal Circuit did in fact address the issue of appealability (in my view) by concluding that “the Board committed no reversible error” as their basis for affirming the PTAB decision. The decision is a bit scattered on these concepts. I think the reason for this lack of clarity is due to the change in prevailing law in the *Lone Star* decision last month and the fact that the change in

prevailing law in the *Lone Star* decision was buried on page 20 of that decision. That is, I guess that the Federal Circuit in this decision was focused on advertising the *Lone Star* decision by restating that decision, and not focused on the words surrounding the restatement of the *Lone Star* decision.

The Federal Circuit first identified the issue allegedly relating to a 315(b) bar, and the corresponding 314(d) bar to appeal of institution decision issues.

According to Mayne, because MCI was a real party in interest, the Board could not allow a correction without re-setting the petition's filing date to the date of the amendment, which it did not do. Because MSD did not name MCI until December 14, 2017, more than a year after the service of Mayne's complaint against it, Mayne maintains that the petition should have been time-barred. *** MSD responds that this court may not hear Mayne's challenge to the petition's real-party-in-interest disclosure. It suggests that Mayne's arguments involve an AIA mandatory disclosure provision, 35 U.S.C. § 312(a)(2), that should be read with § 314(d), which renders unappealable a determination by the Director whether to institute review "under this section." According to MSD, *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), held that compliance with § 312(a)(3) was unreviewable, Appellee's Br. 25, and likewise § 312(a)(2) real-party-in-interest identifications should be unreviewable as well, *id.* at 26. *** The PTO, as intervenor, agrees with MSD's first point and contests our entitlement to review the Board's decision. According to the PTO, this case does not involve the application of the time bar of § 315(b), and we lack entitlement to consider whether a petition complies with § 312(a)(2). [Mayne Pharma International Pty. Ltd. v. Merck Sharp & Dohme Corp., 2018-1593(Fed. Cir. 6/21/2019).]

With that background, the Federal Circuit explained why 314(d) did not relieve the Federal Circuit of jurisdiction to hear the appeal.

We conclude that we need not address the issue of appealability. The scope of review of a final written decision and the limit on that review imposed by the appeal bar of § 314(d) are not jurisdictional issues. The appeal bar is not characterized as jurisdictional in the statute, and the Supreme Court has told us to avoid characterizing rules as jurisdictional where Congress has not "clearly stated that the rule is jurisdictional." *Sebelius v. Auburn Reg'l Med. Ctr.*, 568 U.S. 145, 153 (2013); *accord Fort Bend Cty., Texas v. Davis*, 139 S. Ct. 1843, 1850 (2019) (stating that "when Congress does not rank a [prescription] as jurisdictional, courts should treat the restriction as nonjurisdictional in character." (alteration in original) (quoting *Arbaugh v. Y & H Corp.*, 546 U. S. 500, 515–16 (2006))). The nonjurisdictional nature of most scope of review provisions was established by the Supreme Court's decision in *Air Courier Conference of America v. American Postal Workers Union AFL-CIO*, 498 U.S. 517, 523 n.3 (1991) ("The judicial

review provisions of the APA are not jurisdictional” (citing *Califano v. Sanders*, 430 U.S. 99, 106–109 (1977)). [Mayne Pharma International Pty. Ltd. v. Merck Sharp & Dohme Corp., 2018-1593(Fed. Cir. 6/21/2019).]

Then the Federal Circuit advertised its *Lone Star* holding in support of its affirmance of the PTAB decision.

Because we conclude that the Board committed no reversible error (whether or not it is appealable), we need not decide the issue of appealability. *See Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, No. 2018-1581, 2019 WL 2292485, at *7 (Fed. Cir. May 30, 2019) (explaining that defects in statutory standing “do not implicate a court’s subject-matter jurisdiction” (citing *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 128 n.4 (2014))). [Mayne Pharma International Pty. Ltd. v. Merck Sharp & Dohme Corp., 2018-1593(Fed. Cir. 6/21/2019).]

Note: I do not understand how the Federal Circuit could state it need not decide appealability while at the same time affirming on the merits of the appeal.

UCB, Inc. v. Watson Laboratories Inc., 2018-1397, 2018-1453 (Fed. Cir. 6/24/2019).

