

January 5, 2023

## FEDERAL CIRCUIT UPDATE (DECEMBER 2022)

To Our Clients and Friends:

This edition of Gibson Dunn’s Federal Circuit Update summarizes a petition for certiorari granted by the Supreme Court concerning enablement under 35 U.S.C. § 112. This Update also discusses recent Federal Circuit decisions concerning claim construction at the Patent Trial and Appeal Board, nonjoinder of a co-inventor under 35 U.S.C. § 102(f), and more Western District of Texas venue issues.

### Federal Circuit News

#### *Supreme Court:*

The Supreme Court has granted certiorari in the following case:

***Amgen Inc. v. Sanofi*** (U.S. No. 21-757): The Federal Circuit affirmed the district court’s determination that the specification of the patent-at-issue did not enable preparation of the full scope of the claims without undue experimentation. The Supreme Court granted certiorari on the following issue: “Whether enablement is governed by the statutory requirement that the specification teach those skilled in the art to ‘make and use’ the claimed invention, 35 U.S.C. § 112, or whether it must instead enable those skilled in the art ‘*to reach the full scope of claimed embodiments*’ without undue experimentation—*i.e.*, to cumulatively identify and make all or nearly all embodiments of the invention without substantial ‘time and effort.’”

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

The Supreme Court is currently considering certiorari in a number of potentially impactful cases.

- ***Juno Therapeutics, Inc. v. Kite Pharma, Inc.*** (US No. 21-1566): “Is the adequacy of the ‘written description of the invention’ to be measured by the statutory standard of ‘in such full, clear, concise, and exact terms as to enable any person skilled in the art to make and use the same,’ or is it to be evaluated under the Federal Circuit’s test, which demands that the ‘written description of the invention’ demonstrate the inventor’s ‘possession’ of ‘the full scope of the claimed invention,’ including all ‘known and unknown’ variations of each component?” This petition frames its question similar to the one presented in *Amgen*, except regarding written description instead of enablement. It has been scheduled for the January 6, 2023 conference.
- ***Interactive Wearables, LLC v. Polar Electro Oy*** (US No. 21-1281) and ***Tropp v. Travel Sentry, Inc.*** (US No. 22-22) present questions regarding 35 U.S.C. § 101. Both petitions have been

considered in conference by the Court. The Court has called for the views of the Solicitor General in both cases.

- *Apple Inc. v. Cal. Institute of Tech.* (US No. 22-203) and *Jump Rope Systems, LLC v. Coulter Ventures, LLC* (US No. 22-298) present questions regarding estoppel effects of Patent Trial and Appeal Board (“Board”) institution and final written decisions. The Court requested a response in both cases; the briefing in *Apple* is complete, and the response in *Jump Rope* is due January 19, 2023.

## ***Other Federal Circuit News:***

In the past year, the Federal Circuit has welcomed two new judges: Judge Tiffany P. Cunningham (who was most recently a partner at Perkins Coie LLP in Chicago) and Judge Leonard P. Stark (who was most recently a district court judge of the District of Delaware).

## **Federal Circuit Practice Update**

On December 1, 2022, the Federal Circuit updated its Rules of Practice. The update incorporates December 1, 2022 amendments to Federal Rules of Appellate Procedure 25 and 42, which do not impact the Federal Circuit’s local rules or procedures.

## **Upcoming Oral Argument Calendar**

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

## **Key Case Summaries (November–December 2022)**

***American National Manufacturing Inc. v. Sleep Number Corp.***, Nos. 21-1321, 21-1323, 21-1379, 21-1382 (Fed. Cir. Nov. 14, 2022): American National Manufacturing Inc. filed two *inter partes* reviews (“IPRs”) against patents owned by Sleep Number Corp. related to adjusting pressure in an air bed. After the IPRs were instituted, Sleep Number sought to amend the claims to make the claims more consistent and accurate in terminology and phrasing. American National argued that the amendments were not proper because they were not for the purpose of overcoming the instituted ground.

