

GIBSON DUNN

Federal Circuit Year in Review

2015/2016

Intellectual Property and Appellate Practice Groups



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INTRODUCTION

The Federal Circuit's 2015-2016 term shows some continuing trends in outcomes favoring patent challengers, and some changes in the frequency of agency appeals and the lengthening of the appeal process.¹ The term also saw important decisions regarding Patent Trial and Appeal Board ("PTAB") procedural issues and the jurisdiction of the International Trade Commission ("ITC"). There was also a shift in Section 101 jurisprudence, as the court decided several patent-eligibility cases in both the high-tech and biotechnology industries in favor of patent owners. The court issued opinions in a total of 134 precedential patent cases, including five *en banc* decisions. Among some of the significant decisions issued by the court this term are:

- In *Enfish, LLC v. Microsoft Corporation*, 822 F.3d 1327 (Fed. Cir. 2016), the court held that claims to a self-referential database were patent-eligible because they were directed to an improvement in computer functionality, and thus were not directed to an abstract idea. *Id.* at 1347. The court explained that it did not read *Alice* broadly to hold that all improvements in computer-related technology are inherently abstract. *Id.* at 1335. The court also stated that whether claims recited an improvement to preexisting technology itself—a question that has typically been asked in the context of step two of the *Alice/Mayo* analysis—can play a role in determining whether the claims are directed to an abstract idea in step one of the analysis. *Id.* at 1335-36. This decision is a significant win for software patent owners.
- In *Rapid Litigation Management Ltd. v. CellzDirect, Inc.*, the court held that a "new and improved" method of producing a desired preparation of multi-cryopreserved hepatocytes was patent-eligible under Section 101. 827 F.3d 1042 (Fed. Cir. 2016). With respect to step one of the *Alice/Mayo* test, although the court acknowledged that the inventors had made a "natural discovery," it found that the inventors used that discovery "to create a new and improved way of preserving hepatocyte cells for later use." *Id.* at 1048. With respect to step two of the Section 101 analysis, the court found that "[t]he benefits of the improved process over the prior art methods are significant and the prior art taught away from the claimed invention." *Id.* at 1051-52. This decision should provide hope for biotechnology companies with patents directed to new and improved methods that involve a law of nature.
- In *Shaw Industries Group, Inc. v. Automated Creel Sys., Inc.*, the court held that the AIA estoppel provisions in 35 U.S.C. § 315(e) apply only to grounds that were raised or reasonably could have been raised "during" an *inter partes* review. 817 F.3d 1293, 1300 (Fed. Cir. 2016). The court found that, because "[t]he IPR does not begin until it is instituted[,] the petitioner "did not raise—nor could it have reasonably raised—the [ground at issue] during the IPR." *Id.* Some commentators have suggested that the court's reasoning suggests that estoppel only applies to grounds that were raised or reasonably could have been raise post-institution, as opposed to all grounds that the

¹Term defined as July 1, 2015 to August 31, 2016.



petitioner raised or reasonably could have raised in the petition itself. Others have interpreted the decision more narrowly as holding only that grounds not instituted by the PTAB on the basis of redundancy will not be subject to estoppel. This issue may be resolved in a future decision, but in the meantime, this case is likely to affect parties' strategies in IPRs and parallel district court litigation.

- In *Suprema, Inc. v. International Trade Commission*, 796 F.3d 1338 (Fed. Cir. 2015), the *en banc* court held that the International Trade Commission has authority to exclude products if those products are being used to induce infringement of a patented method of use. Applying the deferential *Chevron* framework, a divided court upheld the ITC's interpretation of Section 337 that "articles that infringe" include articles that infringe after importation as a result of inducement by a foreign seller. *Id.* at 1340-41. In a strongly worded dissent, Judge O'Malley and three other judges argued that there was no ambiguity in the statute and thus that the majority's deference to the ITC was unfounded. This decision is significant for the owners of method patents, and more generally the technology and software industries, where induced infringement allegations are common. It is a strong message to potential infringers that they cannot evade ITC jurisdiction by performing some patented steps outside of the United States.

Not surprisingly, issues of claim construction, infringement, and obviousness continued to dominate the court's substantive patent docket in the 2015-2016 term, just as they did in the previous years. And on these issues, opponents had more outright successes than patent holders:

1. **Infringement** (an issue in 44 cases): Opponent wins in 55% of cases compared to the patent holder with wins in 32% of cases.²
2. **Obviousness** (an issue in 43 cases): Opponent wins in 51% of cases compared to the patent holder with wins in 40% of cases.
3. **Claim construction** (an issue in 41 cases): Opponent wins in 51% of cases compared to the patent holder with wins in 32% of cases.

The overall win/loss percentage has remained relatively constant over the last three terms in favor of the opponent (47% compared to 40%), which is consistent with the overall win/loss percentage from 2015 (50% compared to 38%) and 2014 (48% compared to 38%). In a sharp reversal from last year, opponents no longer have the strong upper hand on Section 101 issues (patentee to opponent win rate was 43% to 57% for 2016 compared to 90% to 10% for 2015). In another reversal from last year, patent holders are no longer favored to win Section 103 obviousness issues (patentee to opponent win rate was 40% to 51% for 2016 compared to 53% to 42% for 2015).

The court is affirming approximately 56% of the issues that it is deciding. Unfortunately for patent holders, the top issues being affirmed are those highlighted above that are breaking in favor of the opponents. Issues of infringement, which are typically fact-intensive and subject to

²The remaining percentage (or number of cases where applicable) is attributed to decisions where there are mixed or inconclusive results.



the deferential clear-error standard of review, are being affirmed at approximately the same rate as last year (59% vs. 57% last year). However, Section 112 issues (which are subject to varying standards of review depending on the precise nature of the issue) are no longer being reversed at a rate higher than they are being affirmed. In 2016, the rate of reversal on Section 112 issues was 27%, a drop from 55% in 2015. Issues of injunctive relief, which are subject to the deferential abuse-of-discretion standard of review, have also changed course. In 2016, the rate of affirmance was only 25% compared to 67% in 2015.

The top districts that are seeing affirmances from the Federal Circuit are Delaware, Central District of California and New Jersey. The top districts that are seeing reversals are the Eastern District of Texas, Delaware and the Northern District of California. Consistent with the fact that Delaware is seeing a high number of both affirmances and reversals, the overall win/loss percentage in Delaware is 50/50.

There are strong trends emerging in cases arising from agency action (PTO or ITC), starting with the overall workload of the court. Almost 32% of the cases that the court decided this term came from an agency as opposed to district court. Although there is some variability in the affirmation/reversal rates depending upon the issue presented, the overall affirmation rate for appeals coming from an agency (55%) is about equal to the affirmation rate coming from district court (57%). Among the notable outliers is the issue of “anticipation,” where the affirmation rate from district court (17%) is far below the affirmation rate for agency cases (54%). The pace at which the court is issuing patent decisions continues to slow. The average appeal now takes approximately 18 months from start to finish with an average of 4 months from oral argument to decision.

There are more analytics in the pages that follow, which we hope will serve you well in your matters. If we can answer any questions or issues, please do not hesitate to contact us.



Mark A. Perry
Partner | Washington, D.C.
202.887.3667
mperry@gibsondunn.com



Michael Sitzman
Partner | San Francisco
415.393.8221
msitzman@gibsondunn.com

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Project Manager

Blair A. Silver

Office Coordinators

Blaine Evanson
Omar Amin
Jaysen Chung
Nathan Curtis
Kate Dominguez
Christine Ranney
Alexandra Rex

Reviewers

Abby Barrera
Andrew Blythe
Courtney Chin
Laura Corbin
Nathan Fonda

Reviewers

Beatrice Hahn
Andrew Hazlett
Paul Kremer
Theo Kwong
Andrew Lin

Reviewers

Barish Ozdamar
Jennifer Rho
George Stamatopoulos
Emma Strong
David Tobin



STATISTICAL ANALYSIS
(August 1, 2015 – July 31, 2016)

Number of Precedential Patent Cases Decided	134
Average Time:	
Lower Tribunal Decision to Federal Circuit Oral Argument	394 Days
Lower Tribunal Decision to Federal Circuit Decision	515 Days
Docketing to Federal Circuit Oral Argument	325 Days
Docketing to Federal Circuit Decision	446 Days
Oral Argument to Federal Circuit Decision	132 Days
Number of <i>En Banc</i> Cases Decided	5
Judge Authoring the Most Opinions	Dyk (18)
Judge Authoring the Most Majority Opinions	Moore (15)
Judges Authoring the Fewest Majority Opinions	Tie – O’Malley (0), Clevenger (0)
Judges Authoring the Most Concurring Opinions	Tie - Newman (2), Reyna (2)
Judge Authoring the Most Dissenting Opinions	Newman (10)
Judges Authoring the Fewest Dissenting Opinions	Tie - Wallach (0), Stoll (0), Plager (0), O’Malley (0), Mayer (0), Lourie (0), Linn (0), Clevenger (0), Chen (0)
Active Judges Who Authored the Most Unanimous Decisions	Tie - Moore (12), Taranto (12)
Top 5 District Courts in Number of Appeals	District of Delaware (13) Eastern District of Texas (11) Central District of California (7) Eastern District of Virginia (7) Northern District of California (6)
Number of Cases With Amicus Briefs	26
District Court (% of cases)	66%
PTO (% of cases)	31%
ITC (% of cases)	2%
CFC (% of cases)	1%
Final Decisions on Validity of the Patent	Valid 20 / Invalid 32 / Both 7
Percentage of Cases Involving:	
Chemical/Pharmaceutical	15%
Biotech/Medical Device	10%
Software/Electrical	46%
Business Method	5%
Mechanical	23%


TOP ISSUES BEFORE THE FEDERAL CIRCUIT (BY NUMBER)

Infringement	44
§103 / Obviousness	43
Claim Construction	41
§102 / Anticipation	21
Jurisdiction, Venue, Standing	18

OVERALL ISSUE WIN RATE FOR PATENTEE/OPPONENT

Patentee Won	40%	110
Opponent Won	47%	131
Both Won	8%	21
Neither Won	5%	14

PATENTEE AND OPPONENT WIN RATE BY ISSUE

Issue	Patentee	Opponent	Both	Neither
§101 / Subject Matter Eligibility	43%	57%	0%	0%
§102 / Anticipation	52%	33%	10%	5%
§103 / Obviousness	40%	51%	7%	2%
Double Patenting	0%	0%	0%	100%
§112 / Written description, Enablement, Definiteness	73%	27%	0%	0%
Level of Skill in the Art	0%	100%	0%	0%
Claim Construction	32%	51%	12%	5%
Infringement	32%	55%	9%	5%
Willful Infringement	50%	50%	0%	0%
Injunctive Relief	75%	25%	0%	0%
Monetary Relief	22%	44%	33%	0%
Laches, Estoppel	45%	36%	0%	18%
First Sale Doctrine / Implied License / Exhaustion	100%	0%	0%	0%
Inequitable conduct	0%	100%	0%	0%
Ownership, Assignments, Recording in PTO	50%	50%	0%	0%
Inventorship, Interference, Derivation	0%	0%	0%	100%
Priority, Conception, Reduction to Practice, Diligence	67%	33%	0%	0%
Design Patents	100%	0%	0%	0%
PTO Procedures	24%	65%	6%	6%
America Invents Act (AIA)	60%	20%	20%	0%
ITC Procedures	50%	50%	0%	0%

Issue	Patentee	Opponent	Both	Neither
District Court Procedures	44%	50%	6%	0%
Jurisdiction, Venue, Standing	33%	50%	6%	11%
Federal Circuit Procedures	38%	50%	0%	13%
Hatch-Waxman Act Procedures	100%	0%	0%	0%

**TOP ISSUES THAT PATENTEE WON
(FREQUENCY OF PREVAILING)**

First Sale Doctrine / Implied License / Exhaustion	100%
Design Patents	100%
Hatch-Waxman Act Procedures	100%
Injunctive Relief	75%
§112 / Written description, Enablement, Definiteness	73%

**TOP ISSUES THAT PATENTEE WON
(BY NUMBER OF CASES)**

§103 / Obviousness	17
Infringement	14
Claim Construction	13
§102 / Anticipation	11
§112 / Written description, Enablement, Definiteness	11

**TOP ISSUES THAT OPPONENT WON
(FREQUENCY OF PREVAILING)**

Level of Skill in the Art	100%
Inequitable conduct	100%
PTO Procedures	65%
§101 / Subject Matter Eligibility	57%
Infringement	55%

