

GIBSON DUNN

Appellate & Constitutional Law and
Intellectual Property Update

June 7, 2024

Federal Circuit Update

This edition of Gibson Dunn's Federal Circuit Update for May 2024 summarizes the current status of a new petition pending before the Supreme Court, a Federal Circuit en banc decision regarding the obviousness inquiry for design patents, and recent Federal Circuit decisions concerning standing, finality, personal jurisdiction, printed matter doctrine, and interferences under the pre-AIA statute.

Federal Circuit News

Noteworthy Petitions for a Writ of Certiorari:

There were a couple new potentially impactful petitions filed before the Supreme Court in May 2024.

- ***Chestek PLLC v. Vidal*** (US No. 23-1217): “Whether the PTO is exempt from notice-and-comment requirements when exercising its rulemaking power under 35 U.S.C. § 2(b)(2).” The response is due July 15, 2024.
- ***Collect LLC v. Vidal*** (US No. 23-1231): “Whether a patent procured in good faith can be invalidated on the ground that statutory Patent Term Adjustment, which requires lengthening a patent’s term to account for time lost to Patent and Trademark Office delays, can trigger a judge-made patent-invalidation doctrine.” The response is due

July 22, 2024, and the New York Intellectual Property Law Association has already filed an *amicus curiae* brief.

Federal Circuit En Banc Opinions:

As we reported in our [June 2023 update](#), the Federal Circuit granted the en banc petition in **LKQ Corp. v. GM Global Technology Operations LLC**. We provide a summary of the opinion below.

LKQ Corp. v. GM Global Technology Operations LLC, No. 21-2348, (Fed. Cir. May 21, 2024): LKQ filed a petition for *inter partes* review (“IPR”) challenging the validity of GM’s design patent for a vehicle fender as obvious over prior art reference Lian alone or in combination with the 2010 Hyundai Tucson fender. The Patent Trial and Appeal Board (“Board”) applied the two-part *Rosen-Durling* test requiring the primary reference be “basically the same” and the secondary reference be “so related” to the claimed design. The Board found that Lian could not serve as a primary reference, because it was not “basically the same” and ended its obviousness analysis. The original Federal Circuit panel affirmed the Board’s decision, holding it was bound by *Rosen-Durling* absent clear direction from the Supreme Court. The Federal Circuit then granted rehearing en banc.

The Federal Circuit (Stoll, J., joined by Moore, C.J., Dyk, Prost, Reyna, Taranto, Chen, Hughes, and Stark, JJ.) [vacated and remanded](#), overruling the two-part *Rosen-Durling* test, which required a strict “basically the same” primary reference and “so related” secondary reference, as being “improperly rigid.” Instead, the Court adopted the obviousness analysis for utility patents, consistent with Congress’s statutory scheme as well as Supreme Court precedent. The Court did not agree with certain amici that its overruling of *Rosing-Durling* would create uncertainty, because the “*Graham* four-part obviousness test for utility patents has existed for a very long time and there is considerable precedent.” The Court thus vacated the Board’s decision and remanded for the Board to apply the new framework for evaluating obviousness of design patents.

Judge Lourie concurred with the Court’s decision to vacate and remand the Board’s decision, but disagreed that *Rosing* and *Durling* needed to be overruled. Instead, as Judge Lourie explained, to make the *Rosing-Durling* test less rigid, all the Court needed to do was replace the use of “must” and “only” in the analyses with words such as “generally,” “usually,” or “typically.” Thus, Judge Lourie would have modified, rather than outright overruled, *Rosing* and *Durling*.

Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit is available on the court’s [website](#).

Key Case Summaries (May 2024)

Intellectual Tech LLC v. Zebra Technologies Corp., No. 22-2207 (Fed. Cir. May 1, 2024): Intellectual Technology (“IT”) sued Zebra for patent infringement. Zebra moved to dismiss for lack of standing because a loan agreement between IT and its creditor, Main Street, granted Main Street the right to, among other things, sell, transfer, assign, encumber, and enforce IT’s patents if IT defaulted. The district court granted Zebra’s motion, holding that IT lacked constitutional standing because the agreement granted Main Street the right to license the asserted patent and thus deprived IT of all its exclusionary rights. The district court further held that the defect could not be cured because IT was in default at the time the complaint was filed.