This is a decision on appeals from the D. Del. district court case 1:14-cv-01083-LPS-SRF. The district court inter alia found the ‘414 patent infringed under the doctrine of equivalents. Actavis appealed that finding. The Federal Circuit affirmed.

Legal issue: 35 USC 271, the doctrine of equivalents, foreseeability factor.

The Federal Circuit held that foreseeability is a factor swaying against equivalents infringement, and not a per se bar to equivalents infringement. On the specific factors and findings of the district court, the Federal Circuit did not find clear error.

The district court disagreed with Actavis, citing this court’s holding in *Ring & Pinion Service Inc. v. ARB Corp.* that “[t]here is not, nor has there ever been, a foreseeability limitation on the application of the doctrine of equivalents” as to claim limitations that have never been amended or relied on during prosecution, because “[e]xcluding equivalents that were foreseeable at the time of patenting would directly conflict with [prior Supreme Court and Federal Circuit case] holdings that ‘known interchangeability’ supports infringement under the doctrine of equivalents.” J.A. 145; 743 F.3d 831, 834 (Fed. Cir. 2014) (citing *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 36(1997); *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 609 (1950); *Abraxis Bioscience, Inc. v. Mayne Pharma (USA) Inc.*, 467 F.3d 1370, 1382 (Fed. Cir. 2006); *Interactive Picture Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371, 1383 (Fed. Cir. 2001); and *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, 868 F.2d 1251, 1261 (Fed. Cir. 1989)). We understand *Ring & Pinion* to hold that foreseeability at the time of claim drafting is not a per se bar to the application of

the doctrine of equivalents. But, at the same time, *Ring & Pinion* does not foreclose consideration of foreseeability of an asserted equivalent as one factor that may, in some cases, help show that the facts cannot support infringement under the doctrine of equivalents. [UCB, Inc. v. Watson Laboratories Inc., 2018-1397, 2018-1453 (Fed. Cir. 6/24/2019).]

The Federal Circuit distinguished the foreseeability limitation on the DOE in *Wm. Wrigley Jr. Co. v. Cadbury Adams USA LLC*, 683 F.3d 1356 (Fed. Cir. 2012), identifying factors limiting the DOE there as: (1) a specification “focuse[d] narrowly” on the claimed compounds; (2) a specification “focused on advantageous characteristics unique to” the claimed compounds; (3) evidence the inventors timely knew of the appropriateness of the unclaimed compounds; and (4) the claims were defined a subset of what was disclosed.

The Federal Circuit noted in this case that Activis (1) did not assert that the specification focused on unique characteristics of claimed “acrylate or silicone-based polymer adhesive systems”; (2) the specification did not “identify unique characteristics of acrylate or silicone-based polymer adhesive systems to the exclusion of other systems;” (3) record evidence indicated that there was no substantial difference “between the claimed adhesive systems and polyisobutylene-based polymer adhesive systems for the[] parameters” of “dissolving capacity for the active substance ... the mobility of the active substance in the matrix, and its [sic; the active substance’s] transfer via the contact surface to the skin;” (4) the “claims also correspond directly to the specification by reciting all acrylate-based or silicone-based polymer adhesive systems, without narrowing to a subset;” and (5) “the evidence of the inventor’s knowledge here at the time of filing is not as clear as in *Wrigley*.”

Forum US, Inc. v. Flow Valve, LLC, 2018-1765 (Fed. Cir. 6/17/2019).

This is a decision on an appeal from the W.D. Okla. district court 5:17-cv-00495-F. The district court granted summary judgement of invalidity of a Flow’s reissue patent. Flow appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 251, “invention disclosed in the original patent” requirement applied to broadened reissue claims.

The Federal Circuit held that the original patent must make it clear that what is covered by the broadening reissue claims was intended to be claimed in the original patent. In this case, a limitation was disclosed to be present in all embodiments and was originally claimed; was absent from the reissue claim; and the reissue claim was held invalid.