**TOP ISSUES THAT OPPONENT WON
(BY NUMBER OF CASES)**

Infringement	24
§103 / Obviousness	22
Claim Construction	21
PTO Procedures	11
Jurisdiction, Venue, Standing	9



**TOP ISSUES THAT BOTH PATENTEE AND OPPONENT WON
(FREQUENCY OF PREVAILING)**

Monetary Relief	33%
America Invents Act (AIA)	20%
Claim Construction	12%
§102 / Anticipation	10%
Infringement	9%

**TOP ISSUES THAT BOTH PATENTEE AND OPPONENT WON
(BY NUMBER OF CASES)**

Claim Construction	5
Infringement	4
§103 / Obviousness	3
Monetary Relief	3
§102 / Anticipation	2

**TOP ISSUES THAT NEITHER PATENTEE NOR OPPONENT WON
(FREQUENCY OF PREVAILING)**

Double Patenting	100%
Inventorship, Interference, Derivation	100%
Laches, Estoppel	18%
Federal Circuit Procedures	13%
Jurisdiction, Venue, Standing	11%

**TOP ISSUES THAT NEITHER PATENTEE NOR OPPONENT WON
(BY NUMBER OF CASES)**

Claim Construction	2
Infringement	2
Laches, Estoppel	2
Jurisdiction, Venue, Standing	2



OVERALL ISSUE AFFIRMANCE/REVERSAL RATE

Affirmed	56%	154
Reversed	30%	82
Both	6%	18
Neither	8%	23

AFFIRMANCE/REVERSAL RATE PER ISSUE

Issue	Affirmed	Reversed	Both	Neither
§101 / Subject Matter Eligibility	57%	43%	0%	0%
§102 / Anticipation	45%	45%	5%	5%
§103 / Obviousness	63%	28%	9%	0%
Double Patenting	0%	0%	0%	100%
§112 / Written Description, Enablement, Definiteness	67%	27%	0%	7%
Level of Skill in the Art	100%	0%	0%	0%
Claim Construction	54%	34%	10%	2%
Infringement	59%	27%	11%	2%
Willful Infringement	50%	50%	0%	0%
Injunctive Relief	25%	75%	0%	0%
Monetary Relief	44%	33%	22%	0%
Laches, Estoppel	73%	9%	0%	18%
First Sale Doctrine / Implied License / Exhaustion	100%	0%	0%	0%
Inequitable conduct	100%	0%	0%	0%
Ownership, Assignments, Recording in PTO	50%	50%	0%	0%
Inventorship, Interference, Derivation	0%	100%	0%	0%
Priority, Conception, Reduction to Practice, Diligence	67%	33%	0%	0%
Design Patents	0%	100%	0%	0%
PTO Procedures	65%	24%	0%	12%
America Invents Act (AIA)	40%	0%	20%	40%
ITC Procedures	50%	50%	0%	0%
District Court Procedures	63%	31%	6%	0%
Jurisdiction, Venue, Standing	44%	17%	0%	39%
Federal Circuit Procedures	13%	25%	0%	63%
Hatch-Waxman Act Procedures	100%	0%	0%	0%



**TOP ISSUES AFFIRMED BY THE FEDERAL CIRCUIT
(BY FREQUENCY PERCENTAGE)**

Level of Skill in the Art	100%
First Sale Doctrine / Implied License / Exhaustion	100%
Inequitable conduct	100%
Hatch-Waxman Act Procedures	100%
Laches, Estoppel	73%

**TOP ISSUES AFFIRMED BY THE FEDERAL CIRCUIT
(BY NUMBER OF CASES)**

§103 / Obviousness	27
Infringement	26
Claim Construction	22
PTO Procedures	11
§102 / Anticipation	10
§112 / Written Description, Enablement, Definiteness	10
District Court Procedures	10

**TOP ISSUES REVERSED BY THE FEDERAL CIRCUIT
(BY FREQUENCY PERCENTAGE)**

Inventorship, Interference, Derivation	100%
Design Patents	100%
Injunctive Relief	75%
Willful Infringement	50%
Ownership, Assignments, Recording in PTO	50%
ITC Procedures	50%

**TOP ISSUES REVERSED BY THE FEDERAL CIRCUIT
(BY NUMBER OF CASES)**

Claim Construction	14
§103 / Obviousness	12
Infringement	12
§102 / Anticipation	10
District Court Procedures	5



**TOP ISSUES BOTH AFFIRMED AND REVERSED BY THE FEDERAL CIRCUIT
(BY FREQUENCY PERCENTAGE)**

Monetary Relief	22%
America Invents Act (AIA)	20%
Infringement	11%
Claim Construction	10%
§103 / Obviousness	9%

**TOP ISSUES BOTH AFFIRMED AND REVERSED BY THE FEDERAL CIRCUIT
(BY NUMBER OF CASES)**

Infringement	5
§103 / Obviousness	4
Claim Construction	4
Monetary Relief	2
§102 / Anticipation	1
America Invents Act (AIA)	1
District Court Procedures	1

**TOP ISSUES NEITHER AFFIRMED NOR REVERSED BY THE FEDERAL CIRCUIT
(BY FREQUENCY PERCENTAGE)**

Double Patenting	100%
Federal Circuit Procedures	63%
America Invents Act (AIA)	40%
Jurisdiction, Venue, Standing	39%
Laches, Estoppel	18%

**TOP ISSUES NEITHER AFFIRMED NOR REVERSED BY THE FEDERAL CIRCUIT
(BY NUMBER OF CASES)**

Jurisdiction, Venue, Standing	7
Federal Circuit Procedures	5
Laches, Estoppel	2
PTO Procedures	2
America Invents Act (AIA)	2


FREQUENCY THAT COURT, AGENCY, OR JURY DECIDED ISSUE BELOW

District Court	57%	156
Agency	32%	88
Jury	5%	14
Mix	1%	4
None	5%	14

**BREAKDOWN BY ISSUE:
WHETHER COURT, AGENCY, OR JURY DECIDED ISSUE BELOW**

Issue	Court	Agency	Jury	Mix	None
§101 / Subject Matter Eligibility	86%	14%	0%	0%	0%
§102 / Anticipation	32%	59%	9%	0%	0%
§103 / Obviousness	30%	65%	5%	0%	0%
Double Patenting	100%	0%	0%	0%	0%
§112 / Written Description, Enablement, Definiteness	67%	27%	7%	0%	0%
Level of Skill in the Art	0%	100%	0%	0%	0%
Claim Construction	66%	34%	0%	0%	0%
Infringement	77%	5%	16%	2%	0%
Willful Infringement	100%	0%	0%	0%	0%
Injunctive Relief	100%	0%	0%	0%	0%
Monetary Relief	56%	0%	22%	22%	0%
Laches, Estoppel	82%	0%	0%	0%	18%
First Sale Doctrine / Implied License / Exhaustion	100%	0%	0%	0%	0%
Inequitable conduct	50%	0%	0%	50%	0%
Ownership, Assignments, Recording in PTO	100%	0%	0%	0%	0%
Inventorship, Interference, Derivation	100%	0%	0%	0%	0%
Priority, Conception, Reduction to Practice, Diligence	33%	67%	0%	0%	0%
Design Patents	100%	0%	0%	0%	0%
PTO Procedures	12%	76%	0%	0%	12%
America Invents Act (AIA)	0%	80%	0%	0%	20%
ITC Procedures	0%	100%	0%	0%	0%
District Court Procedures	100%	0%	0%	0%	0%
Jurisdiction, Venue, Standing	65%	12%	0%	0%	24%
Federal Circuit Procedures	13%	25%	0%	0%	63%
Hatch-Waxman Act Procedures	100%	0%	0%	0%	0%

AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY A COURT

COURT DECISIONS				
Issue	Affirm	Reverse	Both	Neither
§101 / Subject Matter Eligibility	50%	50%	0%	0%
§102 / Anticipation	14%	71%	0%	14%
§103 / Obviousness	69%	31%	0%	0%
Double Patenting	0%	0%	0%	100%
§112 / Written Description, Enablement, Definiteness	70%	20%	0%	10%
Level of Skill in the Art	0%	0%	0%	0%
Claim Construction	56%	33%	11%	0%
Infringement	59%	26%	15%	0%
Willful Infringement	50%	50%	0%	0%
Injunctive Relief	25%	75%	0%	0%
Monetary Relief	40%	40%	20%	0%
Laches, Estoppel	89%	11%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	100%	0%	0%	0%
Inequitable conduct	100%	0%	0%	0%
Ownership, Assignments, Recording in PTO	50%	50%	0%	0%
Inventorship, Interference, Derivation	0%	100%	0%	0%
Priority, Conception, Reduction to Practice, Diligence	0%	100%	0%	0%
Design Patents	0%	100%	0%	0%
PTO Procedures	100%	0%	0%	0%
America Invents Act (AIA)	0%	0%	0%	0%
ITC Procedures	0%	0%	0%	0%
District Court Procedures	63%	31%	6%	0%
Jurisdiction, Venue, Standing	58%	25%	0%	17%
Federal Circuit Procedures	100%	0%	0%	0%
Hatch-Waxman Act Procedures	100%	0%	0%	0%

AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY AGENCY

AGENCY DECISIONS				
Issue	Affirm	Reverse	Both	Neither
§101 / Subject Matter Eligibility	100%	0%	0%	0%
§102 / Anticipation	54%	38%	8%	0%
§103 / Obviousness	57%	29%	14%	0%
Double Patenting	0%	0%	0%	0%
§112 / Written Description, Enablement, Definiteness	75%	25%	0%	0%
Level of Skill in the Art	100%	0%	0%	0%
Claim Construction	50%	36%	7%	7%
Infringement	50%	0%	0%	50%
Willful Infringement	0%	0%	0%	0%
Injunctive Relief	0%	0%	0%	0%
Monetary Relief	0%	0%	0%	0%
Laches, Estoppel	0%	0%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	0%	0%	0%	0%
Inequitable conduct	0%	0%	0%	0%
Ownership, Assignments, Recording in PTO	0%	0%	0%	0%
Inventorship, Interference, Derivation	0%	0%	0%	0%
Priority, Conception, Reduction to Practice, Diligence	100%	0%	0%	0%
Design Patents	0%	0%	0%	0%
PTO Procedures	69%	31%	0%	0%
America Invents Act (AIA)	50%	0%	25%	25%
ITC Procedures	50%	50%	0%	0%
District Court Procedures	0%	0%	0%	0%
Jurisdiction, Venue, Standing	50%	0%	0%	50%
Federal Circuit Procedures	0%	50%	0%	50%
Hatch-Waxman Act Procedures	0%	0%	0%	0%



AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY JURY

JURY DECISIONS				
Issue	Affirm	Reverse	Both	Neither
§101 / Subject Matter Eligibility	0%	0%	0%	0%
§102 / Anticipation	100%	0%	0%	0%
§103 / Obviousness	100%	0%	0%	0%
Double Patenting	0%	0%	0%	0%
§112 / Written Description, Enablement, Definiteness	0%	100%	0%	0%
Level of Skill in the Art	0%	0%	0%	0%
Claim Construction	0%	0%	0%	0%
Infringement	71%	29%	0%	0%
Willful Infringement	0%	0%	0%	0%
Injunctive Relief	0%	0%	0%	0%
Monetary Relief	50%	0%	50%	0%
Laches, Estoppel	0%	0%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	0%	0%	0%	0%
Inequitable conduct	0%	0%	0%	0%
Ownership, Assignments, Recording in PTO	0%	0%	0%	0%
Inventorship, Interference, Derivation	0%	0%	0%	0%
Priority, Conception, Reduction to Practice, Diligence	0%	0%	0%	0%
Design Patents	0%	0%	0%	0%
PTO Procedures	0%	0%	0%	0%
America Invents Act (AIA)	0%	0%	0%	0%
ITC Procedures	0%	0%	0%	0%
District Court Procedures	0%	0%	0%	0%
Jurisdiction, Venue, Standing	0%	0%	0%	0%
Federal Circuit Procedures	0%	0%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%

