GIBSON DUNN

May 3, 2021

FEDERAL CIRCUIT UPDATE (APRIL 2021)

To Our Clients and Friends:

This edition of Gibson Dunn's Federal Circuit Update summarizes a new petition for certiorari in a case originating in the Federal Circuit concerning the *Kessler* preclusion doctrine, it addresses the Federal Circuit's announcement that Judge Moore will become Chief Judge on May 22, 2021, and it discusses recent Federal Circuit decisions concerning self-enabling references, Article III standing, patent eligibility, and more Western District of Texas venue issues.

Federal Circuit News

***Supreme Court*:**

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 heard argument on the doctrine of assignor estoppel on Wednesday, April 21, 2021, in *Minerva v. Hologic*.

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

There is one new potentially impactful certiorari petition that is currently before the Supreme Court:

PersonalWeb Technologies, LLC v. Patreon, Inc. (U.S. No. 20-1394): 1. Whether the Federal Circuit correctly interpreted *Kessler v. Eldred*, 206 U.S. 285 (1907), to create a freestanding preclusion doctrine that may apply even when claim and issue preclusion do not. 2. Whether the Federal Circuit properly extended its *Kessler* doctrine to cases where the prior judgment was a voluntary dismissal.

Other updates include:

On April 1, the Court requested a response in ***Warsaw Orthopedic v. Sasso*** (U.S. No. 20-1284) concerning state versus federal court jurisdiction.

As of April 26, the cert-stage briefing is complete in ***Sandoz v. Immunex*** (U.S. No. 20-1110), which concerns obviousness-type double patenting. Association for Accessible Medicines has filed an amicus brief in support of Sandoz and the Court has distributed this case for its May 13 conference.

On April 19, Illumina filed its brief in opposition in ***Ariosa Diagnostics, Inc. v. Illumina, Inc.*** (U.S. No. 20-892) concerning patent eligibility under 35 U.S.C. § 101.

American Axle & Manufacturing, Inc. v. Neapco Holdings LLC (U.S. No. 20-891), also concerning patent eligibility under 35 U.S.C. § 101, is scheduled for the Court's April 30 conference.

***Other Federal Circuit News*:**

The Federal Circuit announced that, on May 22, 2021, the Honorable Kimberly A. Moore will become Chief Judge. She will succeed the Honorable Sharon Prost who has served as Chief Judge since May 31, 2014, and has served as Circuit Judge since September 24, 2001. Judge Moore has served as Circuit Judge on the Federal Circuit since September 8, 2006.

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.

Key Case Summaries (April 2021)

Raytheon Technologies Corp. v. General Electric Co. (Fed. Cir. No. 20-1755): Raytheon appealed a final *inter partes* review decision from the PTAB determining that certain claims of the asserted patent unpatentable as obvious. Raytheon argued before the Board that the prior art reference, Knip, failed to enable a skilled artisan to make the claimed invention because Knip relied on "revolutionary" materials unavailable as of the priority date of the asserted patent. The Board found that Knip was "enabling," because it provided enough information to allow a skilled artisan to calculate the power density of Knip's advanced engine, which fell within the claimed density range. The Board thus concluded that Knip rendered the challenged claims obvious.

The Federal Circuit (Chen, J., joined by Lourie, J. and Hughes, J.) reversed. The court agreed with Raytheon that the Board legally erred it in its prior art enablement analysis. To render a claim obvious, the prior art must enable a skilled artisan to make and use the claimed invention. The Board, rather than determining whether Knip enabled a skilled artisan to make and use the claimed invention, focused only on whether a skilled artisan was provided with sufficient parameters in Knip to determine the claimed power density without undue experimentation. The Board defended its position by noting that the claims did not require the advanced materials disclosed in Knip. However, Raytheon had presented unrebutted testimony that Knip fails to enable a skilled artisan to physically make Knip's engine given the unavailability of the revolutionary composite material contemplated by Knip. The court thus concluded that the Board's finding that Knip is "enabling" was legal error, because without a physical working engine, a skilled artisan could not achieve the claimed power density.

Apple Inc. v. Qualcomm Inc. (Fed. Cir. No. 20-1561): Apple appealed two PTAB *inter partes* review final written decisions holding that Apple did not prove several claims of two patents were

obvious. These two patents were also asserted against Apple in district court. However, before Apple filed its appeal to the Federal Circuit, Apple and Qualcomm settled all litigation between the companies. Based on that settlement, the district court action was dismissed with prejudiced at the parties' request.

The Federal Circuit (Moore, J., joined by Reyna, J. and Hughes, J.) dismissed Apple's appeal for lack of standing. As a preliminary matter, the court stated that Apple should have addressed arguments and evidence establishing its standing in its opening brief. The court declined to apply waiver, however, and addressed the merits of the standing issue. The court rejected Apple's argument that its ongoing payment obligations provides standing because Apple did not provide evidence that the validity of any single patent, including the two patents at issue, would impact its ongoing payment obligations. The court also found Apple's argument that Qualcomm could later sue for infringement after the settlement agreement expires was too speculative to confer standing. Finally, the court explained that any injury based on the *inter partes* review estoppel's provision was also too speculative to provide standing, especially where Apple did not show that it will likely be practicing the patent claims.

In Re: Board of Trustees of the Leland Stanford Junior University (Fed. Cir. No. 20-1288): The PTAB affirmed an examiner's final rejection of claims directed to "computerized statistical methods for determining haplotype phase," on the basis that the claims were not patent-eligible under 35 U.S.C. § 101. Haplotype phasing "is a process for determining the parent from whom alleles—i.e., versions of a gene—are inherited." The PTAB held that the claims were directed to two abstract mental processes: (1) "the step of 'imputing an initial haplotype phase for each individual in the plurality of individuals based on a statistical model'"; and (2) "the step of automatically replacing an imputed haplotype phase with a randomly modified haplotype phase when the latter is more likely correct than the former." The PTAB also held that the claims lacked an inventive concept, as they "recited generic steps of receiving and storing genotype data in a computer memory, extracting the predicted haplotype phase from the data structure, and storing it in a computer memory."

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 "the use of mathematical calculations and statistical modeling." The court rejected the applicant's argument that the claims provided a technological improvement by allowing for "more accurate haplotype predictions." The court explained that "[t]he different use of a mathematical calculation, even one that yields different or better results, does not render patent eligible subject matter." At step two, the court held that the claims lacked an inventive concept because the "the recited steps of receiving, extracting, and storing data amount to well-known, routine, and conventional steps taken when executing a mathematical algorithm on a regular computer."

In Re TracFone Wireless (Fed. Cir. No. 21-136) (nonprecedential): As discussed in our March update, the Federal Circuit granted TracFone's first mandamus petition, ordering Judge Albright to "issue [his] 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." On April 20, the court granted mandamus for a second time, holding that Judge Albright "clearly abused" his discretion in denying transfer under § 1404(a) by relying on a "rigid and formulaic" application of the Fifth Circuit's 100-mile rule.

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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