It is well settled that for broadening reissue claims, “it is not enough that an invention might have been claimed in the original patent because it was suggested or indicated in the specification.” *Indus. Chems.*, 315 U.S. at 676 (interpreting 35 U.S.C. § 64 (1934)). The Supreme Court described this standard in nearly identical language almost fifty years before *Industrial Chemicals*. See *Corbin Cabinet Lock Co. v. Eagle Lock Co.*, 150 U.S. 38, 42–43 (1893)(“[T]o warrant new and broader claims in a reissue, such claims must not be merely

suggested or indicated in the original specification, drawings, or models, but it must further appear from the original patent that they constitute parts or portions of the invention, which were intended or sought to be covered or secured by such original patent.”). Congress codified this long-standing requirement, which became known as the “same invention” requirement. *Antares*, 771 F.3d at 1359–60 (quoting 35 U.S.C. § 64 (1946)); *see, e.g.*, Section 53, Patent Act of 1870, 16 Stat. 198 (1870)(“[T]he commissioner shall . . . cause a new patent for the same invention . . . to be issued to the patentee.”). [Forum US, Inc. v. Flow Valve, LLC, 2018-1765 (Fed. Cir. 6/17/2019).]

With the passage of the 1952 Patent Act, Congress revised the statutory language from “the same invention” to “the original patent.” *Antares*, 771 F.3d at 1360; 35 U.S.C. § 251 (1952). Despite this revision, case law has not suggested that the 1952 Patent Act’s revised statutory language substantively changed “the ‘same invention’ requirement or that the standard of *Industrial Chemicals* has in any way been altered by the legislative changes.” *Antares*, 771 F.3d at 1360–61. [Forum US, Inc. v. Flow Valve, LLC, 2018-1765 (Fed. Cir. 6/17/2019).]

Thus, for broadening reissue claims, the specification of the original patent must do more than merely suggest or indicate the invention recited in reissue claims; “[i]t must appear from the face of the instrument that what is covered by the reissue was intended to have been covered and secured by the original.” *Indus. Chems.*, 315 U.S. at 676 (emphasis added). Stated differently, the original patent “must clearly and unequivocally disclose the newly claimed invention as a separate invention.” *Antares*, 771 F.3d at 1362. [Forum US, Inc. v. Flow Valve, LLC, 2018-1765 (Fed. Cir. 6/17/2019).]

Exemplary application of the law to the facts in this decision.

Original patent claim 1 recited “a plurality of arbors” and means for rotating a supporting assembly about an axis of one of the arbors. The specification disclosed arbors in a machining fixture for holding a pipe joint. The specification did not disclose an arbor-less embodiment. The new reissue independent claim did not define an arbor. On those facts, the Federal Circuit concluded that:

Thus, the reissue claims do not comply with the standard set forth in *Industrial Chemicals* and *Antares* as a matter of law. [Forum US, Inc. v. Flow Valve, LLC, 2018-1765 (Fed. Cir. 6/17/2019).]

[Regents of the University of Minnesota v. LSI Corporation, 2018-1559 \(Fed. Cir. 6/14/2019\).](#)

This is a decision on appeal from PTAB case IPR2017-01068 (and also on many other appeals on other IPRs). The PTAB did not dismiss the petitions, finding that sovereign immunity

did not apply. Regents appealed. The Federal Circuit affirmed.

Legal issue: State sovereign immunity to IPR petition proceedings.

The Federal Circuit held that there was no state sovereign immunity to IPR proceedings.

The Regents of the University of Minnesota (“UMN”) appeals from decisions by the United States Patent and Trademark Office (“USPTO”) Patent Trial and Appeal Board (“Board”) declining to dismiss petitions for inter partes review (“IPR”). The petitions were alleged to be improper because states supposedly enjoy sovereign immunity in IPR proceedings. We conclude that state sovereign immunity does not apply to these proceedings, and therefore we affirm. [Regents of the University of Minnesota v. Ericsson, Inc., 2018-1559 (Fed. Cir. 6/14/2019).]

IPR represents the sovereign’s reconsideration of the initial patent grant, and the differences between state and tribal sovereign immunity do not warrant a different result than in *Saint Regis*. We therefore conclude that state sovereign immunity does not apply to IPR proceedings. In light of the above disposition, we do not address the issue of whether, if sovereign immunity were to apply to IPR proceedings, the state here waived such immunity by asserting patent claims in district court that were later challenged in a petition for IPR. [Regents of the University of Minnesota v. Ericsson, Inc., 2018-1559 (Fed. Cir. 6/14/2019).]