AFFIRMANCE/REVERSAL RATE BASED ON DISTRICT

Source	Affirm	Reverse	Both	Neither
Middle District of Alabama	0%	0%	0%	0%
Northern District of Alabama	0%	0%	0%	0%
Southern District of Alabama	0%	0%	0%	0%
District of Alaska	0%	0%	0%	0%
District of Arizona	0%	0%	0%	0%
Eastern District of Arkansas	0%	0%	0%	0%
Western District of Arkansas	0%	0%	0%	0%
Central District of California	69%	25%	0%	6%
Eastern District of California	100%	0%	0%	0%
Northern District of California	27%	64%	9%	0%
Southern District of California	50%	50%	0%	0%
District of Colorado	0%	0%	0%	0%
District of Columbia	25%	75%	0%	0%
District of Connecticut	100%	0%	0%	0%
District of Delaware	64%	29%	0%	7%
Middle District of Florida	0%	0%	0%	0%
Northern District of Florida	0%	0%	0%	0%
Southern District of Florida	50%	33%	17%	0%
Middle District of Georgia	0%	0%	0%	0%
Northern District of Georgia	0%	0%	0%	0%
Southern District of Georgia	0%	0%	0%	0%
District of Guam	0%	0%	0%	0%
District of Hawaii	0%	0%	0%	0%
District of Idaho	0%	0%	0%	0%
Central District of Illinois	0%	0%	0%	0%
Northern District of Illinois	0%	100%	0%	0%
Southern District of Illinois	0%	0%	0%	0%
Northern District of Indiana	0%	0%	0%	0%
Southern District of Indiana	0%	0%	0%	0%
Northern District of Iowa	0%	0%	0%	0%
Southern District of Iowa	0%	0%	0%	0%
District of Kansas	100%	0%	0%	0%
Eastern District of Kentucky	0%	0%	0%	0%
Western District of Kentucky	0%	100%	0%	0%

Source	Affirm	Reverse	Both	Neither
Eastern District of Louisiana	0%	0%	0%	0%
Middle District of Louisiana	0%	0%	0%	0%
Western District of Louisiana	0%	0%	0%	0%
District of Maine	0%	0%	0%	0%
District of Maryland	100%	0%	0%	0%
District of Massachusetts	36%	55%	9%	0%
Eastern District of Michigan	100%	0%	0%	0%
Western District of Michigan	0%	0%	0%	0%
District of Minnesota	25%	75%	0%	0%
Northern District of Mississippi	0%	0%	0%	0%
Southern District of Mississippi	0%	0%	0%	0%
Eastern District of Missouri	0%	100%	0%	0%
Western District of Missouri	0%	0%	0%	0%
District of Montana	0%	0%	0%	0%
District of Nebraska	0%	0%	0%	0%
District of Nevada	100%	0%	0%	0%
District of New Hampshire	0%	0%	0%	0%
District of New Jersey	83%	8%	0%	8%
District of New Mexico	0%	0%	0%	0%
Eastern District of New York	0%	0%	0%	0%
Northern District of New York	0%	0%	0%	0%
Southern District of New York	43%	14%	43%	0%
Western District of New York	0%	0%	0%	0%
District of North Carolina	0%	0%	0%	0%
Eastern District of North Carolina	0%	100%	0%	0%
Middle District of North Carolina	0%	0%	0%	0%
District of North Dakota	0%	0%	0%	0%
District of the Northern Mariana Islands	0%	0%	0%	0%
Northern District of Ohio	100%	0%	0%	0%
Southern District of Ohio	20%	40%	40%	0%
Eastern District of Oklahoma	0%	0%	0%	0%
Northern District of Oklahoma	0%	0%	0%	0%
Western District of Oklahoma	0%	0%	0%	0%
District of Oregon	0%	0%	0%	0%
Eastern District of Pennsylvania	0%	0%	0%	0%
Middle District of Pennsylvania	0%	0%	0%	0%

Source	Affirm	Reverse	Both	Neither
Western District of Pennsylvania	71%	14%	14%	0%
District of Puerto Rico	0%	0%	0%	0%
District of Rhode Island	0%	0%	0%	0%
District of South Carolina	0%	0%	0%	0%
District of South Dakota	0%	0%	0%	0%
Eastern District of Tennessee	0%	0%	0%	0%
Middle District of Tennessee	0%	0%	0%	0%
Western District of Tennessee	0%	0%	0%	0%
Eastern District of Texas	41%	55%	0%	5%
Northern District of Texas	83%	17%	0%	0%
Southern District of Texas	100%	0%	0%	0%
Western District of Texas	100%	0%	0%	0%
District of Utah	0%	0%	0%	0%
District of Vermont	67%	0%	0%	33%
District of the Virgin Islands	0%	0%	0%	0%
Eastern District of Virginia	60%	10%	20%	10%
District of Virginia Western	0%	0%	0%	0%
Eastern District of Washington	0%	0%	0%	0%
Western District of Washington	67%	33%	0%	0%
Northern District of West Virginia	0%	0%	0%	0%
Southern District of West Virginia	0%	0%	0%	0%
Eastern District of Wisconsin	50%	50%	0%	0%
Western District of Wisconsin	0%	0%	0%	0%
District of Wyoming	0%	0%	0%	0%

**TOP DISTRICTS THAT FEDERAL CIRCUIT AFFIRMED/REVERSED
(BY PERCENTAGE)**

	Affirm		Reverse		Both		Neither
District of Connecticut	100%	Eastern District of Missouri	100%	Southern District of New York	43%	District of Vermont	33%
District of Kansas	100%	Eastern District of North Carolina	100%	Southern District of Ohio	40%	Eastern District of Virginia	10%
District of Maryland	100%	Northern District of Illinois	100%	Eastern District of Virginia	20%	District of New Jersey	8%
District of Nevada	100%	Western District of Kentucky	100%	Southern District of Florida	17%	District of Delaware	7%
Eastern District of California	100%	District of Columbia	75%	Western District of Pennsylvania	14%	Central District of California	6%
Eastern District of Michigan	100%	District of Minnesota	75%	District of Massachusetts	9%	Eastern District of Texas	5%
Northern District of Ohio	100%	Northern District of California	64%	Northern District of California	9%		
Southern District of Texas	100%	District of Massachusetts	55%				
Western District of Texas	100%	Eastern District of Texas	55%				

**TOP DISTRICTS THAT FEDERAL CIRCUIT AFFIRMED/REVERSED
(BY NUMBER OF CASES)**

	Affirm		Reverse		Both		Neither
District of Delaware	18	Eastern District of Texas	12	Southern District of New York	3	District of Delaware	2
Central District of California	11	District of Delaware	8	Eastern District of Virginia	2	Central District of California	1
District of New Jersey	10	Northern District of California	7	Southern District of Ohio	2	District of New Jersey	1
Eastern District of Texas	9	District of Massachusetts	6	District of Massachusetts	1	District of Vermont	1
Eastern District of Virginia	6	Central District of California	4	Northern District of California	1	Eastern District of Texas	1
Northern District of Texas	5	District of Columbia	3	Southern District of Florida	1	Eastern District of Virginia	1
Western District of Pennsylvania	5	District of Minnesota	3	Western District of Pennsylvania	1		

PARTY WIN RATE BY DISTRICT

Source	Patentee	Opponent	Both	Neither
Middle District of Alabama	0%	0%	0%	0%
Northern District of Alabama	0%	0%	0%	0%
Southern District of Alabama	0%	0%	0%	0%
District of Alaska	0%	0%	0%	0%
District of Arizona	0%	0%	0%	0%
Eastern District of Arkansas	0%	0%	0%	0%
Western District of Arkansas	0%	0%	0%	0%
Central District of California	38%	63%	0%	0%
Eastern District of California	0%	100%	0%	0%
Northern District of California	45%	27%	9%	18%
Southern District of California	100%	0%	0%	0%
District of Colorado	0%	0%	0%	0%
District of Columbia	75%	25%	0%	0%
District of Connecticut	0%	100%	0%	0%
District of Delaware	46%	46%	0%	7%
Middle District of Florida	0%	0%	0%	0%
Northern District of Florida	0%	0%	0%	0%
Southern District of Florida	50%	33%	17%	0%
Middle District of Georgia	0%	0%	0%	0%
Northern District of Georgia	0%	0%	0%	0%
Southern District of Georgia	0%	0%	0%	0%
District of Guam	0%	0%	0%	0%
District of Hawaii	0%	0%	0%	0%
District of Idaho	0%	0%	0%	0%
Central District of Illinois	0%	0%	0%	0%
Northern District of Illinois	100%	0%	0%	0%
Southern District of Illinois	0%	0%	0%	0%
Northern District of Indiana	0%	0%	0%	0%
Southern District of Indiana	0%	0%	0%	0%
Northern District of Iowa	0%	0%	0%	0%
Southern District of Iowa	0%	0%	0%	0%
District of Kansas	0%	100%	0%	0%
Eastern District of Kentucky	0%	0%	0%	0%
Western District of Kentucky	100%	0%	0%	0%

Source	Patentee	Opponent	Both	Neither
Eastern District of Louisiana	0%	0%	0%	0%
Middle District of Louisiana	0%	0%	0%	0%
Western District of Louisiana	0%	0%	0%	0%
District of Maine	0%	0%	0%	0%
District of Maryland	0%	100%	0%	0%
District of Massachusetts	91%	0%	9%	0%
Eastern District of Michigan	0%	100%	0%	0%
Western District of Michigan	0%	0%	0%	0%
District of Minnesota	25%	75%	0%	0%
Northern District of Mississippi	0%	0%	0%	0%
Southern District of Mississippi	0%	0%	0%	0%
Eastern District of Missouri	0%	100%	0%	0%
Western District of Missouri	0%	0%	0%	0%
District of Montana	0%	0%	0%	0%
District of Nebraska	0%	0%	0%	0%
District of Nevada	0%	100%	0%	0%
District of New Hampshire	0%	0%	0%	0%
District of New Jersey	17%	75%	0%	8%
District of New Mexico	0%	0%	0%	0%
Eastern District of New York	0%	0%	0%	0%
Northern District of New York	0%	0%	0%	0%
Southern District of New York	0%	43%	57%	0%
Western District of New York	0%	0%	0%	0%
Eastern District of North Carolina	100%	0%	0%	0%
Middle District of North Carolina	0%	0%	0%	0%
Western District of North Carolina	0%	0%	0%	0%
District of North Dakota	0%	0%	0%	0%
District of the Northern Mariana Islands	0%	0%	0%	0%
Northern District of Ohio	0%	50%	0%	50%
Southern District of Ohio	60%	20%	20%	0%
Eastern District of Oklahoma	0%	0%	0%	0%
Northern District of Oklahoma	0%	0%	0%	0%
Western District of Oklahoma	0%	0%	0%	0%
District of Oregon	0%	0%	0%	0%
Eastern District of Pennsylvania	0%	0%	0%	0%
Middle District of Pennsylvania	0%	0%	0%	0%

Source	Patentee	Opponent	Both	Neither
Western District of Pennsylvania	71%	14%	14%	0%
District of Puerto Rico	0%	0%	0%	0%
District of Rhode Island	0%	0%	0%	0%
District of South Carolina	0%	0%	0%	0%
District of South Dakota	0%	0%	0%	0%
Middle District of Tennessee	0%	0%	0%	0%
Eastern District of Tennessee	0%	0%	0%	0%
Western District of Tennessee	0%	0%	0%	0%
Eastern District of Texas	45%	55%	0%	0%
Northern District of Texas	80%	0%	20%	0%
Southern District of Texas	0%	100%	0%	0%
Western District of Texas	0%	100%	0%	0%
District of Utah	0%	0%	0%	0%
District of Vermont	33%	67%	0%	0%
District of the Virgin Islands	0%	0%	0%	0%
Eastern District of Virginia	20%	60%	20%	0%
Western District of Virginia	0%	0%	0%	0%
Eastern District of Washington	0%	0%	0%	0%
Western District of Washington	33%	67%	0%	0%
Northern District of West Virginia	0%	0%	0%	0%
Southern District of West Virginia	0%	0%	0%	0%
Eastern District of Wisconsin	100%	0%	0%	0%
Western District of Wisconsin	0%	0%	0%	0%
District of Wyoming	0%	0%	0%	0%



**TOP PARTY WIN RATE BY DISTRICT
(BY PERCENTAGE)**

	Patentee		Opponent		Both		Neither
Eastern District of North Carolina	100%	District of Connecticut	100%	Southern District of New York	57%	Northern District of Ohio	50%
Eastern District of Wisconsin	100%	District of Kansas	100%	Eastern District of Virginia	20%	Northern District of California	18%
Northern District of Illinois	100%	District of Maryland	100%	Northern District of Texas	20%	District of New Jersey	8%
Southern District of California	100%	District of Nevada	100%	Southern District of Ohio	20%	District of Delaware	7%
Western District of Kentucky	100%	Eastern District of California	100%	Southern District of Florida	17%		
District of Massachusetts	91%	Eastern District of Michigan	100%	Western District of Pennsylvania	14%		
Northern District of Texas	80%	Eastern District of Missouri	100%	District of Massachusetts	9%		
District of Columbia	75%	Southern District of Texas	100%	Northern District of California	9%		
Western District of Pennsylvania	71%	Western District of Texas	100%				
Southern District of Ohio	60%						