The Federal Circuit (Prost, J., joined by Taranto and Hughes, JJ.) [reversed and remanded](#). The Court held that IT had constitutional standing because it retained at least one exclusionary right—the right to license or assign the patents—rejecting Zebra’s interpretation of the agreement as granting all exclusionary rights to Main Street immediately upon default. Instead, Main Street and IT shared an ability to license while a default existed and therefore IT was not divested of all exclusionary rights. The Court clarified that the right of another, non-plaintiff entity to license a patent does not defeat constitutional standing.

Packet Intelligence v. NetScout Systems, Inc., No. 22-2064 (Fed. Cir. May 2, 2024): Packet Intelligence sued NetScout for infringement of patents directed to methods and apparatuses for monitoring packets exchanged over a computer network. Previously, the Federal Circuit had reversed the district court’s pre-suit damages award and vacated the award of enhanced damages (*Packet I*). During the pendency of that remand, the Board issued final written decisions in IPR proceedings initiated by third parties holding all challenged claims of the patents at issue unpatentable as obvious. NetScout then moved to dismiss Packet Intelligence’s infringement case against it or, in the alternative, to stay the district court litigation until the conclusion of Packet Intelligence’s appeal from the Board’s final written decisions. The district court denied NetScout’s motion to dismiss or stay the case and entered an amended final judgment of the issues litigated on remand from *Packet I*, eliminating pre-suit damages and reducing enhanced damages. Packet Intelligence timely appealed the Board’s decisions, and concurrently with this opinion, the Federal Circuit affirmed.

The Federal Circuit (Stark, J., joined by Lourie and Hughes, JJ.) [vacated and remanded](#) with instructions to dismiss the case as moot. The only issue before the Court was to decide if its decision in *Packet I* “rendered this case sufficiently final such that it is immune to the Board’s subsequent determination of unpatentability,” which occurs when that judgment “ends the litigation on the merits and leaves nothing for the court to do but execute the judgment.” The Court concluded that Packet Intelligence’s infringement case against NetScout remains pending because the *Packet I* decision remanded issues to the district court and did not “leave[] nothing for the court to do but execute the judgment,” rendering it vulnerable to subsequent developments. The Federal Circuit’s contemporaneous affirmance of the Board’s unpatentability decisions invalidated the patent claims, and thus, the Court remanded with instructions to dismiss the case.

SnapRays, dba SnapPower v. Lighting Defense Group, No. 23-1184 (Fed. Cir. May 2, 2024): The Amazon Patent Evaluation Express (“APEX”) is a low-cost procedure offered by Amazon to resolve claims that a third-party product infringes a utility patent. To initiate the process, a patent owner submits an APEX Agreement to Amazon identifying one claim of a

patent and up to 20 allegedly infringing listings. Lighting Defense Group (“LDG”) submitted an APEX Agreement alleging certain SnapPower products sold on Amazon infringed LDG’s patent directed to a cover for an electrical receptacle. To avoid automatic removal of its listing, the seller has three options: (1) opt in to the APEX program and proceed with Amazon’s third-party evaluation, (2) resolve the claim with the patent owner directly, or (3) file a declaratory judgment action of noninfringement. SnapPower chose the third option and filed a declaratory judgment action in Utah, where SnapPower is located. LDG, a Delaware company with its principal place of business in Arizona, moved to dismiss for lack of personal jurisdiction, and the district court granted the motion.

The Federal Circuit (Moore, C.J., joined by Lourie and Dyk, JJ.) [reversed and remanded](#). The Court determined that LDG purposefully directed its activities at SnapPower in Utah when it submitted the APEX Agreement specifically naming SnapPower’s listings. The Court noted that the SnapPower’s listings would be automatically removed if it took no action, which the Court distinguished from traditional cease and desist letters that could be ignored without automatic consequences. The intended effect would necessarily impact sales, marketing, and other activities of SnapPower in Utah.

IOENGINE, LLC v. Ingenico Inc., Nos. 21-1227, 21-1331, 21-1332 (Fed. Cir. May 3, 2024): Ingenico filed a series of IPRs challenging three IOENGINE patents directed to a portable device configured to communicate with a terminal. The Board applied the printed matter doctrine to accord no patentable weight to certain claim limitations that recited “encrypted communications” and “program code.”

