

Federal Circuit Update (January 2024)

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This edition of Gibson Dunn's Federal Circuit Update for January 2024 summarizes the current status of several petitions pending before the Supreme Court, and recent Federal Circuit decisions interpreting a forum selection clause in a settlement agreement, deciding the appropriate scope of an opposition to a motion to amend in an *inter partes* review proceeding, and reviewing the International Trade Commission's determination of what satisfies the economic prong of the domestic industry requirement.

Federal Circuit News

Noteworthy Petitions for a Writ of Certiorari: In January 2024, there were a few new potentially impactful petitions filed before the Supreme Court:

- ***Vanda Pharmaceuticals Inc. v. Teva Pharmaceuticals USA, Inc.*** (US No. 23-768): The question presented is "Whether obviousness requires a showing of 'predictable' results, as this Court held in *KSR*, or a mere 'reasonable expectation of success,' as the Federal Circuit has held both before and after *KSR*?" The respondents waived their right to file a response.
- ***Ficep Corp. v. Peddinghaus Corp.*** (US No. 23-796): The questions presented are "1. Does a claim directed to patent-eligible subject matter (here, manufacturing) nevertheless become ineligible as 'abstract' if the process is improved using automation? Should an 'abstract-idea' behind a claim to a patent-eligible process be identified and, if so, how and at what level of abstraction? 2. What is the appropriate standard for determining whether a claim is 'inventive,' conferring eligibility under *Alice* step 2, including whether objective evidence of inventiveness and technological improvement is relevant? 3. Is either what a claim is 'directed to' and whether that is abstract, or whether a claim is 'inventive' as articulated in *Alice* step 2, only for a judge to decide as a legal matter or does it include fact issues and, if the latter, are they for a jury?" The response is due February 23, 2024.
- ***Liquidia Technologies, Inc. v. United Therapeutics Corp.*** (US No. 23-804): The questions presented are "1. Whether a party may be liable for induced patent infringement when the PTAB has already issued a final written decision determining that the same patent is invalid. Whether a final written decision of the PTAB remains preclusive while it is pending on appeal." The respondent waived its right to file a response. The petition will be considered during the Court's February 16, 2024 conference.

As we summarized in our [December 2023 update](#), there are a few petitions pending before the Supreme Court. We provide an update below:

- In ***VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.*** (US No. 23-315), the respondents filed their opposition briefs on December 27, 2023, and the petitioners filed their reply on January 10, 2024. An *amicus curiae* brief has been filed by the Cato Institute. The petition will be considered during the Court's February 16, 2024 conference.
- The Court denied the petition in ***Intel Corp. v. Vidal*** (US No. 23-135).

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Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit is available on the court's [website](#).

Key Case Summaries (January 2024)

Dexcom, Inc. v. Abbott Diabetes Care, Inc., No. 23-1795 (Fed. Cir. Jan. 3, 2024): In 2014, DexCom and Abbott entered into a settlement and license agreement that contained *inter alia* a forum selection clause identifying the District of Delaware as the exclusive jurisdiction, and a covenant not to challenge either party's patents until March 31, 2021.

The covenant expressly included *inter partes* reviews ("IPRs") in the definition of "challenge," but provided a few exceptions when a party could file an IPR. After the covenant period expired, DexCom sued Abbott for patent litigation, and Abbott filed IPRs on the asserted patents in response. DexCom claimed breach of contract and moved for a preliminary injunction to enjoin the IPRs from proceeding, arguing that Abbott had violated the forum selection clause, which required disputes to be filed in Delaware. The district court assumed that DexCom had shown a likelihood of success on the merits, but denied the injunction on the basis that DexCom had not demonstrated irreparable harm because it had participated in the IPR proceedings for six months before seeking injunctive relief. The district court also decided that the balance of hardships and public interest weighed against injunctive relief.