**TOP PARTY WIN RATE BY DISTRICT
(BY NUMBER OF CASES)**

	Patentee		Opponent		Both		Neither
District of Delaware	13	District of Delaware	13	Southern District of New York	4	District of Delaware	2
District of Massachusetts	10	Eastern District of Texas	12	Eastern District of Virginia	2	Northern District of California	2
Eastern District of Texas	10	Central District of California	10	District of Massachusetts	1	District of New Jersey	1
Central District of California	6	District of New Jersey	9	Northern District of California	1	Northern District of Ohio	1
Northern District of California	5	Eastern District of Virginia	6	Northern District of Texas	1		
Western District of Pennsylvania	5	District of Minnesota	3	Southern District of Florida	1		
Northern District of Texas	4	District of Nevada	3	Southern District of Ohio	1		
District of Columbia	3	Northern District of California	3	Western District of Pennsylvania	1		
Southern District of Florida	3	Southern District of New York	3				
Southern District of Ohio	3	Western District of Texas	3				



PARTY WIN RATE BY TRIBUNAL

Source	Patentee Won	Opponent Won	Both Won	Neither Won
District Court	42%	48%	7%	3%
PTO	33%	49%	10%	8%
ITC	50%	25%	0%	25%
CFC	100%	0%	0%	0%

AFFIRMANCE/REVERSAL RATE BY TRIBUNAL

Source	Affirm	Reverse	Both	Neither
District Court	57%	33%	6%	4%
PTO	54%	21%	8%	17%
ITC	50%	25%	0%	25%
CFC	0%	100%	0%	0%



GIBSON DUNN'S FEDERAL CIRCUIT CLERKS

Gibson Dunn is proud to have as key members of its Appellate and Intellectual Property practices thirteen former clerks from the U.S. Court of Appeal for the Federal Circuit, spanning over 20 years of the Federal Circuit's 24-year history:



William C. Rooklidge (Former Chief Judge Nies, 1985-87) is a partner in the Orange County office of Gibson, Dunn & Crutcher, joined the firm in 2015. A member of the firm's Litigation Department and Intellectual Property Practice Group, he has extensive experience in patent and trademark infringement litigation in the federal district courts and before the United States Court of Appeals for the Federal Circuit, as well as arbitration of patent disputes.



Brian Buroker (Judge Bryson, 1996-97) is a partner in Gibson, Dunn & Crutcher's Washington, D.C. office and is a member of the firm's Intellectual Property Practice. He is a member of the firm's Intellectual Property Practice, focusing on patent litigation, appeals and complex patent issues, having tried patent cases, litigated many patent cases to resolution, argued cases at the Federal Circuit and handled complex patent reexaminations, covered business method review and *inter partes* review proceedings at the U.S. Patent Office.



Stuart M. Rosenberg (Former Chief Judge Michel, 2007-08) is a partner in the Palo Alto office of Gibson, Dunn & Crutcher, where his practice focuses on intellectual property litigation. He has represented clients in a variety of industries and technologies, including software, consumer electronics, medical devices, sporting goods, and automotive design.



Michael A. Valek (Judge Dyk, 2003-04) is Of Counsel in Gibson, Dunn & Crutcher's Dallas office. He is a member of the firm's Intellectual Property, Litigation and Life Sciences groups and has extensive experience litigating intellectual property matters in U.S. District Court, the International Trade Commission and before the U.S. Court of Appeals for the Federal Circuit.



Blair A. Silver (Judge Lourie, 2011-13) is an associate in Gibson, Dunn & Crutcher's Washington, D.C. office. He currently practices in the firm's Litigation Department, focusing on appellate and intellectual property litigation in every major forum. He has extensive experience with a range of technologies, including electronics, computers, communication systems, imaging devices and processes, medical devices, consumer products, semiconductors, and pharmaceuticals.



Nathan Curtis (Judge Dyk, 2011-12) is an associate in the Dallas office of Gibson, Dunn & Crutcher. He practices in the firm's Litigation Department in the Intellectual Property Practice Group.



Kate Dominguez (Judge Taranto, 2013-14) is a litigation associate in the New York office of Gibson, Dunn & Crutcher and is a member of Gibson Dunn's Intellectual Property Practice Group. Ms. Dominguez has litigated patent cases across a broad spectrum of technologies, including global positioning systems, interactive television, intrusion detection, mobile communications, and wireless network.



Christine Ranney (Judge Newman, 2013-15) is an associate in the San Francisco Office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department, where she focuses on patent litigation. Before her clerkship, Ms. Ranney was an analyst in a leadership development program at Merck & Co.



Jaysen Chung (Former Chief Judge Rader, 2014) is an associate in the San Francisco office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department. He focuses on patent and appellate litigation, and has experience in a range of arts and practices, including pharmaceuticals, DNA sequencing applications, RF switch circuits, and semiconductor products and processes.



Omar Amin (Judge Reyna, 2014-15) is an associate in the Washington, D.C. office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department. His practice focuses on intellectual property litigation.



Ryan Iwahashi (Judge O'Malley, 2014-15) is an associate in the Palo Alto office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department. His practice focuses on intellectual property litigation and he has experience in a range of technologies, including software, consumer electronics and medical devices.



Andrew Robb (Judge Dyk, 2014-15) is an associate in the Palo Alto office of Gibson, Dunn & Crutcher. He currently practices with the firm's Litigation Department.



Aaron Frumkin (Judge Dyk, 2015-16) is an associate in the Los Angeles office of Gibson Dunn & Crutcher. He is a member of the firm's Litigation department.

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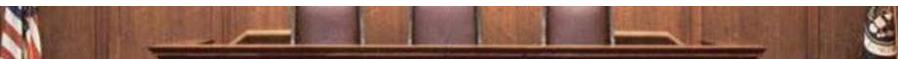
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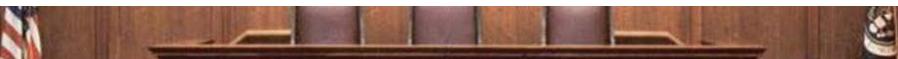
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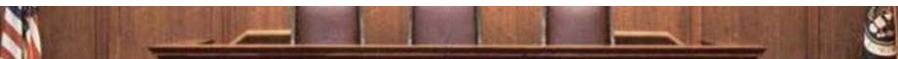
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CASE SUMMARIES

ABT Sys., LLC v. Emerson Elec. Co. 797 F.3d 1350 (Fed. Cir. 2015)

In a challenge to the University of Central Florida's patent for "recycle control" periodic fan operation for air conditioning systems, the Federal Circuit unanimously invalidated the patent as obvious. The Federal Circuit reversed the district court's denial of a motion for judgment as a matter of law that the asserted patent claims were invalid as obvious, rendered after a jury had found the patent infringed and non-obvious and then awarded damages. Takeaway: even where a jury has found otherwise, a patent is rendered obvious where the motivation to combine cited prior art references arises from the nature of the problem being solved, even if not explicitly disclosed in the prior art references disclosing the claimed limitations and comprising the asserted combination.

The University of Central Florida licensed U.S. Patent No. 5,547,017 (the "'017 patent"), titled "Air Distribution Fan Recycling Control," to ABT Systems, LLC. The asserted claims of the '017 patent disclose a heating, ventilation, and air conditioning ("HVAC") system containing a fan that may be run intermittently during periods in which neither heating nor cooling are required. In particular, the '017 patent introduced a "recycle control" mode of operation for a thermostat, whereby a fan would run at preselected time periods between heating and cooling cycles. This allegedly improved upon the prior art thermostats, which employed two modes of operation: (1) "auto" mode in which a fan would operate only after a call for heating or cooling from the thermostat, and (2) "constant fan" mode, in which the fan would run continuously. The '017 patent's "recycle control" mode permitted air to circulate between heating and cooling cycles, preventing air stagnation and improving air quality without using as much energy as the "constant fan" mode.

Plaintiffs ABT and the University of Florida sued Defendant Emerson Electric Co. ("Emerson") in 2009, alleging patent infringement by Emerson's HVAC "Big Blue" thermostat with a "Comfort Circulating Fan Feature." At trial, a jury found the patent infringed and not invalid, after which it awarded damages; the district court subsequently denied Emerson's motion for judgment as a matter of law that the '017 patent is invalid as obvious. ABT appealed three rulings relating to damages, and Emerson cross-appealed the denial of its invalidity motion for judgment as a matter of law.

The Federal Circuit reversed the non-obviousness judgment, vacated the infringement judgment, and remanded the case with instructions to dismiss the complaint. The court proceeded to evaluate the *Graham* factors while assessing the record evidence in the light most favorable to the verdict and leaving the presumed findings undisturbed if supported by substantial evidence. The court thus reviewed what the prior art was said to disclose, before determining that the issue of obviousness turns on whether a person



of ordinary skill in the art would have combined these disclosed elements from the asserted prior art references. The court found the person of ordinary skill in the art would have, as the asserted combination “would have been naturally implemented by a person skilled in the art.” The court noted that “motivation to combine evidence is particularly relevant with simpler mechanical technologies,” and that here, the asserted prior art combination would have yielded the predictable result claimed in the ’017 patent because “the nature of the problem to be solved” would cause “a person of ordinary skill in the art [to] realize that the easiest and best thing to do would be” to implement recycling as claimed in the ’017 patent. Concluding the analysis with an evaluation of the fourth *Graham* factor, the court found that the objective evidence of non-obviousness did not lead to a different result: ABT failed to show that its commercial success was a result of the recycling feature, and licenses taken under the patent could be attributed to business decisions to avoid infringement litigation rather than the merits of the invention.

In light of its conclusion with respect to invalidity, the court found it unnecessary to address ABT’s appeal regarding damages, which was rendered moot.

ACCO Brands Corp. v. Fellowes, Inc.,
813 F.3d 1361 (Fed. Cir. 2016)

In this appeal from the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office (“Board”), the Federal Circuit found that the Board incorrectly determined that patent claims would not have been obvious. Takeaway: a claim would have been obvious if it constitutes a recombination of prior art in an obvious solution to a known problem.

Fellowes, Inc. (“Fellowes”) owned a patent which claimed a shredder that prevents paper jams using a combination of two sensors. A “presence sensor” detects whether there is paper present in the feeder, a “thickness detector” evaluates whether there are too many sheets of paper to shred, and a “controller” turns off the motor when the pre-set parameters are unmet. Upon issuance of the patent, Fellowes sued ACCO Brands Corp. (“ACCO”) for infringement. At ACCO’s request, the PTO instituted an *inter partes* reexamination of the patent, and the district court stayed the lawsuit pending the outcome thereof. After the examiner rejected the claims for obviousness, Fellowes appealed. The Board reversed, finding that the examiner had not made the required *prima facie* showing.

Reviewing the decision *de novo*, the Federal Circuit found that the Board erred in concluding that the examiner did not set forth a *prima facie* case of obviousness. The Federal Circuit relied on the decision in *KSR Int’l Co.*, in which the Supreme Court stated that “one of the ways in which a patent’s subject matter can be proved obvious is by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent’s claims.” The court concluded that an ordinary artisan would have modified the shredder by adding the sensors and controller because it would have been an obvious solution to a pre-existing known problem of paper jams.



Further, the Federal Circuit addressed alternative designs and explained that the thickness detector could only be located above or below the presence sensor. The court reasoned that “even if one possible obvious combination falls outside of the claims, it fails to undercut the fact that the other possible obvious combination lies within their scope” and concluded that either design choice was an obvious combination of prior-art elements.

In light of the Board’s errors, the Federal Circuit reversed the Board’s decision and remanded the case to the Board for further proceedings.

***Achates Reference Pub’g, Inc. v. Apple Inc.*,**

803 F.3d 652 (Fed. Cir. 2015)

In this appeal, Achates Reference Publishing, Inc. (“Achates”) challenges decisions of the United States Patent and Trademark Office’s Patent Trial and Appeal Board (“Board”) during *inter partes* review (“IPR”) proceedings that the IPR petitions were not time-barred and to deny a motion for discovery. The Federal Circuit held that because the Board’s decision to commence *inter partes* review of certain patents was final and not subject to review pursuant to 35 U.S.C. § 314(d), the court lacked jurisdiction to review the Board’s decision. Takeaway: Because a decision on the timeliness an *inter partes* review petition is part of the initial determination to institute *inter partes* review, it is final and not subject to review pursuant to section 314(d).

