

FEDERAL CIRCUIT UPDATE – JANUARY 2018

To Our Clients and Friends:

This January 2018 edition of Gibson Dunn's Federal Circuit Update discusses the upcoming switch to NextGen CM/ECF at the Federal Circuit, the three pending Federal Circuit cases before the Supreme Court that consider issues regarding *inter partes* review proceedings and extraterritorial damages, and the Federal Circuit's motion procedures. This Update also provides a summary of the pending *en banc* case involving attorneys' fees for litigation involving the PTO. Also included is a summary of the recent *en banc* decision regarding judicial review of timeliness determinations in *inter partes* review proceedings and summaries of recent decisions regarding burdens of proof in marking cases and exceptional fees in light of changes in law.

Federal Circuit News

NextGen CM/ECF. On March 19, 2018, NextGen CM/ECF will go live for the Federal Circuit. The new system will streamline logins and simplify access to the website by eliminating, for example, the need for Java plug-ins. Users may upgrade their PACER accounts by following instructions found [here](#).

Supreme Court. The Supreme Court has heard oral argument on two cases from the Federal Circuit this term, and recently granted certiorari on a third case:

Case	Status	Issue
<i>WesternGeco LLC (Schlumberger) v. ION Geophysical Corp.</i> , No. 16-1011	Certiorari granted Jan. 12, 2018	Recoverability of lost profits for foreign use in cases where patent infringement is proven under 35 U.S.C. § 271(f)
<i>Oil States Energy Services, LLC v. Greene's Energy Group, LLC</i> , No. 16-712	Argued on Nov. 27, 2017	Constitutionality of <i>inter partes</i> review under Article III and the Seventh Amendment
<i>SAS Institute Inc. v. Matal</i> , No. 16-969	Argued on Nov. 27, 2017	The number of claims that must be addressed by the Patent Trial and Appeal Board in a final written decision during <i>inter partes</i> review

Upcoming *En Banc* Federal Circuit Cases

***NantKwest, Inc. v. Matal*, No. 16-1794 (Fed. Cir.):** Whether the PTO can recover attorneys' fees in litigation under 35 U.S.C. § 145.

After the PTAB affirmed the examiner's rejection of NantKwest's patent application, NantKwest appealed to the United States District Court for the Eastern District of Virginia under 35 U.S.C. § 145. The PTO prevailed on the merits of the appeal and moved to recover both attorneys' fees and expert fees. Section 145 provides that "[a]ll the expenses of the proceedings shall be paid by the applicant." Applying this provision, the district court granted the PTO's request for expert fees, but rejected the PTO's request for attorneys' fees. A panel of the Federal Circuit reversed the district court's holding as to attorneys' fees, holding that "[a]ll expenses of the proceedings," under § 145, authorizes an award of attorneys' fees. (Decision available [here](#).)

The Federal Circuit *sua sponte* ordered that the panel decision be vacated and that the case be reheard *en banc*. Four amicus briefs have been filed, two in support of NantKwest (the International Trademark Association and the Intellectual Property Owners Association) and two in support of neither party (Federal Circuit Bar Association and American Intellectual Property Law Association). Oral argument is scheduled to be heard on March 8, 2018.

Question presented:

Did the panel in *NantKwest, Inc. v. Matal*, 860 F.3d 1352 (Fed. Cir. 2017) correctly determine that 35 U.S.C. § 145's "[a]ll the expenses of the proceedings" provision authorizes an award of the United States Patent and Trademark Office's attorneys' fees?

Federal Circuit Practice Update

Motion Practice before the Federal Circuit. Motions before the Federal Circuit are governed by Fed. R. App. P. 27 and Fed. Cir. R. 27, as well as IOP #2. Below is a brief summary of the rules regarding motion practice.

- **Timing.** A motion may generally be filed at any time. The opposing party must file its response, if any, within 10 days after service of the motion. Fed. R. App. P. 27(a)(3)(A). Any reply to a response must be filed within seven days after the response is served. Fed. R. App. P. 27(a)(4). However, certain motions must be filed within a certain period of time. For example, a motion to dismiss generally must be filed before the opening appellate brief is filed—if the party fails to file the motion in a timely manner, that argument must instead be included in the party's response to the opening appellate brief. Fed. Cir. R. 27(f) (joint or unopposed motions to dismiss or remand, however, may be made at any time). As another example, absent "extraordinary circumstances," motions for extension of time must be filed at least seven days before the brief is due. Fed. Cir. R. 26(b)(1).

- **Length.** The motion or response must not exceed 5,200 words; the reply must not exceed 2,600 words. Fed. R. App. P. 27(d)(2)(A), (C). Certificates of interest, affidavits, and proofs of service do not count in regards to this word count. Fed. Cir. R. 27(d). Motions generally cannot not be incorporated into briefs, except as provided in Fed. Cir. R. 27(e)–(f). *See* Fed. Cir. R. 27(g).
- **Content.** A motion must contain a statement for the grounds and relief sought. Fed. R. App. P. 27(a)(2). The content of a motion filed before the Federal Circuit preferably includes the material outlined in Fed. Cir. R. 27(a), including: (1) the name of this court; (2) the caption; (3) the title of the motion; (4) the grounds for the motion, the relief sought, and the legal argument to support the motion; (5) the movant's statement of consent or opposition to the motion; (6) counsel's or pro se party's signature; (7) the certificate of interest (*see* Fed. Cir. R. 47.4); (8) supporting affidavit; and (9) the proof of service (*see* Fed. R. App. P. 25(d)). A subset of these preferred contents is provided for the opposition and reply filings in Fed. Cir. R. 27(b) and (c).
- **Motions Panel.** Every month, the Chief Judge appoints a motions panel, consisting of three judges with a designated lead judge. IOP #2(1). Whether motions are heard by the motions panel or the merits panel depends in large part on the timing of when the motion is filed. IOP #2(4). Non-procedural, opposed motions filed before briefs have been delivered to the merits panel are generally heard by the motions panel (procedural or unopposed motions may be decided by the Clerk). IOP #2(4), (6). The motions panel may defer the motion to the merits panel. IOP #2(4). If the motion is filed after the briefs have been delivered to the merits panel, the merits panel generally will decide the motion. IOP #2(6), (7). Motions are generally decided without oral argument. Fed. R. App. P. 27(e); IOP #2(5).