The Federal Circuit (Chen, J., joined by Lourie and Stoll, JJ.) [reversed-in-part and affirmed-in-part](#). The Court found the Board incorrectly applied the printed matter doctrine. The Court explained that the printed matter doctrine applies only to limitations that claim the content of information or in other words, the content specifically being communicated. In other words, printed matter “encompasses *what* is communicated . . . rather than the act of a communication itself.” In the challenged claims, “encrypted communications” and “program code” were not being claimed for any particular content they communicated, and as a result, the printed matter doctrine did not apply.

Speck v. Bates, No. 23-1147 (Fed. Cir. May 23, 2024): Speck and Bates both claimed an invention related to drug-coated balloon catheters. Speck’s patent claims priority back to a 2003 application, but did not issue until September 4, 2012. Bates’s patent application was filed on August 29, 2013, but is a continuation-in-part of and claims priority to an earlier application filed in 2001. Under pre-AIA 35 U.S.C. § 135(b)(1), a patent application that claims the “same as” or “substantially the same subject matter” as an issued patent must be filed within one year from the date on which the patent was granted unless the “applicant had been claiming substantially the same invention as the patentee” before the critical date. The Bates application was therefore filed six days before the critical date. After the critical date and during prosecution, Bates amended the claims to require the device be “free of a containment material atop the drug layer” to overcome a rejection by the examiner. The Board declared an interference on August 10, 2020, identifying Bates as the senior party and Speck as the junior party. Speck filed a motion to terminate the interference on the ground that the claims of the Bates application were time-barred

under § 135(b)(1). The Board denied Speck’s motion because it found that the later amended claims did not differ materially from the pre-critical date claims.

The Federal Circuit (Dyk, J., joined by Bryson and Stoll, JJ.) [reversed, vacated, and remanded](#), holding that the Board applied the wrong legal test. The Board only analyzed whether the post-critical date claims were present in the pre-critical date claims (*i.e.*, the “one-way test”). However, the Court held that the “two-way test” is the proper test, meaning that the Board should have compared the two sets of claims to determine if either set contains material limitations not present in the other. Applying the two-way test, the Court held that the pre-critical date claims were materially different than the post-critical date claims, because the post-critical date claims would permit including the drug within the containment layer, but the pre-critical date claims did not. The Court therefore held that the Bates application was time-barred.

The following Gibson Dunn lawyers assisted in preparing this update: [Blaine Evanson](#), [Audrey Yang](#), [Allen Kathir](#), [Al Suarez](#), [Vivian Lu](#), and [Julia Tabat](#).

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, any leader or member of the firm’s [Appellate and Constitutional Law](#) or [Intellectual Property](#) practice groups, or the following authors:

[Blaine H. Evanson](#) – Orange County (+1 949.451.3805, bevanson@gibsondunn.com)
[Audrey Yang](#) – Dallas (+1 214.698.3215, ayang@gibsondunn.com)

Appellate and Constitutional Law:

[Thomas H. Dupree Jr.](#) – Washington, D.C. (+1 202.955.8547, tdupree@gibsondunn.com)
[Allyson N. Ho](#) – Dallas (+1 214.698.3233, aho@gibsondunn.com)
[Julian W. Poon](#) – Los Angeles (+ 213.229.7758, jpoon@gibsondunn.com)

Intellectual Property:

[Kate Dominguez](#) – New York (+1 212.351.2338, kdominguez@gibsondunn.com)
[Y. Ernest Hsin](#) – San Francisco (+1 415.393.8224, ehsin@gibsondunn.com)
[Josh Krevitt](#) – New York (+1 212.351.4000, jkrevitt@gibsondunn.com)
[Jane M. Love, Ph.D.](#) – New York (+1 212.351.3922, jlove@gibsondunn.com)

Attorney Advertising: These materials were prepared for general informational purposes only based on information available at the time of publication and are not intended as, do not constitute, and should not be relied upon as, legal advice or a legal opinion on any specific facts or circumstances. Gibson Dunn (and its affiliates, attorneys, and employees) shall not have any liability in connection with any use of these materials. The sharing of these materials does not establish an attorney-client relationship with

the recipient and should not be relied upon as an alternative for advice from qualified counsel. Please note that facts and circumstances may vary, and prior results do not guarantee a similar outcome.

If you would prefer NOT to receive future emailings such as this from the firm, please reply to this email with "Unsubscribe" in the subject line.

If you would prefer to be removed from ALL of our email lists, please reply to this email with "Unsubscribe All" in the subject line. Thank you.

© 2024 Gibson, Dunn & Crutcher LLP. All rights reserved. For contact and other information, please visit us at gibsondunn.com