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FEDERAL CIRCUIT UPDATE (MARCH 2021)

To Our Clients and Friends:

This edition of Gibson Dunn's Federal Circuit Update summarizes key petitions for certiorari in cases originating in the Federal Circuit, addresses the Federal Circuit's announcement that Judge Wallach will be taking senior status and the court's updated Rules of Practice, and discusses recent Federal Circuit decisions concerning issue preclusion, Section 101, appellate procedure for PTAB appeals, and the latest mandamus petitions on motions to transfer from the Western District of Texas.

Federal Circuit News

Supreme Court:

Today, the Court decided *Google LLC v. Oracle America, Inc.* (U.S. No. 18-956). In a 6-2 decision, the Court held that because Google "reimplemented" a user interface, "taking only what was needed to allow users to put their accrued talents to work in a new and transformative program," Google's copying of the Java API was a fair use of that material as a matter of law. The Court did not decide the question whether the Copyright Act protects software interfaces. "Given the rapidly changing technological, economic, and business-related circumstances," the Court explained, "[the Court] should not answer more than is necessary to resolve the parties' dispute." The Court therefore assumed, "purely for argument's sake," that the Java interface is protected by copyright.

This month, the Supreme Court did not add any new cases originating at the Federal Circuit. As we summarized in our January and February updates, the Court has two such cases pending: *United States v. Arthrex, Inc.* (U.S. Nos. 19-1434, 19-1452, 19-1458); and *Minerva Surgical Inc. v. Hologic Inc.* (U.S. No. 20-440).

The Court will hear argument on the doctrine of assignor estoppel on Wednesday, April 21, 2021, in *Minerva v. Hologic*.

Noteworthy Petitions for a Writ of Certiorari:

There are three new potentially impactful certiorari petitions that are currently before the Supreme Court:

Ono Pharmaceutical v. Dana-Farber Cancer Institute (U.S. No. 20-1258): "Whether the Federal Circuit erred in adopting a bright-line rule that the novelty and non-obviousness of an invention over alleged contributions that were already in the prior art are 'not probative' of whether those alleged contributions were significant to conception."

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Warsaw Orthopedic v. Sasso (U.S. No. 20-1284): “Whether a federal court with exclusive jurisdiction over a claim may abstain in favor of a state court with no jurisdiction over that claim.”

Sandoz v. Immunex (U.S. No. 20-1110): “May the patent owner avoid the rule against double patenting by buying all of the substantial rights to a second, later-expiring patent for essentially the same invention, so long as the seller retains nominal ownership and a theoretical secondary right to sue for infringement?”

The petitions in *American Axle & Manufacturing, Inc. v. Neapco Holdings LLC* (U.S. No. 20-891) and *Ariosa Diagnostics, Inc. v. Illumina, Inc.* (U.S. No. 20-892) are still pending.

After requesting a response, the Court denied Argentum’s petition in *Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation* (U.S. No. 20-779). Gibson Dunn partners Mark Perry and Jane Love were counsel for Novartis.

Other Federal Circuit News:

Judge Wallach to Retire. On March 16, 2021, the Federal Circuit announced that Judge Evan J. Wallach will retire from active service and assume senior status, effective May 31, 2021. Judge Wallach served on the Federal Circuit for nearly 10 years and, prior to that, served on the U.S. Court of International Trade for 16 years. Judge Wallach’s full biography is available on the court’s website. On March 30, President Biden announced his intent to nominate Tiffany Cunningham for the empty seat. Ms. Cunningham has been a partner in the Patent Litigation practice of Perkins Coie LLP since 2014, and serves on the 17-member Executive Committee of the firm. She began her legal career as a law clerk to Judge Dyk.

Federal Circuit Practice Update

Updated Federal Circuit Rules. Pursuant to the court’s December 9, 2020 public notice, the court has published an updated edition of the Federal Circuit Rules. This edition incorporates the emergency amendment to Federal Circuit Rule 15(f) brought about by the court’s en banc decision in *NOVA v. Secretary of Veterans Affairs* (Fed. Cir. No. 20-1321).

Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit are available on the court’s website.

Live streaming audio is available on the Federal Circuit’s new YouTube channel. Connection information is posted on the court’s website.

Case of Interest:

New Vision Gaming & Development, Inc. v. SG Gaming, Inc. (Fed. Cir. No. 20-1399): This case concerns “[w]hether the unusual structure for instituting and funding AIA post-grant reviews violates the Due Process Clause in view of *Tumey v. Ohio*, 273 U.S. 510 (1927), and its progeny, which establish ‘structural bias’ as a violation of due process.” It attracted an amicus brief from US Inventor in support of appellant, which argues that the administrative patent judges’ compensation and performance rating system affects their decision making. Panel M will hear argument in *New Vision Gaming* on April 9, 2021, at 10:00 AM Eastern.

Key Case Summaries (March 2021)

SynQor, Inc. v. Vicor Corp. (Fed. Cir. No. 19-1704): In an *inter partes* reexamination (“IPR”), the Patent Trial and Appeal Board (“PTAB”) found several claims of SynQor’s patent unpatentable over the prior art. SynQor appealed, arguing that common law preclusion arising from a prior reexamination involving two related patents collaterally estopped the Board from finding a motivation to combine.

The Federal Circuit panel majority (Hughes, J., joined by Clevenger, J.) vacated and remanded, holding that common law issue preclusion can apply to IPRs. Analyzing the statutory scheme, the majority determined that Congress did not intend to prevent application of common law estoppel. Instead, the estoppel provisions of 35 U.S.C. §§ 315(c), 317(b) were more robust than common law collateral estoppel and fully consistent with allowing common law estoppel. The majority also determined that IPRs satisfied the traditional elements of issue preclusion. The majority explained that unlike an *ex parte* reexamination, Congress provided the third-party reexamination requestor the opportunity to fully participate in *inter partes* proceedings. The majority also determined that *inter partes* reexaminations contained sufficient procedural elements necessary to invoke issue preclusion. In an IPR, a party has the opportunity to respond to the other party’s evidence, challenge an expert’s credibility and submit its own expert opinions. Thus, the majority found that the lack of cross-examination did not prevent common law issue preclusion from applying to IPRs.

Judge Dyk dissented, arguing that common law issue preclusion should not apply to *inter partes* reexaminations because of the lack of compulsory process and cross-examination.

In Re: Board of Trustees of the Leland Stanford Junior University (Fed. Cir. No. 20-1012): The PTAB affirmed the examiner’s final rejection of Stanford’s claims directed to determining haplotype phase, on the basis that the claims were ineligible. The process of haplotype phasing involves determining from which parent an allele was inherited. The PTAB held that the claims were directed to “receiving and analyzing information,” which are “mental processes within the abstract idea category,” and that the claims lacked an inventive concept.

The Federal Circuit (Reyna, J., joined by Prost, C.J. and Lourie, J.) affirmed. At step one, the court held that the claims were directed to the abstract idea of “mathematically calculating alleles’ haplotype phase.” At step two, it held that the claims lacked an inventive concept, noting that the claims recited no steps that “practically apply the claimed mathematical algorithm.” The court held that, instead, the claims merely stored the haplotype phase information, which could not transform the abstract idea into

patent-eligible subject matter. It further held that the dependent claims recited limitations amounting to no more than an instruction to apply that abstract idea.

Mylan Laboratories v. Janssen Pharmaceutica (Fed. Cir. No. 20-1071): Mylan petitioned for IPR of Janssen’s patent. Janssen opposed institution on the grounds that instituting the IPR would be an inefficient use of the PTAB’s resources because of two co-pending district court actions: one against Mylan and a second against Teva Pharmaceuticals that was set to go to trial soon after the institution decision. The Board applied its six-factor standard articulated in *Fintiv* and denied institution. Mylan appealed and requested mandamus relief; arguing that denying IPR based on litigation with a third party undermined Mylan’s constitutional and other due process rights, and that application of the six-factor standard violated congressional intent.