Achates first sued QuickOffice, Inc. (“QuickOffice”) for patent infringement and then joined Apple Inc. (“Apple”) in the suit one year later. Apple filed IPR petitions approximately six months after being joined in the suit. In response, Achates argued that Apple’s petitions were time-barred because a blank indemnification agreement created a relationship between QuickOffice and Apple; Achates further moved for discovery seeking information to prove such relationship. The Board denied Achates’s discovery motion and, rejecting Achates’s argument that earlier co-defendants of Apple were its real parties in interest or in privity with Apple, instituted IPR proceedings. Achates continued to assert that the IPR petitions were time-barred during the proceedings, at the conclusion of which the Board invalidated all challenged claims. On appeal, Achates reiterated its argument that the IPR proceedings were time-barred and that its discovery motion should not have been denied; Achates did not challenge the Board’s final merits decision invalidating the challenged claims.

The Federal Circuit began its analysis by quoting 35 U.S.C. § 314(d), which states that the determination on whether to institute *inter partes* review is “final and nonappealable.” It then addressed each of the arguments that Achates had made in attempting to overcome this jurisdictional hurdle. First, Achates argued that despite the section 314(d) shield, the question of whether Apple’s petition was time-barred is reviewable because it went to the Board’s ultimate authority invalidate the patents. Achates based this argument on a recent Federal Circuit case, *Versata Development Group, Inc. v. SAP America, Inc.* (“*Versata II*”), 793 F.3d 1306 (Fed. Cir. 2015). In *Versata II*, the Federal Circuit held that if an issue is implicated at the initiation stage and is then necessarily implicated in the final merits determination, a court can review



the Board's conclusion on that issue. In *Versata II*, because the issue went "to the Board's ultimate authority to invalidate" it was reviewable. But the court said that the timeliness issue here, unlike the pertinent issue in *Versata II*, did not go to the Board's ultimate authority to invalidate, and was not necessarily implicated in the Board's final merits decision. The § 314(d) shield, therefore, was in full effect. Two characteristics of the time bar led the court to conclude that the issue here was not analogous to the issue in *Versata II*. First, the time bar does not remove the Board's authority to invalidate a claim; it only bars particular petitioners from challenging a claim. Second, the time bar is not a "defining characteristic" of the Board's authority to invalidate; compliance with the time bar does not itself give the Board the power to invalidate a patent.

The Federal Circuit also rejected Achates's further argument that the time bar determination became reviewable because the Board reaffirmed its time bar decision in the final written decision, the time bar determination was part of the Board's final written decision and thus subject to review under *Versata II*. But the court disagreed and reaffirmed what it said in *Versata II*: neither the overlap nor the timing of issues is determinative; that the Board considered the time bar in its final determination does not mean the issue suddenly goes to the Board's ultimate authority to invalidate.

Second, the Federal Circuit addressed Achates's textual argument. Achates argued that section 314(d) does not limit a court's review of the timeliness of an *inter partes* review petition under § 315 because section 314(d) says that "[t]he determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable" (emphasis added). In other words, Achates believed that § 314(d) shields from review only those Board actions taken pursuant to section 314. The Federal Circuit rejected that argument as "too crabbed" and "contradicted by this court's precedent," and concluded that section 314(d) prevented the court from reviewing Board determinations to institute *inter partes* review proceedings under section 315(b) as well.

After rejecting each of Achates' arguments, the Federal Circuit concluded that under § 314(d), neither the Board's decision on timeliness nor its decision on Achates's discovery motion were within its jurisdiction, and the court thus dismissed the appeal.

Advanced Ground Info. Sys., Inc. v. Life360, Inc.

830 F.3d 1341 (Fed. Cir. 2016)

Following in the footsteps of *Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2005) (*en banc*), the panel found a claim term to be written in means-plus-function format, even though it did not recite "means for," and then found the claim indefinite for failing to disclose corresponding structure. The patent related to a smartphone software application to allow users to view the locations of friends on a map that are indicated by graphical symbols. The patent owner's expert had testified that one of skill in the art would understand "symbol generator" to refer to a class of well-known software modules, and the term thus conveys sufficient structure. The court rejected this contention, because the same expert also testified that "symbol generator" is "a term coined for the purposes of the patents-in-suit." Even though the claim did not



recite “means for,” the term is not used in “common parlance” by a person of skill in the art and “fails to describe a sufficient structure and otherwise recites abstract elements ‘for’ causing actions.” The court also explained that although the terms “symbol” and “generator,” as separate terms, may be known in the art to connote structure, “the combination of the terms as used in the context of the relevant claim language suggests that it is simply an abstraction that describes the function being performed (i.e., the generation of symbols).” After construing “symbol generator” as means-plus-function, the court found the claim indefinite because the specification did not provide a corresponding structure, failing to “disclose an algorithm for performing the claimed function.”

Advanced Steel Recovery, LLC v. X-Body Equip., Inc..
808 F.3d 1313 (Fed. Cir. 2015)

In this appeal from a grant of summary judgment of non-infringement, the Federal Circuit affirmed the district court’s finding that the accused device did not infringe, either literally or under the doctrine of equivalents. Takeaway: Infringement under the doctrine of equivalents is assessed on an element-by-element basis. Thus, even a machine achieving the same result through superficially similar means may not be found to infringe under the doctrine of equivalents based on specific claim limitations.

Advanced Steel’s ’950 patent concerned systems and methods of packing shipping containers. Advanced Steel’s product used a hydraulic power source, horizontal guides, and a blade moved by a piston-and-cylinder attached to the base of the container packer at the container packer’s end. The Acculoaded marketed by X-Body used similar hydraulically powered horizontal guides as well as a blade pushed by a piston-and-cylinder attached to the base of the container packer. However, the connection point of the Acculoaded was approximately 35% down the length of the container packer. The ’950 patent claims required that the connection point be at the “proximate end” of the container packer. The question of infringement turned on whether the location of the Acculoaded’s piston-and-cylinder met the “proximate end” limitation literally or under the doctrine of equivalents.

The district court granted X-Body’s motion for summary judgment of non-infringement. The district court found that the ’950 patent did not contemplate a specific meaning of the term “proximate end,” and construed the term according to its ordinary meaning as “the extreme or last part lengthwise.” Under this construction of “proximate end,” the district court reasoned, the Acculoaded’s connection point is not at the “proximate end” and no reasonable jury could find infringement under the doctrine of equivalents.

Advanced Steel argued on appeal that the district court erred in its construction of the term “proximate end.” This term, according to Advanced Steel, should be interpreted as the back half of the container or that portion of the container opposite the distal end. But the Federal Circuit disagreed, reasoning that every figure in the patent showed the connection point at the container packer’s extreme edge and depicted other “ends” as being extreme edges. Reviewing the dictionary definitions on which the



district court relied, the Federal Circuit noted that, while they allowed for some offset from the extreme edge, they all defined “end” as near in relation to the point at which the structure ceases to exist. None of the definitions appeared to support Advanced Steel’s broader definition of “proximate end” as the area opposite the distal end. The Federal Circuit agreed with the district court that the X-Body device did not literally infringe given the obvious difference in the piston-and-cylinder’s point of attachment.

Turning to the doctrine of equivalents, the Federal Circuit noted that although equivalency is a factual question, summary judgment is appropriate where no reasonable jury could find the products in question to be equivalents. Construing the range of equivalents narrowly, the Federal Circuit held that Advanced Steel failed to show that the Acculoader performed in substantially the same way as their invention under the “function-way-result” test. The similarities attested to by Advanced Steel’s expert, particularly the use of hydraulic power and horizontal guides, merely established that other elements of the claim had been satisfied. This similarity did not prove the equivalence between attachment at the proximate end (as recited in the claim) and attachment to another point in the floor (as in the accused product). Though the claim was construed to allow for some offset from the extreme proximate edge, no reasonable jury could have found X-Body’s machine to be the equivalent of the machine described in the ’950 patent.

***Agilent Techs., Inc. v. Waters Techs. Corp.*,**
811 F.3d 1326 (Fed. Cir. 2016)

The Federal Circuit dismissed this appeal of an *inter partes* reexamination decision because the appellant was not the third-party requester, merely its privy, and therefore had no cause of action to appeal under 35 U.S.C. § 141 and § 315(b). Because the appellant did not show that it was a successor-in-interest of the third-party requester, rather than a mere privy, the court did not reach the question of whether successors-in-interest become third-party requesters for the purposes of 35 U.S.C. § 141 and § 315(b). Takeaway: Mere privies of third-party requesters in an *inter partes* reexamination cannot appeal from the reexamination decision.

Waters Technologies Corporation (“Waters”) initiated an infringement suit against Aurora SFC Systems, Inc. (“Aurora”), after which Aurora challenged the validity of Waters’s patent claims by requesting an *inter partes* reexamination. Both parties filed a notice of appeal of the examiner’s decision to the Patent Trial and Appeal Board. Agilent Technologies, Inc. (“Agilent”), which acquired Aurora’s “substantial assets” five months after Aurora filed the reexamination request, appealed the Board’s decision to the Federal Circuit under 35 U.S.C. § 141, claiming that Agilent is alternatively a privy of Aurora and a successor-in-interest of Aurora, such that it enjoys the statutory right to appeal.

With respect to Agilent’s original contention that its status as Aurora’s privy entitled it to appeal the reexamination decision (which it later abandoned in favor of arguing that it was Aurora’s successor-in-interest), the Federal Circuit held that § 141 does not allow for the privy of a third-party requester to appeal a reexamination decision. The



court observed that § 141 does not mention privies when defining the categories of litigants who may appeal from reexamination decisions, while other statutory provisions that govern *inter partes* reexaminations do specifically mention privies. The court thus concluded that Congress had not intended to allow privies of third-party requesters to appeal reexamination proceedings.

The court then addressed the claim that Agilent was a successor-in-interest of Aurora such that Agilent would take over as a third-party requester for the purposes of § 141. After conducting a fact-intensive analysis, the court held that Agilent had not sufficiently established that it was indeed a successor-in-interest. The court considered that: (1) Agilent purchased “substantially all” but not “all” of Aurora’s assets; (2) Aurora continued to exist as a distinct entity after Agilent acquired its assets; (3) Aurora, not Agilent, submitted third-party comments after the examiner issued its Action Closing Prosecution; (4) Agilent did not file a request to change the “real party in interest” for the purposes of appeal until eight months after the asset transfer and one month after the appeal to the Board; (5) Aurora’s counsel, not Agilent’s, appeared at the Board proceeding; (6) Aurora remained a party to the underlying district court infringement litigation—it retained a stake in the outcome; and that (7) when Waters moved to add Agilent as a party to the underlying infringement litigation, Aurora opposed the motion.

Because the court found that Agilent did not establish itself as a successor-in-interest of Aurora, the court declined to decide whether a successor-in-interest would qualify as a third-party requester for purposes of establishing the right to appeal.

***Akamai Techs., Inc. v. Limelight Networks, Inc.*,**
797 F.3d 1020 (Fed. Cir. 2015)

In an en banc decision delivered per curiam, the Federal Circuit availed itself of the opportunity provided by the Supreme Court “to revisit the § 271(a) question.” *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2119 (2014). Takeaway: indirect infringement must be predicated upon an instance of direct infringement. Direct infringement requires one entity to perform each step of a patented method claim, however; an entity is responsible for the steps performed by another if that entity directs or controls the performance of the other or where the actors form a joint enterprise.

The court believed the facts of the case to be well known: Akamai Technologies owns U.S. Patent No. 6,108,703 (the “703 patent”) related to methods for delivering content over the internet. Limelight performed the majority of the patented method’s steps while Limelight’s customers performed the remaining steps, such as “tagging” content to be hosted. The district court overturned a jury’s finding of infringement, holding that there could be no liability as a matter of law because no single entity directly infringed the patented method. The case was eventually appealed all the way to the Supreme Court.



Direct infringement under 35 U.S.C. § 271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity. Furthermore, an entity is responsible for another's performance of method steps where: (1) that entity directs or controls the performance of the other; and (2) where the actors form a joint enterprise.

Under prong (1), determinations of whether a single entity directs or controls the acts of another are informed by the general principles of vicarious liability. In restating this rule, the Federal Circuit expressly overruled its decision in *Golden Hour Data Systems, Inc. v. emsCharts, Inc.*, 614 F.3d 1367 (Fed. Cir. 2010) to the extent to which *Golden Hour* is inconsistent with *Akamai*. The Federal Circuit further concluded that liability under § 271(a) may also attach when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance. Under these circumstances, the actions of the third party are attributable to the alleged infringer, thereby circumventing the problem of divided non-infringement.

