GIBSON DUNN

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FEDERAL CIRCUIT UPDATE (FEBRUARY 2023)

To Our Clients and Friends:

This edition of Gibson Dunn's Federal Circuit Update summarizes the current status of several petitions pending before the Supreme Court. We address the Federal Circuit's adoption of amendments to its Rules of Practice. And we also discuss recent Federal Circuit decisions concerning tortious interference with prospective business relations, the public use bar under pre-AIA 35 U.S.C. § 102(b), delisting patents from the Orange Book, and ineligibility under 35 U.S.C. § 101.

In case you missed it, on February 2, 2023, Gibson Dunn published the 2021/2022 Federal Circuit Year in Review, providing a statistical overview and substantive summaries of the precedential patent opinions issued by the Federal Circuit between August 1, 2021 and July 31, 2022.

Federal Circuit News

***Supreme Court*:**

As we summarized in our December 2022 update, the Supreme Court has granted certiorari in ***Amgen Inc. v. Sanofi*** (U.S. No. 21-757). Oral argument has been scheduled for March 27, 2023.

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

This month, no new petitions were filed before the Supreme Court that originated from the Federal Circuit by parties represented by counsel.

As we summarized in our January 2023 update, the Court is considering petitions in ***Novartis Pharmaceuticals Corp. v. HEC Pharm Co., Ltd.*** (US No. 22-671) and ***Arthrex, Inc. v. Smith & Nephew, Inc.*** (US No. 22-639). A response was filed in ***Novartis*** on March 3, 2023. Gibson Dunn partners Thomas G. Hungar, Jacob T. Spencer, Jane M. Love, and Robert Trenchard are counsel for Novartis. The Court granted an extension for the response in ***Arthrex*** until April 12, 2023.

The petitions in ***Interactive Wearables, LLC v. Polar Electro Oy*** (US No. 21-1281) and ***Tropp v. Travel Sentry, Inc.*** (US No. 22-22) are still pending the views of the Solicitor General. After requesting a response, the Court denied Jump Rope's petition in ***Jump Rope Systems, LLC v. Coulter Ventures, LLC*** (US No. 22-298).

Other Federal Circuit News:

Appointment of New Circuit Executive and Clerk of Court. On February 24, 2023, the Federal Circuit announced that Jarrett B. Perlow has been selected as the next Circuit Executive and Clerk of Court and will officially assume the responsibilities on July 1, 2023. Mr. Perlow will succeed Peter R. Marksteiner, who is retiring as of June 30, 2023.

Federal Circuit Practice Update

Amendments to the Federal Circuit Rules of Practice. In our January 2023 update, we discussed the Federal Circuit's proposed amendments to the Federal Circuit Rules of Practice. The amendments have now been adopted and went into effect on March 1, 2023. The final version of the Federal Circuit Rules of Practice are available here.

Upcoming Oral Argument Calendar

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

Key Case Summaries (February 2023)

CyWee Group Ltd. v. Google LLC, Nos. 20-1565, 20-1567 (Fed. Cir. Feb. 8, 2023): In *United States v. Arthrex, Inc*., 141 S. Ct. 197 (2021), the Supreme Court held that an administrative patent judge's power to render final patentability decisions unreviewable by an accountable principal officer violated the Appointments Clause. Subsequently, CyWee requested rehearing on two final written decisions issued by the Patent Trial and Appeal Board ("Board"). The requests were referred to the Commissioner for Patents, who was performing the duties of the Director and Deputy Director, as those offices were vacant at the time, and he denied the rehearing requests. As CyWee's current appeal was pending, the Federal Circuit rejected challenges to the Commissioner's authority to review the Board's decisions under *Arthrex*. CyWee acknowledged that the decision foreclosed its challenges to the Commissioner's authority, but appealed on grounds that the Director's review was untimely as it occurred outside the time window for institution decisions and final written decisions.

The Federal Circuit (Prost, J., joined by Taranto and Chen, JJ.) affirmed, rejecting CyWee's timeliness arguments. The Court reasoned that there is nothing in the statute that required Director review of Board decisions to occur within the same timeframe as that required of the Board.

SSI Technologies, LLC v. Dongguan Zhengyang Electronic Mechanical Ltd., Nos. 21-2345, 22-1039 (Fed. Cir. Feb. 13, 2023): SSI sued DZEM for patent infringement and DZEM asserted counterclaims for a declaration for tortious interference with prospective business relations. SSI had sent letters to several companies advising them of SSI's lawsuit against DZEM. The district court granted summary judgment to SSI because DZEM did not "adduce evidence that it had prospective contracts with those companies."