Key Case Summaries (December 2017 – January 2018)

***Wi-Fi One, LLC v. Broadcom Corp.*, No. 2015-1944, -1945, -1946 (Fed. Cir. Jan. 8, 2018) (*en banc*):** IPR time bar determinations by the PTAB are appealable.

Broadcom filed a petition for IPR. Wi-Fi One asserted that Broadcom's petition was time barred under 35 U.S.C. § 315(b) due to Broadcom being in alleged privity with litigants whose cases predated the one-year time limit. The PTAB disagreed and instituted the IPR. On appeal from the Board's subsequent determination of unpatentability, Wi-Fi One again asserted that the Board had no authority to review the claims given the § 315(b) bar. The Federal Circuit panel rejected this, following *Achates* that, per § 314(d), such determinations are unreviewable because they are "final and nonappealable."

The *en banc* Federal Circuit majority (Reyna, J., joined by Prost, C.J., and Newman, Moore, O'Malley, Wallach, Taranto, Chen, and Stoll, JJ.) recognized "the strong presumption in favor of judicial review of agency actions." The majority stated that, to overcome this presumption, "Congress must clearly and convincingly indicate its intent to prohibit judicial review," which it found lacking here.

In concurrence, Judge O'Malley would have relied on a more fundamental rationale—namely that, if the PTO "exceeds its statutory authority by instituting an IPR proceeding under circumstances contrary to the language of § 315(b), [the Federal Circuit] ... should review those determinations." Judges Hughes,

Lourie, Bryson, and Dyk dissented, reading § 314(d) as conveying "Congress's intent to prohibit judicial review of the Board's IPR institution decision" as a whole.

***Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, No. 17-1475 (Fed. Cir. Dec. 7, 2017)**: Defining the burdens of each party when the court considers a marking challenge.

Arctic Cat sued Bombardier alleging infringement of two patents relating to a steering system for personal watercraft. After the district court denied Bombardier's motions for summary judgment on various issues, including the failure of Arctic Cat's sole licensee to mark its products with the patent, the case went to trial. The jury found that Bombardier failed to prove invalidity of the two asserted patents and that it willfully infringed the two patents. The jury awarded Arctic Cat damages and a royalty, and the district court trebled damages in a subsequent order. The district court also denied Bombardier's motion for judgment as a matter of law as to all issues, including invalidity, marking, damages, and willfulness.

The Federal Circuit (Moore, J.) affirmed-in-part and vacated-in-part the district court's rulings. The court found substantial evidence supporting the jury's finding regarding validity and further affirmed the royalty and willfulness holdings, but it vacated the district court's holding relating to marking.

The court acknowledged that the allocation of burdens on marking was a question of first impression that had split district courts. The court held that an alleged infringer who challenges a patentee's compliance with § 287 bears only "an initial burden of production to articulate the products it believes are unmarked 'patented articles' subject to § 287." The court explained: "To be clear, this is a low bar. The alleged infringer need only put the patentee on notice that he or his authorized licensees sold specific unmarked products which the alleged infringer believes practice the patent." Once the alleged infringer meets its burden, the patentee has the burden to prove that the identified products do not practice the patented invention.

***Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, No. 16-2442 (Fed. Cir. Dec. 8, 2017)**: A plaintiff must reevaluate its case after changes in the law to avoid facing an exceptional case fee award for its continued litigation.

Inventor Holdings sued Bed Bath & Beyond ("BBB") for infringement of a patent in April 2014, which was about two months before the Supreme Court's decision in *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). BBB moved for judgment on the pleadings, the district court granted the motion, and the Federal Circuit in an earlier appeal affirmed the district court under Rule 36. BBB then moved for attorneys' fees, arguing that, once *Alice* issued, Inventor Holdings should have reevaluated its case and dismissed the action because its claims were objectively without merit. The district court awarded BBB its attorneys' fees beginning from the date of the Supreme Court's decision in *Alice*, and Inventor Holdings appealed.

The Federal Circuit (Chen, J.) affirmed. It determined that the district court acted within its discretion in finding the case exceptional because of the weakness of Inventor Holdings' § 101 arguments after the issuance of *Alice* and the need "to deter similarly weak arguments in the future." The court held that *Alice* was "a significant change in the law as applied to the facts of this particular case" and that "there

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is no uncertainty or difficulty in applying the principles set out in *Alice* to reach the conclusion" that the claims of the patent at issue were ineligible. The court further explained that it was Inventor Holdings' "responsibility to reassess its case in view of new controlling law," so the district court did not abuse its discretion in awarding fees based on Inventor Holdings' failure to reassess its case after *Alice* issued.

Upcoming Oral Argument Calendar

For a list of upcoming arguments at the Federal Circuit, please click [here](#).



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 alert:

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