Hyosung TNS Inc. v. ITC, 2017-2563 (Fed. Cir. 6/17/2019).

This is a decision on appeal from ITC investigation No. 337-TA-972. The ITC concluded that certain machines infringed the claims of two patents owned by Diebold, and issued a limited exclusion order. Hyosung appealed. The Federal Circuit vacated the decision as to the ‘616 patent.

Legal issue: When appeal of an order that is moot deserves to be vacated.

While the appeal was pending the ‘616 patent expired, and therefore the appeal as to that patent was moot. However, there was an issue of stare decisis for a concurrent district court action. Accordingly, the Federal Circuit concluded that, even though the appeal as to the ‘616 patent was moot, the appropriate action was to vacate the order as to the ‘616 patent and have the ITC revise the order to be inapplicable to infringement of the ‘616 patent. The Federal Circuit concluded that this action was appropriate when the mootness was a result of “events outside the parties’ control.”

...The party arguing that a case has become moot “bears the burden of coming forward with the subsequent events that have produced that alleged result.” *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 98 (1993). [Hyosung Tns Inc. v. ITC, 2017-2563 (Fed. Cir. 6/17/2019).]

In cases where the patent at issue has expired before appellate review, we have dismissed the appeal from the ITC decision as moot despite the fact that

there was co-pending civil litigation that could have been impacted by a decision on appeal. *See Tex. Instruments Inc. v. U.S. Int'l Trade Comm'n*, 851 F.2d 342, 344 (Fed. Cir. 1988) (rejecting party's argument that the appeal was not moot based on the potential impact on district court litigation); *see also e.g., Tessera, Inc. v. Int'l Trade Comm'n*, 646 F.3d 1357, 1361 (Fed. Cir. 2011); *Tessera, Inc. v. A-DATA Tech. Co.*, No. 2:07-CV-534 (E.D. Tex.) (case moot when there was pending district court litigation). We conclude that in the circumstances of this case, the potential for collateral consequences resulting from the possible stare decisis effect of our decision, if precedential, does not prevent the appeal from becoming moot. [*Hyosung Tns Inc. v. ITC*, 2017-2563 (Fed. Cir. 6/17/2019).]

Under similar circumstances, where an appeal from the ITC has become moot based on expiration of a patent during pendency of appeal, such “happenstance” has been recognized as supporting vacatur of the underlying decision. *Tessera*, 646 F.3d at 1371; *see Arizonans for Official English*, 520 U.S. at 71 (“Vacatur is in order when mootness occurs through happenstance”); *A.L. Mechling Barge Lines, Inc. v. United States*, 368 U.S. 324, 329–30 (1961); *United States v. Munsingwear, Inc.*, 340 U.S. 36, 39–40 (1950) (noting it is the “duty of the appellate court” to vacate a decision that has become moot during pendency of appeal as the result of events outside the parties’ control). We accordingly vacate the ITC’s decision as to the ’616 patent, and we remand with instructions to amend the cease and desist orders as they relate to the ’616 patent and to amend the limited exclusion order so that the orders are inapplicable to importation of products alleged to infringe the ’616 patent. [*Hyosung Tns Inc. v. ITC*, 2017-2563 (Fed. Cir. 6/17/2019).]

[Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 \(Fed. Cir. 6/13/2019\).](#)

This is a decision on appeal from PTAB case IPR2016-00809. The PTAB held the challenged claims unpatentable, and held that the IPR was not time barred by 315(b). The Federal Circuit vacated and remanded with an instruction to *dismiss*.

This case presents two issues and changes the controlling law relevant to both: the incentive-to-litigate exception to issue preclusion, as applied to an IPR; and the time relevant to RPI and privies determinations, for determining if there is a 315(b) bar to the IPR petition.

Legal issue: Issue preclusion, lack of incentive to litigate, exception applied to IPR proceedings.

The Federal Circuit held that the lack-of-incentive-to-litigate exception to issue preclusion applied to a failure to appeal an issue in a prior IPR proceeding because there was no infringement finding or damages award in a civil action for patent infringement involving the patent that was subject to the prior IPR proceeding. To generalize, the lack of a corresponding patent infringement action goes a long way in supporting a lack-of-incentive-to-litigate exception to issue preclusion, for a non-appealed issue decided by the PTAB in a prior IPR's final decision.