The Federal Circuit (Stoll, J., joined by Schall and Cunningham, JJ.) affirmed, agreeing with the Board that the patent owner can amend the claims to correct perceived issues, and not just overcome the instituted grounds, so long as the amendment does not enlarge the scope of the claims or introduce new matter. The petitioner is free to challenge the proposed amended claims on grounds beyond §§ 102 and 103, including § 112.

***VLSI Technology LLC v. Intel Corp.***, Nos. 21-1826, 21-1827, 21-1828 (Fed. Cir. Nov. 15, 2022): VLSI Technology LLC sued Intel Corp. for allegedly infringing a patent related to integrated circuits. The district court construed the term “force region” to mean a “region within the integrated circuit in which forces are exerted on the interconnect structure when a *die attach* is performed.” Intel filed an IPR, and

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proposed a construction of “force region” consistent with the construction that the district court adopted. However, the Board uncovered a disagreement between the parties as to the meaning of “die attach,” and therefore, adopted its own construction.

The Federal Circuit (Bryson, J., joined by Chen and Hughes, JJ.) affirmed-in-part, reversed-in-part, and remanded for further proceedings. VLSI argued that the Board failed to consider the district court’s claim construction as required under 37 C.F.R. § 42.100(b). The Court disagreed, however, determining that while the Board did not specifically mention the district court’s claim construction in its Final Written Decision, it was extensively discussed in the parties’ briefing and oral argument. Moreover, the Board recognized that the true dispute between the parties turned on interpretation of the term “die attach.” Thus, it was proper for the Board to adopt its own construction rather than the parties’ purported agreed construction.

**CUPP Computing AS v. Trend Micro Inc.**, Nos. 20-2262, 20-2263, 20-2264 (Fed. Cir. Nov. 16, 2022): CUPP Computing AS appealed three IPR decisions by the Board, concluding that three patents were unpatentable as obvious. The claims at issue involved a “mobile security system processor” that was “different than” the mobile devices processor.

The Federal Circuit (Dyk, J., joined by Taranto and Stark, JJ.) affirmed the Board’s obviousness finding as adequately explained. CUPP argued that the Board erred by rejecting its disclaimer arguments during the IPRs. The Federal Circuit disagreed with CUPP, holding that: “[t]he Board is not required to accept a patent owner’s arguments as disclaimer when deciding the merits of those arguments.” In other words, disclaimers in an IPR proceeding are not binding on the Patent Office in the proceeding in which they are made; otherwise, the patent owner could freely modify their claims via argument in an IPR.

**Treehouse Avatar LLC v. Valve Corp.**, No. 22-1171 (Fed. Cir. Nov. 30, 2022): Treehouse Avatar LLC sued Valve Corp. accusing two video games (Dota 2 and Team Fortress 2) of infringing its patent. The parties adopted the Board’s construction of “character-enabled network sites” from a previous IPR. However, Treehouse’s infringement expert submitted a report that applied the plain and ordinary meaning for “character-enabled network sites.” The district court subsequently granted Valve’s motion to strike portions of the infringement expert report that applied the plain and ordinary meaning instead of the parties’ agreed-upon construction.

The Federal Circuit (Reyna, J., joined by Lourie and Stoll, JJ.) affirmed. The Court held that it was not an abuse of discretion for the district court to strike portions of the infringement expert report that did not rely on the agreed-upon construction. Even though Treehouse argued that the expert witness relied on a construction that was not materially different from the agreed-upon construction, the Court held that any expert theory relying on a different construction is “suspect.”

**Plastipak Packaging, Inc. v. Premium Waters, Inc.**, No. 21-2244 (Fed. Cir. Dec. 19, 2022): Plastipak Packaging, Inc. sued Premium Waters, Inc. for alleged infringement of two groups of patents directed to plastic bottles. The district court granted summary judgment to Premium Waters, concluding that all asserted patents were invalid for nonjoinder of a co-inventor (Falzoni) under 35 U.S.C. § 102(f).