The Federal Circuit (Bryson, J., joined by Reyna and Cunningham, JJ.) affirmed-in-part, reversed-in-part, vacated-in-part, and remanded. The Federal Circuit held that the district court properly granted

summary judgment on the tortious interference counterclaim because DZEM had failed to introduce any evidence showing that SSI's communications with DZEM customers were "objectively unreasonable" and therefore constituted wrongful conduct sufficient to sustain a state-law tort claim.

ChromaDex, Inc. v. Elysium Health, Inc., No. 22-1116 (Fed. Cir. Feb. 13, 2023): The district court granted summary judgment that the asserted claims were ineligible under 35 U.S.C. § 101 because they were directed to a natural phenomenon—compositions comprising isolated nicotinamide riboside ("NR"), a naturally occurring vitamin present in cow's milk. The district court rejected ChromaDex's argument that isolated NR was different from naturally occurring NR.

The Federal Circuit (Prost, J., joined by Chen and Stoll, JJ.) affirmed. The Court reasoned that the isolated NR did not have characteristics markedly different from the naturally occurring version found in milk. The Court relied on pre-*Alice* precedent (*Chakrabarty*, *Myriad*), commenting that the inquiry could end there. The Court nevertheless moved on to step two in light of *Alice/Mayo*, and determined that recognizing the utility of NR, which is synonymous to recognizing a natural phenomenon, was not inventive.

Minerva Surgical, Inc. v. Hologic, Inc., No. 21-2246 (Fed. Cir. Feb. 15, 2023): Minerva sued Hologic, asserting infringement of its patent directed to surgical devices for "endometrial ablation." The district court granted summary judgment to Hologic, holding the asserted claims anticipated under the public use bar of pre-AIA 35 U.S.C. § 102(b). More than one year before the asserted patent's priority date, Minerva had presented fifteen fully functional prototypes of a device disclosing every limitation of the asserted claims at an industry trade show referred to as the "Super Bowl."

The Federal Circuit (Reyna, J., joined by Prost and Stoll, JJ.) affirmed. The Court agreed with Hologic that both elements of the public use bar were met. First, the patented technology was "in public use" because it had been disclosed at the industry trade show where Minerva had demonstrated the normal operation of its prototypes and permitted members of the industry to closely examine their function. Minerva even revealed the materials used to construct the prototypes, thus disclosing one of the key limitations of the asserted claims. Second, Minerva's technology was also "ready for patenting" because it was both reduced to practice in the working prototypes and described in internal documents that would have enabled a person of ordinary skill in the art to practice the invention.

Jazz Pharmaceuticals, Inc. v. Avadel CNS Pharmaceuticals, LLC, No. 23-1186 (Fed. Cir. Feb. 24, 2023): Jazz holds a New Drug Application ("NDA") for a narcolepsy drug, Xyrem. Xyrem's active ingredient, GHB, is colloquially known as the date-rape drug. Jazz's patent, which was listed in the Orange Book,[1] relates to a single-pharmacy distribution system that controls access to abuse-prone prescription drugs such as Xyrem. A patent is properly listed in the Orange Book if it claims a drug or a method of use. Jazz sued Avadel for infringing this patent when Avadel submitted an NDA for its own narcolepsy drug. Avadel counterclaimed, arguing that Jazz's patent was improperly listed in the Orange Book and sought an order to delist the patent.

The Federal Circuit (Lourie, J., joined by Reyna and Taranto, JJ.) affirmed. On appeal, Jazz argued that its system claims essentially recited a method of use. The Court rejected this argument, concluding that the applicable regulation "does not broaden the term 'method'" to include system claims.

Venue in the Western District of Texas:

***In re Google LLC*,** No. 23-101 (Fed. Cir. Feb. 1, 2023): Google petitioned for writ of mandamus directing the Western District of Texas to transfer the case to the Northern District of California. Jawbone filed suit in Western District of Texas four months after being assigned ownership of the asserted patents and seven months after being incorporated in Texas.

The Federal Circuit (Stark, J., joined by Lourie and Taranto, JJ.) granted the petition, determining that the district court had put too much weight on co-pending litigations in the same district and on the time to trial when the plaintiff was "not engaged in product competition" that "might add urgency to case resolution." The Federal Circuit also determined that the cost of attendance for willing witnesses, the local interest factor, and relative ease of access to sources of proof all weighed in favor of transfer given the patented technology was invented and prosecuted in Northern California, Google developed the accused products in Northern California, and Jawbone's connection to Western Texas was "recent and ephemeral." In sum, because a total of four factors weighed in favor of transfer and four factors were neutral, the Federal Circuit granted the petition and ordered the district court to grant the motion to transfer.

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[1] The U.S. Food and Drug Administration's Approved Drug Products with Therapeutic Equivalence Evaluations publication is commonly known as the Orange Book.

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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