...As the Supreme Court explained in *B & B Hardware*, the Restatement allows for exceptions to issue preclusion even when the basic requirements for issue preclusion are satisfied. *Id.* at 1303, 1309-10. One of those exceptions is a lack of opportunity or incentive to litigate the first action. According to Restatement (Second) of Judgments § 28(5)(c), issue preclusion does not apply when: ["] (5) There is a clear and convincing need for a new determination of the issue . . . (c) because the party sought to be precluded, as a result of the conduct of his adversary or other special circumstances, did not have an adequate opportunity or incentive to obtain a full and fair adjudication in the initial action.["] [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

Our court has also recognized that the lack-of-incentive-to-litigate exception may justify not applying issue preclusion, even when the basic requirements are satisfied. *See Kroeger v. U.S. Postal Serv.*, 865 F.2d 235, 239–40 (Fed. Cir. 1988) (“[C]ollateral estoppel has been deemed unfair when the party that would be bound lacked incentive to litigate the issue in the first proceeding because its stake in that proceeding was minimal in comparison with its stake in the second.”); *Soverain Software LLC v. Victoria’s Secret Direct Brand Mgmt., LLC*, 778 F.3d 1311, 1316 (Fed. Cir. 2015) (“[T]he issue of incentive to litigate arises where ‘[t]he stakes in the first action may be so small that extensive effort is not reasonable if the risk is limited to the first action.’” (quoting 18 Wright & Miller, *supra*, § 4423)). [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

We conclude, however, that Power Integrations has established that the lack-of-incentive-to-litigate exception applies here and justifies rejecting ON’s issue preclusion argument. The disparity in incentives to appeal the § 315(b) issue between the IPR underlying this appeal and the non-appealed IPR are significant. See Response at 9–10. Fairchild, which has since merged with ON, has been found to infringe the patent underlying the appealed IPR decision but not the patent underlying the non-appealed IPR decision. [4] Indeed, a first jury awarded \$105 million in damages and a second jury awarded \$139.8 million in damages for infringement of the patent underlying this appeal. Moreover, ON and Fairchild entered their merger agreement one month before the second damages trial, and ON filed the petition for IPR three months after the second damages verdict. [5] In contrast, there is no infringement finding or damages award associated with the patent underlying the non-appealed IPR decision. [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

We are therefore persuaded by Power Integrations’ argument that it had a considerably greater incentive to continue litigating the § 315(b) issue in the IPR underlying this appeal than it had in the non-appealed IPR concerning a patent

unassociated with any infringement finding or damages award. [6] *See Papst*, 2019 WL 2219683, at *5 (noting that the appellant presented no “legally significant disparity in incentives” to satisfy exception to issue preclusion). Accordingly, we conclude that giving preclusive effect to the Board’s § 315(b) determination in the non-appealed IPR is inappropriate in this case. *See Kroeger*, 865 F.2d at 239–40; *Soverain Software*, 778 F.3d at 1316. [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

Because we find the lack-of-incentive-to-litigate exception to issue preclusion applicable in this case, we do not reach the additional exceptions that Power Integrations contends also apply. *See* Response at 10–13. We hold that issue preclusion does not bar Power Integrations from challenging the Board’s § 315(b) determination. ON’s Motion is accordingly denied. [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

Legal issue: 35 USC 315(b), time applicable to 315(b) RPI and privity determinations.

The Federal Circuit held that 315(b) "requires consideration of privity and RPI relationships arising after filing but before institution." So a privity or RPI change arising after filing and prior to an institution decision on an IPR petition may be fatal to the IPR petitioner.

We agree with Power Integrations that the best reading of § 315(b) requires consideration of privity and RPI relationships arising after filing but before institution. *** In light of the foregoing, we hold that this IPR was time-barred by § 315(b) because Fairchild was an RPI at the time the IPR was instituted, even though it was not an RPI at the time the petition was filed. [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

In reaching that holding, first, the Federal Circuit construed the statute.