The Federal Circuit (Stoll, J., joined by Dyk and Hughes, JJ.) [affirmed](#). The Court held that the district court erred by assuming a likelihood of success on the merits, but determined that the error was harmless because DexCom was unlikely to succeed on its breach of contract claim, and thus, the preliminary injunction would have been denied even under the correct rationale. Specifically, the Court held that the parties' agreement provided specific exceptions to the covenant not to challenge, including circumstances under which a party could file an IPR. The Court therefore reasoned that the forum selection clause cannot "operate to prohibit the filing of IPRs after" the covenant period "if it allowed them during." The Court found nothing in the agreement that would indicate the forum selection clause had different interpretations during the covenant period versus after the covenant period. ***Cywee Group Ltd. v. ZTE (USA), Inc.***, No. 21-1855 (Fed. Cir. Jan. 18, 2024): ZTE filed an IPR challenging CyWee's patent directed to a 3D pointing device, which was instituted by the Patent Trial and Appeal Board ("Board"). LG Electronics Inc. ("LG") later filed an IPR petition challenging the same patent and moved to join ZTE's ongoing IPR, acknowledging that its own petition was untimely because it had been more than a year since CyWee sued LG. While LG's joinder motion was pending, CyWee moved to amend the claims. ZTE opposed, and the Board issued preliminary guidance that the amended claims would not succeed. The Board then granted LG's joinder motion, but restricted LG to an "understudy" role, allowing LG only to "assume the primary role" in the limited circumstance "if ZTE ceases to participate in the IPR." In light of the Board's preliminary guidance, CyWee filed a revised motion to amend. ZTE decided not to oppose the revised motion to amend, so LG stepped in and moved for leave to oppose, which was ultimately granted by the Board. LG argued that CyWee's revised amended claims would have been obvious over three prior art references, including at least one reference that ZTE did not cite in its opposition to the original motion to amend. The Board denied CyWee's revised motion to amend on the basis that the revised amended claims would have been obvious. The Federal Circuit (Prost, J., joined by Hughes and Stoll, JJ.) [affirmed](#). The Court found no error in the Board's conclusion that the proceeding was no longer "meaningfully adversarial" when ZTE decided not to oppose the motion to amend, and thus, held that the Board did not err in allowing LG to step into the primary role to oppose the revised motion to amend. CyWee also argued that LG should not have been allowed to introduce a new prior art reference in opposing the revised motion to amend. The Court explained that while 35 U.S.C. § 315(c) "does not authorize the joined party to bring new issues" outside of the petition into the existing proceeding, the limitation "does not apply in the context of motions to amend where the patent owner has introduced new claims into the proceedings." ***Roku, Inc. v. International Trade Commission***, No. 22-1386 (Fed. Cir. Jan. 19, 2024): Universal Electronics, Inc. filed a complaint with the International Trade

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Commission against Roku for importing certain TV products that infringe Universal's patent directed to a "universal control engine," which translates between devices using different communication protocols (such as HDMI, Wi-Fi, or Bluetooth). Universal relied on QuickSet, a technology it developed that is incorporated into multiple smart TVs and practices the teachings of Universal's patent, to satisfy the economic prong of the domestic industry requirement. The Commission found Universal had shown substantial investment in engineering and research and development related to the QuickSet platform satisfying the economic prong of the domestic industry requirement. The Federal Circuit (Hughes, J., joined by Dyk and Stoll, JJ.) [affirmed](#). Roku argued that the Commission erred in determining Universal had satisfied the economic prong of the domestic industry requirement by focusing on Universal's investments in the QuickSet technology installed on smart TVs, rather than the smart TVs themselves. However, the Court held that the economic prong of the domestic industry requirement demands only "sufficiently substantial investment in the exploitation of the intellectual property," and does not require expenditures on the whole products themselves. Thus, the Court affirmed the Commission's determination that Universal's investments in QuickSet satisfied the economic prong of the domestic industry.

The following Gibson Dunn lawyers assisted in preparing this update: Blaine Evanson, Jaysen Chung, Audrey Yang, Al Suarez, Julia Tabat, and Vivian Lu 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, any leader or member of the firm's Appellate and Constitutional Law or Intellectual Property practice groups, or the following authors: Blaine H. Evanson – Orange County (+1 949.451.3805, bevanson@gibsondunn.com) Audrey Yang – Dallas (+1 214.698.3215, ayang@gibsondunn.com) **Appellate and Constitutional Law:** Thomas H. Dupree Jr. – Washington, D.C. (+1 202.955.8547, tdupree@gibsondunn.com) Allyson N. Ho – Dallas (+1 214.698.3233, aho@gibsondunn.com) Julian W. Poon – Los Angeles (+1 213.229.7758, jpoon@gibsondunn.com) **Intellectual Property:** Kate Dominguez – New York (+1 212.351.2338, kdominguez@gibsondunn.com) Y. Ernest Hsin – San Francisco (+1 415.393.8224, ehsin@gibsondunn.com) Josh Krevitt – New York (+1 212.351.4000, jkrevitt@gibsondunn.com) Jane M. Love, Ph.D. – New York (+1 212.351.3922, jlove@gibsondunn.com) © 2024 Gibson, Dunn & Crutcher LLP. All rights reserved. For contact and other information, please visit us at www.gibsondunn.com. Attorney Advertising: These materials were prepared for general informational purposes only based on information available at the time of publication and are not intended as, do not constitute, and should not be relied upon as, legal advice or a legal opinion on any specific facts or circumstances. Gibson Dunn (and its affiliates, attorneys, and employees) shall not have any liability in connection with any use of these materials. The sharing of these materials does not establish an attorney-client relationship with the recipient and should not be relied upon as an alternative for advice from qualified counsel. Please note that facts and circumstances may vary, and prior results do not guarantee a similar outcome.

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