The Federal Circuit (Moore, J., joined by Newman, J. and Stoll, J.) granted Janssen’s motion to dismiss the appeal and denied Mylan’s petition for a writ of mandamus. The court dismissed Mylan’s direct appeal and reiterated that the court lacks jurisdiction over appeals from decisions denying institution because Section 314(d) specifically makes institution decisions “nonappealable.” The court noted that “judicial review [of institution decisions] is available in extraordinary circumstances by petition for mandamus,” even though “the mandamus standard will be especially difficult to satisfy” when challenging a decision denying institution of an IPR. Indeed, the court noted that “it is difficult to imagine a mandamus petition that challenges a denial of institution and identifies a clear and indisputable right to relief.” Considering the merits of Mylan’s petition, the court explained that “there is no reviewability of the Director’s exercise of his discretion to deny institution except for colorable constitutional claims,” which Mylan had failed to present.

Uniloc 2017 v. Facebook (Fed. Cir. No. 19-1688): Uniloc appealed from a PTAB ruling that the petitioners were not estopped from challenging the claims and that the patents at issue were invalid as obvious. Facebook filed two IPR petitions and then joined an IPR petition that had been previously filed by Apple, which challenged only a subset of the claims in the Facebook petitions. LG then joined Facebook’s two petitions, but not Apple’s. After instituting trial on Facebook’s two IPR petitions, the PTAB issued its final written decision in the Apple IPR, upholding the validity of Apple’s claims. The PTAB determined that, as of the final written decision on the Apple IPR, Facebook was estopped from challenging the overlapping claims in its own IPR petitions under § 315 (e)(1). LG, however, was not estopped from challenging the overlapping claims.

The Federal Circuit (Chen, J., joined by Lourie, J. and Wallach, J.) affirmed. The panel first determined that it had jurisdiction to review the challenge because the final written decision in the Apple IPR did not issue until after the institution of trial on the Facebook petitions. Next, the panel held that LG was not a real-party-at-interest or privy of Facebook because there was no evidence of any sort of preexisting, established relationship that indicates coordination related to the Apple IPR. According to the panel, moreover, Facebook was not estopped from addressing the non-overlapping claims (even the claim that depended from an overlapping claim) because § 315 (e)(1) specifically applies to ***claims*** in a patent. The panel then addressed the PTAB’s obviousness determination regarding the challenged claims and affirmed the Board’s obviousness findings as supported by substantial evidence.

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In Re TracFone Wireless (Fed. Cir. No. 21-118): Precis Group sued TracFone in the Western District of Texas, alleging that venue was proper because TracFone has a store in San Antonio. TracFone moved to transfer on the grounds that venue was inconvenient, as well as improper because it no longer has a branded store in the district. For several months, the district court (Judge Albright) did not decide the motion, and instead kept the case moving towards trial. After eight months, TracFone petitioned the Federal Circuit for a writ of mandamus.

In its decision granting mandamus, the Federal Circuit (Reyna, J., joined by Chen, J. and Hughes, J.) ordered Judge Albright to “issue its ruling on the motion to transfer within 30 days from the issuance of this order, and to provide a reasoned basis for its ruling that is capable of meaningful appellate review.” It also ordered that all proceedings in the case be stayed until further notice. Notably, the court explained “that any familiarity that [the district court] has gained with the underlying litigation due to the progress of the case since the filing of the complaint is irrelevant when considering the transfer motion and should not color its decision.” Judge Albright denied the motion to transfer the day after the mandamus decision issued.

The Federal Circuit has recently denied two other petitions for mandamus involving cases before Judge Albright. In *In re Adtran, Inc.* (Fed. Cir. No. 21-115), the court denied a petition for mandamus directing Judge Albright to stay all deadlines unrelated to venue pending a decision on transfer. In *In re True Chemical Solutions* (Fed. Cir. No. 21-131), the court denied a petition for mandamus reversing Judge Albright’s grant of a motion for intra-division transfer. Notably, Judge Albright now oversees 20% of new US patent cases ([link](#)).



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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