Turning to the statutory language, § 315(b) states that an IPR “may not be instituted” if a stated condition is true. 35 U.S.C. § 315(b) (emphasis added). That condition is “if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privity of the petitioner is served with a complaint alleging infringement of the patent.” *Id.* The Board’s decision under § 315(b) is whether to institute or not. The condition precedent for this decision is whether a time-barred party (a party that has been served with a complaint alleging infringement of the patent more than one year before the IPR was filed) is the petitioner, real party in interest, or privity of the petitioner. In other words, the statute specifically precludes institution, not filing. When the Board finds that an IPR is barred under § 315(b), it denies institution. It

does not reject the petitioner's filing. The focus of § 315(b) is on institution. The language of the statute, in our view, makes privity and RPI relationships that may arise after filing but before institution relevant to the § 315(b) time-bar analysis. [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

Second, the Federal Circuit considered additional factors including: its own prior cases; common law preclusion; and statutory purpose.

This reading of the statutory language is consistent with our prior cases, which have characterized the § 315(b) time-bar “[a]s a statutory limit on the Director’s ability to institute IPR.” *Wi-Fi One*, 878 F.3d at 1374 (emphasis added) *** Our reading of the statute is also consistent with common law preclusion principles. The statutory terms “real party in interest” and “privity” are not defined in Title 35. However, they are well-established common law terms. *** Common law preclusion cases suggest that preclusion can apply based on privity arising after a complaint is filed. “Courts have repeatedly found privity where, after a suit begins, a nonparty acquires assets of a defendant-infringer.” *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1583 (Fed. Cir. 1986) (emphasis added), overruled on other grounds by *Knorr-Bremse Systeme Fuer Nutzfahr-zeuge GmbH v. Dana Corp.*, 383 F.3d 1337 (Fed. Cir. 2004) (en banc). *** Our view is further supported by the statute’s purpose, as demonstrated by its language. As we explained in *Applications in Internet Time*, in drafting § 315(b), Congress “chose language that bars petitions where proxies or privies would benefit from an instituted IPR, even where the petitioning party might separately have its own interest in initiating an IPR.” 897 F.3d at 1347 (emphasis added); *see also id.* at 1348 (stating that “the real-party-in-interest inquiry . . . bear[s] in mind who will benefit from having those claims canceled or invalidated” (emphasis added)). Against this backdrop, we decline to construe § 315(b) in a way that would have the Board, when deciding whether to institute, ignore the existence of RPIs or privies who would benefit from having an IPR instituted simply because they were not RPIs or privies when the petition was filed. [Power Integrations, Inc. v. Semiconductor Components Industries, LLC, 2018-1607 (Fed. Cir. 6/13/2019).]

Second, the Federal Circuit considered and rejected ON's arguments, including that the Federal Circuit should defer to the PTO.

ON raises the issue of deference to the PTO’s interpretation of § 315(b). It argues that we should give the PTO’s regulation on time-bar determinations, 37 C.F.R. § 42.101(b), deference under *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), or at least give the Board’s interpretation of the regulation deference under *Auer v. Robbins*, 519 U.S. 452 (1997). Appellee’s Br. 38–40. *** We do not, however, give *Chevron* deference

to an agency regulation that merely parrots the statutory language. *See Gonzales v. Oregon*, 546 U.S. 243, 257–58 (2006); *Click-To-Call*, 899 F.3d at 1338 (“The governing regulation [§ 42.101(b)] largely parrots § 315(b) . . .”). Nor do we give *Auer* deference to an agency’s interpretation of a parroting regulation. *See Gonzales*, 546 U.S. at 257 (“An agency does not acquire special authority to interpret its own words when, instead of using its expertise and experience to formulate a regulation, it has elected merely to paraphrase the statutory language.”). [*Power Integrations, Inc. v. Semiconductor Components Industries, LLC*, 2018-1607 (Fed. Cir. 6/13/2019).]