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The Federal Circuit (Stark, J., joined by Newman and Stoll, JJ.) reversed and remanded. The Court held that, for both groups of patents, summary judgment was improper because there was a genuine dispute of material fact as to whether Falzoni had sufficiently contributed to the claimed inventions. The Court determined that Premium Waters presented sufficient evidence that “a reasonable fact-finder *may* find clear and convincing evidence that Falzoni was a joint inventor.” However, nothing *required* that conclusion making summary judgment improper.

***Genentech, Inc. v. Sandoz Inc.***, No. 22-1595 (Fed. Cir. Dec. 22, 2022): Genentech, Inc. sued Sandoz, Inc., who had submitted two Abbreviated New Drug Applications (“ANDAs”) on a generic version of pirfenidone, asserting that Sandoz’s generic product would induce the infringement of two sets of Genentech’s patents. The first set of patents (“LFT patents”) claim methods for managing certain side effects when using pirfenidone, which is a drug used to treat idiopathic pulmonary fibrosis (“IPF”). The second set of patents (“DDI patents”) are directed to methods for avoiding adverse interactions between pirfenidone and fluvoxamine, which is a drug that may inhibit the ability of certain enzymes from metabolizing drugs such as pirfenidone. The district court determined that the LFT patents would have been obvious over prior art and standard medical practice disclosed in the prior art, and that the DDI patents were not infringed.

The majority (Lourie, J., joined by Prost, J.) affirmed. The majority agreed that the LFT patents would have been obvious over the prior art and standard medical practices, because the claims “do not represent the invention of a new drug, nor do they recite a novel application of an existing drug.” Instead, the claims “recite adjusting doses in the presence of side effects,” which the majority reasoned “clinicians routinely do.” Turning to the DDI patents, the majority determined that the district court did not clearly err in “considering all the evidence, including Sandoz’s proposed label and physician practice” in finding no infringement. Physicians had testified that in practice they had never prescribed pirfenidone to an IPF patient taking fluvoxamine. But if they found themselves in that position, they would have chosen a noninfringing response—prescribing nintedanib (another drug that treats IPF) instead.

Judge Newman dissented without opinion.

## ***Venue in the Western District of Texas:***

***In re Apple Inc.*** (Fed. Cir. No. 22-162): The Federal Circuit (Reyna, J., joined by Dyk, J. and Taranto, J.) granted Apple’s petition, directing the district court to vacate a scheduling order that would require the parties to complete fact discovery and re-briefing of Apple’s motion to transfer venue. Under the district court’s scheduling order, by the time the district court considered Apple’s motion to transfer, the motion would have been pending for a year. The Court explained that consideration of venue motions should be prioritized and requiring the extra effort by the parties would lead to unnecessary expenditure of resources by the parties, the transferring court, and the potential transferee court.

***In re Cloudflare, Inc.*** (Fed. Cir. No. 22-167): The panel (Reyna, J., joined by Dyk and Taranto, JJ.) denied Cloudflare’s petition, holding no clear abuse of discretion in denying Cloudflare’s motion to transfer. The Court determined that Cloudflare’s declarant “lacked credibility and admitted to not investigating facts relevant to Cloudflare’s Austin office.” The Court also determined that the district

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court had found that Cloudflare’s “employees [in the Western District of Texas] helped research, design, develop, implement, test, and market the accused products,” and the Western District of Texas “had a localized interest and would be convenient for potential sources of proof and party witnesses.” The Court was not prepared to disturb these findings.

***In re Amazon.com, Inc.*** (Fed. Cir. No. 22-157): The panel (Hughes, Wallach, and Stoll, JJ.) granted Amazon.com, Inc.’s petition, holding that the district court abused its discretion by denying Amazon’s motion to sever and motion to transfer. Flygrip Inc. sued Amazon alleging infringement of device cases manufactured by PopSockets LLC and Otter Products LLC. The panel determined that the district court erred because (1) the addition of Coghlan Family Enterprises LLC (CFE), a small local business based in the Western District of Texas, *after* Amazon filed its motion to transfer to be “suspect,” (2) the claims against CFE were peripheral to the claims against Amazon, and (3) the transfer factors weigh heavily in favor of transferring to the District of Colorado, where PopSockets and Otter were headquartered and had filed a declaratory judgment of noninfringement.



*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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