Joint enterprise liability under prong (2) requires establishing four elements: (a) an agreement between members, (b) a common purpose, (c) a community of pecuniary interest in that purpose, and (d) an equal right of control. According to the Federal Circuit, the ultimate question in divided infringement situations is whether all method steps may be attributed to a single entity in order to satisfy the requirements of § 271(a). Applying the rules to this case, the Federal Circuit held there was substantial evidence from which a jury could find infringement. Specifically, the evidence showed that Limelight conditioned its customers' use of the content delivery network upon performance by the customers of the method's tagging step. Substantial evidence further indicated that Limelight controlled the manner and timing of its customers' performance through emailed instructions and engineer involvement. The Federal Circuit therefore reversed the district court and reinstated the jury's verdict of infringement.

Akamai Techs., Inc. v. Limelight Networks, Inc.,
805 F.3d 1368 (Fed. Cir. 2015)

After the Federal Circuit (sitting en banc) reversed the district court's grant of judgment as a matter of law of noninfringement, a panel of the court held that the district court did not err with respect residual issues of claim construction and lost profits damages. Accordingly, the court remanded with instructions to reinstitute the jury's original infringement verdict and award of damages. Takeaways: Claim terms are generally not limited to the corresponding embodiments in the specification, even if those embodiments are described as being "preferred" embodiments. To establish damages under a lost profits theory, the patentee must establish a causal relationship between the infringement and the asserted lost profits. Where the patentee seeks to establish this relationship based on sales of infringing products, the patentee's analysis should account for a price disparity between the infringing products and the patentee's products.



Before the district court, the parties stipulated to the construction of the claim term “tagging” as “providing a ‘pointer’ or ‘hook’ so that the object resolves to a domain other than the content provider domain.” The parties further stipulated that “to resolve to a domain other than the content provider domain” meant “to specify a particular group of computers that does not include the content provider from which an optimal server is selected.” Defendant Limelight nevertheless argued that “tagging” can only be accomplished via “either prepending or inserting a virtual server hostname into the URL.” Limelight further argued that an “optimal server” must refer to a single server. The district court rejected both of Limelight’s arguments. On appeal, the Federal Circuit affirmed the district court in both respects. The Federal Circuit reasoned that the specification described prepending as a preference, and claims are generally not limited to preferred embodiments. The Federal Circuit further explained that the specification described the use of tagging to select multiple servers, as opposed to a single best server. Thus, nothing in the specification limited “optimal” to a single best server.

The Federal Circuit also rejected Limelight’s argument that the district court erred by allowing Akamai to present lost profits damages calculations to the jury. Limelight argued that Akamai failed to show a causal connection between the infringement and its lost profits because Akamai’s damages expert failed to properly incorporate the price disparity between Akamai’s and Limelight’s products into his analysis. The Federal Circuit, however, reasoned Akamai’s expert’s explanation of price elasticity was sufficiently grounded in economic principles for the district court to rely on it.

Akzo Nobel Coatings, Inc. v. Dow Chem. Co.,
811 F.3d 1334 (Fed. Cir. 2016)

The Federal Circuit affirmed the district court’s grant of summary judgment of noninfringement of the asserted claims of Akzo’s U.S. Patent No. 6,767,956, directed to an extrusion process generating low viscosity aqueous polymer dispersions. The Federal Circuit also affirmed the district court’s determination that the asserted claims were not invalid for indefiniteness.

Relying on the import of the word “collection” in the disputed claim term “pressurized collection vessel,” the court affirmed the district court’s construction as requiring a “buildup or accumulation of material.” In rejecting Akzo’s proposed claim construction, the court explained that construing collection to mean “receive,” as Akzo proposed, would render the claim term “collection” superfluous. Upholding this construction, the court affirmed the district court’s determination that Akzo failed to raise a genuine issue of material fact as to Dow’s alleged infringement because the material in Dow’s process did not accumulate, but rather flowed continuously to an unpressurized collection vessel. Next, the court addressed the district court’s determination that the claims of the ’956 patent were not invalid for indefiniteness. Based on the district court’s crediting of expert testimony and on the intrinsic record, the court affirmed the district court’s findings that certain claim limitations directed to the temperature of viscosity measurement and at what phase of the process viscosity measurement is taken did not render the asserted claims indefinite.



Allergan, Inc. v. Sandoz Inc.,
796 F.3d 1293 (Fed. Cir. 2015)

In this Hatch-Waxman litigation concerning the branded drug Lumigan®, the Federal Circuit unanimously affirmed the final judgement of the district court that the patent-in-suit was valid and infringed. Takeaway: A species claim may be nonobvious when the disclosed genus is overly broad or if one of ordinary skill would not have been motivated to select the claimed composition from the prior art ranges.

Allergan produces Lumigan® 0.03% for the treatment of glaucoma caused by elevated intraocular pressure (“IOP”). Lumigan® 0.03% contains 0.03% by weight of bimatoprost and 50 parts per million (“ppm”) benzalkonium chloride (“BAK”). Bimatoprost is known in the art to effectively lower IOP, but can cause hyperemia, or “red eye.” Patients using Lumigan® 0.03% complained of severe hyperemia and stopped using the medication. In response, Allergan developed Lumigan® 0.01%. Lumigan® 0.01% only contains 0.01% bimatoprost but contains 200 ppm BAK. The higher levels of BAK have the unanticipated result of increasing cell permeability for bimatoprost, thereby maintaining the efficacy of Lumigan® 0.01% as compared to Lumigan® 0.03%, but decreasing the severity of hyperemia experienced by patients. Following FDA-approval of Lumigan® 0.01%, the Defendants each submitted an Abbreviated New Drug Application (“ANDA”) to the FDA. Defendants claimed Allergan’s patents were invalid for being obvious. At a bench trial, the district court held that Allergan’s asserted claims were not invalid and that the Defendants’ ANDA products infringed the asserted claims literally as well as under the doctrine of equivalents. The Defendants appealed on all issues.

The Defendants’ primary argument for invalidity of the patent was that the claims were obvious in view of U.S. Patent 5,688,819 (“Woodward”). Woodward discloses a composition comprising 0.001%–1% bimatoprost and 0–1000 ppm of a preservative from a list including BAK. Thus Woodward discloses ranges encompassing the combination cited in Allergan’s claims for Lumigan® 0.01%. In its discussion, the Federal Circuit reaffirmed that the appropriate test for determining obviousness when a claim falls within a set of ranges disclosed in the prior art, as set out in *Galderma Labs., L.P. v. Tolmar, Inc.*, 737 F.3d 731 (Fed. Cir. 2013), is whether there would have been a motivation to select the claimed composition from the prior art ranges. If so, the burden of production falls upon the patentee to come forward with evidence that (1) the prior art taught away from the claimed invention; (2) there were new and unexpected results relative to the prior art; or (3) there are other pertinent secondary considerations. The Federal Circuit held that the district court did not clearly err in finding that the prior art taught away from the claimed formulation. Specifically, the district court did not err in finding that prior art formulations with 200 ppm BAK were not for chronic long-term use. The district court also did not err in finding that the prior art taught that BAK would not increase the permeability of bimatoprost, and thus the claimed formulation exhibited unexpected results. The court further affirmed on the issue of infringement, finding there was no clear error in construing a pH of “about 7.3” to include pH 7.2 either literally or by doctrine of equivalents.



Allied Erecting & Dismantling Co. v. Genesis Attachments, LLC,
825 F.3d 1373 (Fed. Cir. 2016)

The Federal Circuit affirmed the Patent Trial and Appeal Board’s (“PTAB”) decision invalidating claims 1–21 of U.S. Patent No. 7,121,489 as obvious over two prior art references—DE 297 15 490 U1 (“Caterpillar”) and U.S. Patent No. 4,283,866 (“Ogawa”).

The ’489 patent was directed to heavy machinery tools, used in construction, that attached to a “universal body”—a structure that could attach to multiple tools and thus allowed for quick interchangeability between tool sets. Of relevance here, the patent included the following claim elements: (1) “a pair of movable blades pivoted together about a main pin”; (2) “a bridge housing encasing the main pivot pin, wherein the bridge housing is separate from the movable blades”; (3) “the tool set may be removed from or attached to the body without the need to disengage or engage the main pivot pin from the blades, thereby providing a quick release system for attaching the tool set to the body.”

The first prior art reference, Caterpillar, was designed to overcome the need to individually dismantle the jaws of a tool set from the housing when the blades became worn. In that vein, the patent discloses “a system where the jaws can be replaced as a unit in a simple manner,” and includes a detachable housing with two jaws that pivoted in relation to each other. The patent provides for increased detachability in part by immobilizing the first jaw and decoupling the pivot pin from the mounting mechanism. The second prior art reference, Ogawa, disclosed “[a] convertible bucket attachment for excavation and clasping,” which allowed for a greater degree of movement between the two buckets of the attachment.

Genesis Attachments, LLC filed a petition for *inter partes* reexamination, asserting the ’489 patent was anticipated and obvious. During reexamination, Allied Erecting and Dismantling Co., Inc. amended and added claims causing the PTO examiner to withdraw his initial rejections and confirm patentability of the challenged claims. The PTAB reversed, concluding the claims would have been obvious over Caterpillar in view of Ogawa. Following reversal, Allied reopened prosecution and submitted a second round of amendments, which the examiner rejected. The PTAB affirmed the examiner’s rejections, finding that Caterpillar “teaches one of ordinary skill in the art the desirability of simplifying disassembly of jaws, and discloses a mechanism for doing so.” Ogawa in turn “provides two movable blades to enable a wide range of angular movement.” Thus, a person of ordinary skill in the art could have modified Caterpillar to allow for a wide range of angular movement.

The Federal Circuit reviewed the PTAB’s obviousness finding de novo and the underlying factual findings and finding of a motivation to combine for substantial evidence. The obviousness question at issue was “whether it would have been obvious to modify Caterpillar to make both blades movable as taught by Ogawa, while retaining Caterpillar’s quick change functionality.” Allied argued that the ’489 patent was not obvious because (1) making the second jaw in Caterpillar movable would involve



significant restructuring of the device; and (2) Caterpillar expressly teaches away from Ogawa. The court rejected both arguments. First, the test for obviousness does not require that prior art references be physically combinable to render a later patent obvious. Rather, the test is whether “a skilled artisan would have been motivated to combine the teachings of the prior art references to achieve the claimed invention.” Here, it would have been obvious for a person of ordinary skill in the art to modify the immobilized jaw to provide for a wider range of motion as in Ogawa and to do so without impacting the quick change functionality of Caterpillar. Second, although Caterpillar expressed doubt as to whether an optimal design feature would have the main pivot for both jaws also mount the jaws to the frame—as in Ogawa—the proposed combination would not utilize the pivot pin attachment in Ogawa. More importantly, the PTAB relied on the Ogawa feature of two movable jaws to find obviousness and Caterpillar does not teach away from two movable jaws or the corresponding increase in range of angular movement.

***Amgen Inc. v. Apotex Inc.*,**
827 F.3d 1052 (Fed. Cir. 2016)

In this litigation concerning the Biologics Price Competition and Innovation Act, the Federal Circuit held that the mandatory 180-day requirement from *Amgen, Inc. v. Sandoz Inc.*, 794 F.3d 1347 (Fed. Cir. 2015) applied even when the biosimilar applicant notifies the reference product sponsor that FDA has accepted the biosimilar product for review under § 262(l)(2)(A). Takeaway: Biosimilar applicants cannot avoid the 180-day requirement by providing the reference product sponsor with information about its biosimilar application to FDA.

Apotex filed a biologics license application with FDA under 42 U.S.C. § 262(k), listing Amgen’s Neulasta® as the reference product. FDA accepted Apotex’s application for review on December 15, 2014, and Apotex timely provided Amgen with the details of its application under paragraph (2)(A). After the Amgen provided Apotex with its (3)(A) list of patents, the parties agreed to an immediate infringement action. Amgen moved for a preliminary injunction that would require Apotex to provide an (8)(A) notice if and when it receives a license from FDA and to delay commercial marketing for 180 days after that notice, consistent with the court’s holding in *Amgen v. Sandoz*. Apotex argued that it did not have to comply with the 180-day requirement because, unlike Sandoz, Apotex provided Amgen with the details of its biologics application under paragraph (2)(A). The district court agreed with Amgen and granted the preliminary injunction. Apotex appealed.