ON argues further that the Board’s nonprecedential decisions interpreting § 315(b) are entitled to *Chevron* deference. Appellee’s Br. 38 (referring to *Synopsys*, No. IPR2012-00042, Paper 60 at 12, and *ARRIS*, No. IPR2016-00430, Paper 9 at 6). Based on these facts and the similarity between the regulatory and statutory text, we decline to give *Chevron* deference to these nonprecedential Board decisions, which do not even bind other panels of the Board. [9] *See Click-To-Call*, 899 F.3d at 1341 (“[B]ecause the regulation merely parrots the statute, deference is not owed even to the Director’s interpretation of the regulation, much less to a Board panel’s interpretation.”); *see also United States v. Mead Corp.*, 533 U.S. 218, 230–31 (2001); *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1320 (Fed. Cir. 2017) (en banc) (plurality opinion) (“Because *Chevron* deference displaces judicial discretion to engage in statutory interpretation, it requires a relatively formal expression of administrative intent, one with the force and effect of law.”). [*Power Integrations, Inc. v. Semiconductor Components Industries, LLC*, 2018-1607 (Fed. Cir. 6/13/2019).]

[Samsung Electronics Co., Ltd. v. Elm 3DS Innovations, LLC, 2017-2474, 2017-2475, 2017-2476, 2017-2478, 2017-2479, 2017-2480, 2017-2482, 2017-2483, 2018-1050, 2018-1079, 2018-1080, 2018-1081, 2018-1082 \(Fed. Cir. 6/12/2019\).](#)

This is a decision on appeals from PTAB cases IPR2016-00386; IPR2016-00387; IPR2016-00388; IPR2016-00390; IPR2016-00391; IPR2016-00393; IPR2016-00394; IPR2016-00395; IPR2016-00687; IPR2016-00691; IPR2016-00708; IPR2016-00770; and IPR2016-00786. The PTAB held that the petitions failed to show that 105 claims across eleven patents were obvious. Samsung appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 112, claim construction, prosecution history disclaimer based upon statements during prosecution of an application related to a challenged patent.

The Federal Circuit found that statements in the prosecution history of an application related to a challenged patent limited a claim term in a challenged patent.

First, the Federal Circuit restated its law on uniformity of construction of claim terms in a patent family, in relation to the “substantially flexible” claim recitation at issue here.

The parties dispute the meaning of “substantially flexible.” “Where multiple patents derive from the same parent application and share many common

terms, we must interpret the claims consistently across all asserted patents.” *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1316 (Fed. Cir. 2015) (internal quotation marks omitted). The parties do not argue that the definition of “substantially flexible” depends on the patent or claim in which it is used. Because the Challenged Patents derive from the same parent application and use “substantially flexible” throughout, we construe that term the same way for each Challenged Patent. [*Samsung Electronics Co., Ltd. v. Elm 3DS Innovations, LLC*, 2017-2474 et al. (Fed. Cir. 6/12/2019)].

Second, the Federal Circuit construed the “substantially flexible” claim recitation to be limited to the applicant's disclaimer in the prosecution history of an application related to the challenged patents.

This definition of “substantially flexible” applies to all its uses. In response to a rejection of claims reciting a substantially flexible circuit layer in an application related to the Challenged Patents, Elm stated that “a substantially flexible semiconductor substrate is a *necessary* but not a *sufficient* condition for a substantially flexible circuit layer.” J.A. 10316 (emphasis in original). Reinforcing this point, Elm in a response involving another related application explained: [“]Two features are *required* to achieve substantial flexibility. One is that the semiconductor material must be sufficiently thin, e.g., 50 microns or less. . . . The other is that the dielectric material used in processing the semiconductor material must be sufficiently low stress. Otherwise, substantial flexibility is defeated. As set forth in the present specification, stress of 5×10^8 dynes/cm² or less has been demonstrated to satisfy this requirement. [“] J.A. 16038 (emphasis added). *See also* J.A. 10314 (“[A] circuit layer requires one or more dielectric layers. . . . For a circuit layer to be substantially flexible, Applicant has found that the dielectric material must have low tensile stress, for example, 5×10^8 dynes/cm² tensile.”). Considered in its entirety, the prosecution history clearly and unambiguously demonstrates that a substantially flexible circuit layer, and similar terms, must contain a substantially flexible semiconductor substrate and a sufficiently low tensile stress dielectric material. We see nothing in the specification or prosecution history that limits the dielectric to a particular stress value. Both merely provide as an example that a tensile stress of 5×10^8 dynes/cm² is sufficient. [*Samsung Electronics Co., Ltd. v. Elm 3DS Innovations, LLC*, 2017-2474 et al. (Fed. Cir. 6/12/2019)].

