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Federal Circuit Update (August 2023)

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This edition of Gibson Dunn's Federal Circuit Update summarizes the current status of several petitions pending before the Supreme Court, additional materials released from the ongoing investigation by the Judicial Council of the Federal Circuit, and recent Federal Circuit decisions concerning claim construction, secondary considerations, and obviousness-type double patenting.

Related People

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Federal Circuit News

***Noteworthy Petitions for a Writ of Certiorari*:**

A couple potentially impactful petitions were filed before the Supreme Court in August 2023:

- ***Intel Corp. v. Vidal*** (US No. 23-135): "The question presented is whether 35 U.S.C. § 314(d), which bars judicial review of "[t]he determination … whether to institute an *inter partes* review," applies even when no institution decision is challenged to preclude review of [the United States Patent & Trademark Office] rules setting standards governing institution decisions."

- ***HIP, Inc. v. Hormel Foods Corp.*** (US No. 23-185): The questions presented are: "1. Whether joint inventorship requires anything more than a contribution to conception that is stated in a patent claim. Whether, under Section 116(a), a claimed and enabled contribution to conception can be deemed insignificant in quality based on the quantity of disclosure in the specification." The Federal Circuit opinion being petitioned was summarized in our May 2023 update.

As we summarized in our July 2023 update, the Court will consider ***Killian v. Vidal*** (US No. 22-1220) and ***Ingenio, Inc. v. Click-to-Call Technologies, LP*** (US No. 22-873) during its September 26, 2023 conference. In ***CareDx Inc. v. Natera, Inc.*** (US No. 22-1066), after the respondents waived their right to file a response, retired Federal Circuit Judge Paul R. Michel and Professor John F. Duffy filed an *amici curiae* brief in support of Petitioners. The Court thereafter requested a response, which was filed on August 9, 2023. The Court will also consider this petition during its September 26, 2023 conference.

Other Federal Circuit News:

Report and Recommendation in Judicial Investigation. As we summarized in our July 2023 update, there is an ongoing proceeding by the Judicial Council of the Federal Circuit under the Judicial Conduct and Disability Act and the implementing Rules involving Judge Pauline Newman. On August 16, 2023, the Special Committee released additional materials in the investigation. The materials may be accessed here.

Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit is available on the court's website.

Key Case Summaries (August 2023)

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Axonics, Inc. v. Medtronic, Inc., Nos. 22-1532, 22-1533 (Fed. Cir. Aug. 7, 2023): Axonics filed petitions for *inter partes* review ("IPR") challenging Medtronic's patents directed to transcutaneous (through the skin) charging of implanted medical devices through inductive coupling. After institution, Medtronic advanced for the first time a construction of a claim term in its Patent Owner Response, which Axonics disagreed with, and argued in reply that the claims would be unpatentable even under Medtronic's construction. Medtronic then argued in its sur-reply that it would be prejudicial for the Board to consider Axonics's new reply arguments. The Board agreed with Medtronic and refused to consider Axonics's new reply arguments, because these arguments had not been made in its petition.

The Federal Circuit (Dyk, J., joined by Lourie and Taranto, JJ.) vacated and remanded. The Court explained that, under the Board's rules and the Supreme Court's decision in *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1345 (2018), a petitioner is entitled to respond to new arguments made in a patent owner response. Additionally, under the Administrative Procedure Act ("APA"), the Board may adopt a new construction after institution, if it gives the petitioner an opportunity to respond to constructions that are not sufficiently similar to one disputed by the parties. Consistent with this precedent, the Court held that the petitioner must have adequate notice and an opportunity to respond to post-institution claim constructions, including a reasonable opportunity in reply to present argument and evidence under that new construction.

Rembrandt Diagnostics, LP v. Alere, Inc., No. 21-1796 (Fed. Cir. Aug. 11, 2023): Alere sought an IPR challenging Rembrandt's patent directed to test assay devices and methods for testing biological fluids. Alere initially identified "efficiency" as a reason that a relevant artisan would have been motivated to combine the asserted prior art. In response, Rembrandt challenged Alere's motivation arguments, but did not submit expert testimony. In reply, Alere submitted an expert declaration and argued that combining the prior art references would save cost and time, and that there was thus a motivation to combine them, as well as a reasonable expectation of success. The Board found all the claims unpatentable, relying on Alere's cost and time savings arguments and unrebutted expert testimony.

The Federal Circuit (Reyna, J., joined by Moore, C.J., and Dyk, J.) affirmed. Rembrandt argued that Alere improperly raised the benefit of cost and time savings for the first time in its reply. However, the Court determined that Rembrandt had forfeited this argument by only lodging a "generic objection" to Alere's reply generally and not to that specific benefit argument, which was insufficient to constitute a proper objection. The Court also held that Alere's cost and time savings arguments were not new arguments raised for the first time in its reply, but arguments that responded to Rembrandt's opposition and also properly expands on and is a fair extension of its efficiency arguments raised in the petition.

Volvo Penta of the Americas, LLC v. Brunswick Corp., No. 22-1765 (Fed. Cir. Aug. 24, 2023): In 2015, Volvo launched the Forward Drive embodying its patent directed to a tractor-type stern drive for a boat. In 2020, Brunswick launched a similar product called the Bravo Four S, and on the same day as its launch, filed an IPR petition challenging Volvo's patent. The Board determined that the challenged claims would have been obvious over the asserted prior art. The Board also found a lack of nexus with the embodying products, but determined that even if there had been nexus, Brunswick's strong evidence of obviousness outweighed Volvo's evidence of nonobviousness.

The Federal Circuit (Lourie, J., joined by Moore, C.J. and Cunningham, J.) vacated and remanded. The Court explained that there were two ways to prove nexus: (1) via a presumption of nexus or (2) via a showing that the evidence is a direct result of the unique characteristics of the claimed invention. While the Court agreed that Volvo's arguments regarding presumption were insufficient, the Court determined that Volvo had put forth evidence that Brunswick recognized the success of Forward Drive was directly tied to the unique characteristics of the claimed tractor-type stern drive. Indeed, the Court noted that the Board found that boat manufacturers strongly desired Volvo's Forward Drive and

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urged Brunswick to bring a similar product to market. The Court therefore concluded that there was a nexus between the unique features of the claimed invention and the evidence of secondary considerations.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Federal Circuit. Please contact the Gibson Dunn lawyer with whom you usually work or the authors of this update:

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