The Federal Circuit affirmed, explaining “that Apotex gave a (2)(A) notice provides only a factual distinction, not a legally material distinction, between its situation and that of Sandoz in *Amgen v. Sandoz*.” The court reasoned that the language for the 180-day requirement in (8)(A) is categorical and does not have any words making it contingent on whether the applicant gave notice under (2)(A). The Federal Circuit continued that *Amgen v. Sandoz* disposes of Apotex’s argument that this argument would essentially extend the 12-year exclusivity period by six months.



The Federal Circuit also rejected Apotex's argument that Amgen could not obtain an injunction because its only remedy for a violation of the (8)(A) provision is to bring a declaratory judgment against the applicant. According to the Federal Circuit, nothing in the statute excludes other remedies for a violation of (8)(A), nor did it declare otherwise in *Amgen v. Sandoz*. Accordingly, the Federal Circuit concluded that a biologics applicant must provide a reference product sponsor with the 180-day post-licensure notice before commercial marketing begins, regardless of whether the applicant provided (2)(A) notice of FDA review.

Apple Inc. v. Samsung Elecs. Co.,

809 F.3d 633 (Fed. Cir. 2015)

Apple Inc. ("Apple") appealed the district court's denial of its request for a permanent injunction against Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Telecommunications America, LLC (collectively, "Samsung") directed at the implementation of infringing features in Samsung's smartphones and tablets. A divided Federal Circuit vacated the judgment and remanded for further proceedings, rejecting the district court's conclusion that there was no causal nexus between Samsung's infringement and Apple's injuries, and therefore no irreparable harm. Take-away: In determining whether irreparable harm exists under the first *e-Bay* factor, "some connection" between the patented features and the demand for the infringing product is sufficient to show the required causal nexus that relates the alleged harm to the alleged infringement; the infringing features do not need to drive demand for the accused product.

Apple filed suit against Samsung in February 2012 alleging infringement of patents directed to smartphone and tablet interfaces, including Apple's U.S. Patents Nos. 5,946,647 (the "'647 patent"), 8,046,721 (the "'721 patent"), and 8,074,172 (the "'172 patent"). The case proceeded to trial, where a jury awarded Apple \$119,625,000 after finding that nine Samsung products infringed one or both of Apple's '647 and '721 patents in addition to the infringement of the '172 patent determined by the district court on summary judgment. Following the verdict, Apple filed a motion seeking a permanent injunction that would bar Samsung from making, using, selling, developing, advertising or importing into the United States software or code capable of implementing the infringing features in its products. Apple's permanent injunction request also provided for a "sunset period" that would stay enforcement of the injunction for 30 days, so that Samsung could design around the infringing features.

The district court found that the public interest favored Apple's request and that the narrowness of Apple's proposed injunction tilted the balance of hardships in Apple's favor. However, the district court also found that Apple had not shown that Samsung's actions would cause Apple to suffer irreparable harm without an injunction, and that Apple could not establish that the monetary damages were inadequate. The alleged irreparable harm was not sufficiently tied to the infringement and therefore the irreparable harm requirement overall was not met. Pursuant to *Apple Inc. v. Samsung Electronics Co.*, 695 F.3d 1370 (Fed. Cir. 2012), the district court held that since Apple



could not provide the necessary proof of a causal nexus between the alleged harm and the infringement, the request for a permanent injunction could not be granted.

On appeal, the Federal Circuit confirmed that the permanent injunction analysis is governed by the four factors set forth in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006): (1) whether the plaintiff has suffered an irreparable injury; (2) whether remedies available at law are inadequate to compensate the plaintiff for the injury sustained; (3) the balance of hardships between the plaintiff and defendant for a remedy in equity; and (4) a public interest factor.

With respect to the first factor, the majority held that the district court did not err by requiring Apple to establish a causal nexus between the infringing features and Apple's alleged harm. The majority rejected Apple's argument that the causal nexus requirement could be eliminated by a narrow injunction limited to the infringing features, as the narrowness of an injunction says nothing about the harm at issue. The majority held, however, that the district court had abused its discretion in finding that no causal nexus existed. The majority explained that the district court's analysis had erroneously predicated the causal nexus upon proof that Samsung's infringement was the "sole cause of [Apple's] lost downstream sales," even though the infringing devices have thousands of features. After reviewing the evidence in the record, the majority found the presence of a causal nexus; although Apple did not establish that the infringing features were the exclusive driver of consumer demand because Apple was able to show "some connection" between the patented features and the demand for Samsung's products. This connection was established through the showing that the infringing features influenced consumers' perceptions of and desire for Samsung's products, even though they only constituted three out of thousands of features. The majority thus found that this factor weighed in favor of granting the injunction request.

The majority then proceeded to analyze the remaining *eBay* factors and found that each weighed in favor of an injunction: the extent of Apple's downstream and network effect losses were very difficult to quantify; the injunction was narrowly tailored and intended to prevent Apple from being forced to compete against the use of its own innovation by its largest and fiercest competitor; Samsung could easily deliver non-infringing alternatives to the market; and the public has an interest in protecting patent rights, particularly where the patentee practices its own inventions and the public would not be deprived of Samsung's products. The majority concluded by noting that, "[i]f an injunction were not to issue in this case, such a decision would virtually foreclose the possibility of injunctive relief in any multifaceted, multifunction technology." Since the majority had determined that the district court had abused its discretion in finding that the first two *eBay* factors weighed against an injunction, it vacated and remanded the district court's opinion denying the permanent injunction.

Concurring, Judge Reyna added that the irreparable harm factor was satisfied by Samsung's infringement and the injury it causes to Apple's reputation as an innovator. Judge Reyna relied on the complexity of the market, the fierce competition and business relationship between Apple and Samsung, and the likelihood that Samsung would continue to infringe absent an injunction, to "conclude a court cannot



accurately determine the extent of Apple’s injury.” Judge Reyna also indicated that a plaintiff seeking an injunction is not required to show the causal nexus empirically; rather, the case law permits showing the nexus via a theory of causation, which he found here in light of factors such as the direct competition between the parties, the “hero” nature of the patented features, and the nature of Apple’s reputation.

In dissent, Chief Judge Prost argued that the district court did not err in denying a permanent injunction with respect to three of potentially hundreds of thousands of features in a single product. Chief Judge Prost argued that the district court simply weighed the evidence and found it lacking. She criticized the majority for relying upon evidence excluded from or otherwise negated by the record, for concluding that evidence of copying was sufficient to show the required nexus, and for issuing an opinion that implies that less than a significant connection between the infringement and alleged harm could satisfy the causal nexus requirement.

Apple Inc. v. Samsung Elecs. Co.,

816 F.3d 788 (Fed. Cir. 2016)

In this appeal from the District Court for the Northern District of California, the Federal Circuit invalidated two asserted patents and held that the third was not infringed—despite a jury verdict to the opposite. Takeaway: a court may grant judgement as a matter of law despite the jury’s verdict where a party fails to provide sufficient evidence of non-obviousness and infringement.

Apple Inc. alleged infringement of five patents covering various aspects of smartphone operation against Samsung Electronics Co., Ltd. (“Samsung”). Samsung contested infringement and alleged invalidity of the patents. Samsung also countersued Apple for infringement of two patents. The jury found that Samsung infringed three patents and Apple infringed one. The district court entered judgment in accordance with the jury verdict. Both Samsung and Apple appealed.

Reviewing the decision de novo, the Federal Circuit held that the district court erred in denying Samsung’s motion for judgment as a matter of law (JMOL) of non-infringement and found that two of Apple’s patents were invalid for obviousness.

As to non-infringement, the Federal Circuit held that Apple provided no evidence that Samsung’s software programs that replicated the function of Apple’s “analyzer servers” ran separately from other applications as required by the claims. The court reasoned that the “analyzer server” limitation was a separate structural limitation and must be a “server routine,” consistent with the “plain meaning of ‘server.’” As such, the court found that “no reasonable jury could have concluded that the accused devices had an analyzer server for detecting structures in the data, and for linking actions to the detected structures.

As to obviousness, the Federal Circuit analyzed Apple’s evidence of copying, commercial success, industry praise, and long-felt but unresolved need, and found that Apple’s claims were too weak to overcome the evidence of obviousness based upon the



prior art documents. Specifically, the court found that what was copied was not the iPhone unlock mechanism in its entirety, but only the use of a fixed starting and ending point for the slide—features shown in the prior art. The court also found that Apple’s contention that its method was more “intuitive” than all previous methods was not sufficient to demonstrate the existence of a long-felt but unmet need. Finally, the court found that evidence that customers prefer to purchase a device with a slide-to-unlock capacity does not show a nexus to the claimed invention when the evidence does not identify what alternative devices consumers were using for comparison. Therefore, the court concluded that a reasonable jury could not find a nexus between the patented feature and the commercial success of the iPhone. As a result, the panel reversed the jury verdict and lower court’s denial of JMOL, holding that the patent claims were invalid as obvious.

Regarding Samsung’s claim of infringement, the Federal Circuit upheld the district court’s decision.

This decision was later vacated in part and reinstated in part in *Apple Inc. v. Samsung Elecs. Co.*, -- F.3d ----, 2016 WL 5864573 (Fed. Cir. 2016) (*en banc*).

***Ariosa Diagnostics v. Verinata Health, Inc.*,**
805 F.3d 1359 (Fed. Cir. 2015)

On appeal of *inter partes* review (“IPR”) proceedings before the Patent Trial and Appeals Board (the “Board”), the Federal Circuit concluded that the Board’s determination that the petitioner had not met their burden of proving the challenged claims obvious was erroneous to the extent that the Board did not consider an exhibit as evidence of background knowledge of the art. The Board’s rationale for its decision was unclear, and thus the court remanded with instructions for the Board to clarify why the Board did not consider the evidence. Takeaways: (1) The Board must consider evidence of the background knowledge of those skilled in the art, even when that evidence is not relied upon as one of the pieces of prior art defining an obviousness combination; (2) the Board can exercise its judgment in deciding not to consider evidence raised for the first time in Reply submissions.

The Board instituted trial with respect to claims 1-30 of U.S. Patent No. 8,318,430. Claims 1-30 are directed to noninvasive prenatal testing for fetal chromosomal abnormalities. The Petitioner challenged the claims as obvious under 35 U.S.C. § 103 in light of three prior art references. In a reply declaration, the Petitioner’s expert identified a commercially available genome analyzer as evidence of the background knowledge of those skilled in the art and cited an exhibit filed with the Petition to substantiate this assertion. The Board afforded this assertion and the exhibit no weight, and ultimately determined that the Petitioner did not establish that the challenged claims would have been obvious over the cited prior art. In its decision, the Board noted that the Petitioner had made “virtually no effort ... to explain how or where the references differ from the challenged claims, how one of ordinary skill in the art would go about combining their disparate elements, or what modifications one of



ordinary skill in the art would necessarily have made in order to combine the disparate elements.”

The court held that the Board erred to the extent that it refused to consider an exhibit asserted not as part of a prior art obviousness combination, but as evidence of the background understanding of persons of skill in the art at the relevant time. After analyzing the Board’s opinion, the court was unable to discern if this erroneous ground was, in fact, the rationale the Board relied on. The court explained that the Board may have instead reasoned that Petitioner’s argument citing the exhibit was insufficient to establish its relevance to the proceeding. Accordingly, the court vacated the Board’s decision with respect to non-obviousness and remanded to the Board. The court emphasized that the Board should determine what remand proceedings were appropriate; the court was not ordering the Board to take new evidence or to accept new briefing.

The court also addressed the Petitioner’s other argument that the Board had erred by failing to consider certain embodiments of one of the asserted prior art references, which the Board had found were not identified in the Petition or accompanying Declarations. The court found no error in the Board’s rejection of the Petitioner’s reliance upon previously unidentified portions of a prior art reference that were identified for the first time in Reply. The court explained: “The Board must make judgments about whether a Petition identified the specific evidence relied on in a Reply and when a Reply contention crosses the line from the responsive to the new.”

Astornet Techs. Inc. v. BAE Sys., Inc.,
802 F.3d 1271 (Fed. Cir. 2015)

In this litigation over the scope of 28 U.S.C. § 1498’s provision outlining exclusive jurisdiction for patents in use by the United States, the Federal Circuit affirmed each of the district court’s dismissals against Astornet Technologies, Inc. (“Astornet”). Takeaway: If a patented invention is being used without license by or for the United States, 28 U.S.C. § 1498(a) limits the patentee to a cause of action against the United States, removing liability for indirect infringement by a contracting entity.