[Game and Technology Co., Ltd. v. Activision Blizzard Inc., 2018-1981 \(Fed. Cir. 6/21/2019\).](#)

This is a decision on an appeal from PTAB case IPR2016-01885. The PTAB held patent claims to be unpatentable for obviousness. Activision appealed. The Federal Circuit affirmed. I see no precedential value in this case; no new law.

[Return Mail, Inc. v. United States Postal Service, 17–1594, 587 U. S. ____ \(6/10/2019\).](#)

The PTAB held that Postal Service had statutory “standing” and that the challenged claims were patent ineligible under 35 USC 101. Return Mail appealed. A majority of the Federal Circuit panel, consisting of Judges Prost and Wallach affirmed. Judge Newman dissented. *See Return Mail, Inc. v. United States Postal Service*, 2016-1502 (Fed. Cir. 8/28/2017). A six to three majority of the Supreme Court reversed and remanded.

Legal issue: 35 USC 311, statutory construction of “a person,” in 35 USC 311's recitation "a person who is not the owner of a patent may file with the Office a petition."

The Supreme Court majority concluded that 35 USC 311's “person” did not include a federal agency, and therefore a federal agency was not entitled to file an IPR.

In the Leahy-Smith America Invents Act of 2011, 35 U. S. C. §100 et seq., Congress created the Patent Trial and Appeal Board and established three new types of administrative proceedings before the Board that allow a "person" other than the patent owner to challenge the validity of a patent post-issuance. The question presented in this case is whether a federal agency is a "person" able to seek such review under the statute. We conclude that it is not. [Return Mail, Inc. v. United States Postal Service, 17–1594, 587 U. S. ____ (6/10/2019).]

For the foregoing reasons, we hold that a federal agency is not a "person" who may petition for post-issuance review under the AIA. The judgment of the United States Court of Appeals for the Federal Circuit is therefore reversed, and the case is remanded for further proceedings consistent with this opinion. [Return Mail, Inc. v. United States Postal Service, 17–1594, 587 U. S. ____ (6/10/2019).]

The Supreme Court majority relied upon the definition of a person in 1 USC 1, which does not expressly include the Federal government in its definition of a “person” and the Court’s corresponding interpretive presumption that statutory recitations of a “person” excluded the Federal government.

The patent statutes do not define the term “person.” In the absence of an express statutory definition, the Court applies a “longstanding interpretive presumption that ‘person’ does not include the sovereign,” and thus excludes a federal agency like the Postal Service. *Vermont Agency of Natural Resources v. United States ex rel. Stevens*, 529 U. S. 765, 780–781 (2000); *see United States v. Mine Workers*, 330 U. S. 258, 275 (1947); *United States v. Cooper Corp.*, 312 U. S. 600, 603–605 (1941); *United States v. Fox*, 94 U. S. 315, 321 (1877). [Return Mail, Inc. v. United States Postal Service, 17–1594, 587 U. S. ____ (6/10/2019).]

This presumption reflects “common usage.” *Mine Workers*, 330 U. S., at 275. It is also an express directive from Congress: The Dictionary Act has since 1947 provided the definition of “‘person’ ” that courts use “[i]n determining the

meaning of any Act of Congress, unless the context indicates otherwise.” 1 U. S. C. §1; see *Rowland v. California Men’s Colony, Unit II Men’s Advisory Council*, 506 U. S. 194, 199–200 (1993). The Act provides that the word “ ‘person’ . . . include[s] corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.” §1. Notably absent from the list of “person[s]” is the Federal Government. See *Mine Workers*, 330 U. S., at 275 (reasoning that Congress’ express inclusion of partnerships and corporations in §1 implies that Congress did not intend to include the Government). Thus, although the presumption is not a “hard and fast rule of exclusion,” *Cooper*, 312 U. S., at 604–605, “it may be disregarded only upon some affirmative showing of statutory intent to the contrary,” *Stevens*, 529 U. S., at 781. [Return Mail, Inc. v. United States Postal Service, 17–1594, 587 U. S. ____ (6/10/2019).]