In June 2009, the Transportation Security Administration (“TSA”) sought bids for boarding pass scanning equipment. NCR Government Systems (“NCR”), BAE Systems Information Solutions, Inc.—a subsidiary of BAE Systems, Inc. (“BAE”)—and Astornet, licensee of the patent-in-suit owned by Michael Haddad, submitted competing bids. Astornet’s bid was unsuccessful, and TSA chose NCR and BAE Systems Information Solutions in 2011. MorphoTrust USA, LLC (“MorphoTrust”) later took over as the supplier under the contract. Mr. Haddad, who also owned Astornet, filed complaints as an individual in both the Court of Federal Claims against the United States under 28 U.S.C. § 1498, and in the District of Maryland against appellees and various other defendants alleging direct infringement of his patents. Both actions were dismissed voluntarily by Mr. Haddad. Astornet then filed its own complaint in the District of Maryland against all three appellees alleging direct infringement, later separating the defendants by filing an amended complaint which



included only BAE, and two additional separate complaints against NCR and MorphoTrust. The amended and subsequent complaints asserted direct infringement in passing, but alleged only that defendants indirectly infringed the patents by inducing TSA’s direct infringement. The District of Maryland dismissed each suit on various grounds. Astornet appealed all three cases, and they were consolidated on appeal by the Federal Circuit.

While the Federal Circuit rejected the various other grounds for dismissal used by the district court, it affirmed each dismissal based on 28 U.S.C. § 1498(a). Section 1498(a) provides if a patented invention is “used or manufactured by or for the United States . . . the [patentee’s] remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.” Federal Circuit reasoned that the intent of § 1498(a) was to free contractors from potential patent liability when performing under contracts with the United States. Since TSA was the only direct infringer, the court found that any use without license was by or for the United States and “squarely within the statutory terms” of § 1498(a). To find § 1498(a) inapplicable, the court would be required to cut a “substantial hole” in the statute by limiting § 1498(a)’s applicability to claims where the United States or its agencies are a party. This, the court noted, would run directly counter to the established policy of the statute, and would subject many contractors to liability in contravention of § 1498(a)’s clear language. Therefore, the only cause of action available to Astornet was against the United States directly in the Court of Federal Claims, and dismissal of the claims against the private party defendants was appropriate.

The court then discussed and rejected the district court’s various other grounds for dismissal. First, the court held that the District of Maryland erred on the grounds used to grant BAE’s motion to dismiss. BAE asserted that the BAE subsidiary, not itself as the parent corporation, was awarded the contract at issue, and thus BAE could only be a party to the suit if held liable for its subsidiary’s actions. The district court agreed, finding no grounds to pierce BAE’s corporate veil and dismissing BAE from the suit. The Federal Circuit, however, disagreed, faulting the district court for failing to address whether BAE itself—*independent of any subsidiaries*—indirectly infringed the patents-in-suit.

The Federal Circuit also held that the district court erred in dismissing the complaint against NCR and MorphoTrust under Fed. R. Civ. P. 41. Rule 41(a)(1)(B) states that if a plaintiff previously dismissed any action based on or including the same claim as the claim currently being dismissed, “a notice of dismissal operates as an adjudication on the merits.” The Federal Circuit held, however, that the clear text of Rule 41(a)(1)(B) did not support dismissal of either party. Because Astornet was not “the plaintiff” when Haddad voluntarily dismissed his individual action, Astornet’s later separation of the defendants into separate complaints did not trigger Rule 41(a)(1)(B). Accordingly, the Federal Circuit rejected Rule 41 as a basis for the dismissal of the actions against NCR and MorphoTrust.



Atlas IP, LLC v. Medtronic, Inc.,
809 F.3d 599 (Fed. Cir. 2015)

In this appeal from the Southern District of Florida, the Federal Circuit panel affirmed the district court's grant of summary judgment of non-infringement and reversed its grant of summary judgment rejecting anticipation and obviousness challenges to the claim at issue. Takeaways: First, the Federal Circuit applies its own, not regional-circuit law, to find a final decision over which it has jurisdiction when the district court fully adjudicates some claims and dismisses the remaining counterclaims without prejudice. Second, a district court errs when it constructs a claim based exclusively on the plain meaning of the claim but the plain meaning is actually ambiguous.

In the district court litigation, Atlas IP, LLC ("Atlas") sued Medtronic, Inc. and related entities (collectively, "Medtronic") for alleged infringement of an Atlas patent claiming a battery-saving means of communicating between a hub and multiple remotes in a wireless network system. The district court granted summary judgment of non-infringement (on a motion for reconsideration), no anticipation, and no obviousness of the sole claim at issue on appeal. Atlas appealed the ruling on non-infringement, and Medtronic cross-appealed the rulings on validity.

Before reaching the merits, although neither party disputed jurisdiction, the Federal Circuit considered whether a final decision had been rendered over which it had jurisdiction because the district court had completely adjudicated some claims, but dismissed without prejudice the remaining counterclaims based on an agreement between the parties. The court recognized that this turned on whether its own law or regional-circuit law governed. The court concluded that, pursuant to section 1295(a)(1) governing its appellate jurisdiction, its own law governed because the issues were unique to patent law.

The court then turned to the district court's summary judgment of non-infringement. The court noted infringement turned entirely upon whether the district court's claim construction was correct: if the court upheld the district court's claim construction, then Medtronic did not infringe. Atlas challenged the district court's construction, arguing that the ordinary meaning of the terms was broader than the construction adopted by the district court. The court concluded, however, that both the ordinary meaning and the patent's intrinsic evidence supported the district court's construction. The court further concluded Atlas's claim differentiation argument on the grounds that it was not significant enough to warrant departure from the meaning of the term supplied by the ordinary meaning and intrinsic evidence. Based on these conclusions, the court affirmed the district court's construction and the entry of summary judgment of non-infringement.

The court concluded by considering Medtronic's cross-appeal on invalidity. Similar to Atlas's challenge, Medtronic's argument turned on the district court's construction of a claim limitation. The court rejected the district court's claim construction, finding that the district court had erroneously relied entirely upon what it perceived to be the plain meaning of the claim language, while contextual considerations pointed to a broader



meaning. The court explained the need for “context-based interpretation,” as “[o]nly context resolves the facial uncertainty” that arises with imprecise claim language. The court therefore reversed the summary judgment of no anticipation and no obviousness and remanded for further proceedings with the proper construction.

Avid Tech., Inc. v. Harmonic, Inc..

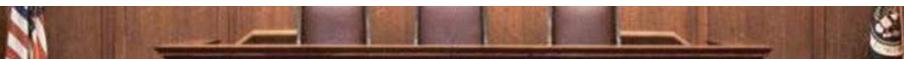
812 F.3d 1040 (Fed. Cir. 2016)

The Federal Circuit vacated and remanded to the district court a jury finding of non-infringement, holding that the district court’s claim construction was improperly narrow because the patentee had not actually disclaimed part of the scope of its claim in prosecution. Takeaway: District courts must employ a narrow, plain reading of the prosecution history to satisfy the “clear and unmistakable” standard for disclaimer. In order for such an erroneous claim construction to constitute harmless error, a party must show that a jury was required to render the same verdict on the same or any other ground, regardless of the erroneous construction.

Avid asserted two patents against Harmonic concerning data storage systems of large files. Both Avid’s and Harmonic’s systems employ a central controller which tells clients which storage unit they should utilize for read and write operations. The term at issue in the construction dispute is “independent storage units,” which form the distributed data storage system and hold segmented data from large files. The district court construed the term as “storage units which are not centrally controlled . . .” and which “cannot use a central controller that identifies the storage unit on which data is stored . . .” Based on this construction, the jury found that Harmonic’s system, which uses central controllers, and therefore, according to the court’s construction, does not use independent storage units, did not infringe on Avid’s patent.

The district court provided this construction based on statements Avid made in the prosecution history of its patents; the district court found that when Avid distinguished itself from a prior art which utilized a centralized interface, it disclaimed central controllers that provide storage unit locations for the purpose of retrieving data segments. The Federal Circuit found this construction to be too narrow, determining that the district court misread Avid’s statements and that those statements were not “clear and unmistakable”—the standard for finding that a patentee disavowed scope of its claims in prosecution history. According to the court, Avid did not disclaim central controllers altogether, but rather only when the system performs two functions in the conjunctive—identifying storage units and issuing requests to the storage units—and only to the extent that central controllers interact with a single rather than multiple storage units. Avid’s system still uses central controllers when performing either of these functions.

The court determined, under a harmless error analysis, that the erroneous construction was prejudicial enough to warrant vacatur and remand of the district court verdict. First, there was no special verdict or otherwise separate determination of non-infringement other than the non-infringement apparently based on the “independent storage units” requirement, and second, the remaining evidence did not require a



finding of non-infringement independent of the jury instruction. In fact, the court went so far as to hold that under a proper construction of “independent storage units,” Harmonic’s system met that claim element, and thus removed the prime issue from the scope of the new trial on remand.

Avid further asserted that the court should go beyond granting a new trial; it claimed it was entitled to a judgment as a matter of law because Harmonic met the other claim elements as well. The court rejected Avid’s argument, because the district court did not offer a construction of the other claim at issue during trial, and Avid did not meet the burden of showing that its proffered construction was the only reasonable interpretation such that it would have precluded a jury finding of non-infringement based on the evidence. The court remanded for trial on this issue.

Bamberg v. Dalvey,
815 F.3d 793 (Fed. Cir. 2016)

In this appeal from an interference before the Patent Trial and Appeal Board (“Board”), the Federal Circuit upheld the Board’s ruling that found that Bamberg’s copied patent claims lacked an adequate written description under section 112 as well as the Board’s refusal to allow Bamberg to amend the applications.

Three inventors, Bamberg, Kummer, and Stiburek, filed several applications that copied the claims from four patents issued to two other inventors, Dalvey and Nasser, in order to provoke an interference proceeding. The Bamberg group believed that they had invented the claimed methods first. The Board initiated and consolidated three interference proceedings to resolve the issue of which party had priority. The Board found that Bamberg’s copied patent applications lacked an adequate written description of “white layer that melts below 220C” and refused to allow Bamberg to amend the applications.

Reviewing the decision *de novo*, the Federal Circuit upheld the Board’s construction that a “white layer” included a white layer that melted at temperatures both above and below 220C in light of Dalvey’s specification.

The Federal Circuit also upheld the Board’s decision that Bamberg’s specification lacked adequate written description of that same white layer because Bamberg’s specification specifically distinguished a white layer that melts below 220C as “undesired.”

Finally, the Federal Circuit also determined that the Board was right not to allow Bamberg to substitute the claims in his applications in response to the opposing party’s motion alleging they did not meet the written description requirements. The court noted that “Bamberg did not provide a claim chart — the principal means for determining if Bamberg satisfied its burden of establishing that the proposed amended claims were supported by an adequate written description.”



Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC,
827 F.3d 1341 (Fed. Cir. 2016)

The Federal Circuit vacated and remanded the district court’s grant of the defendants’ motion to dismiss, and held that the asserted claims directed to filtering Internet content was patent-eligible. Takeaway: A unique combination of otherwise generic technological components can be patent-eligible.

Prior to the patented system at issue in this case, there were only three types of software for filtering Internet content: (1) software installed on individual computers, which filter on an individualized basis; (2) software installed on the local server, which applies a one-size-fits-all filter to all users of that server; and (3) software installed on an Internet Service Provider’s remote server, which also allows for only a one-size-fits-all filter. Appellant Bascom Global Internet Services, Inc. (“Bascom”) patented a system for filtering Internet content that combined the two key features of these prior-art systems: requiring users to log-in to a remote server, after which the filtering software applies the appropriate filter for that user.

Bascom sued AT&T Mobility LLC and AT&T Corp. (“AT&T”) for patent infringement, and AT&T moved to dismiss on the basis that the claims were invalid under 35 U.S.C. § 101. The district court granted AT&T’s motion, holding the claims patent-ineligible under both prongs of *Alice*’s two-step analysis. First, the court held the claims were directed to the abstract concept of “filtering content.” Second, there was no inventive concept to transform that abstract concept into patent-eligible subject matter because each claim limitation was a well-known, generic computer component and because the combination of the limitations simply described filtering software, which was well-known in the prior art.

The Federal Circuit agreed that the system was directed to the abstract concept of filtering content on the Internet, but disagreed that the claims lacked a sufficiently inventive concept. As to the first *Alice* prong, the court held that “filtering content is an abstract idea because it is a longstanding, well-known method of organizing human behavior.” The court compared this filtering system to similar ineligible systems, including systems for budgeting; data collection, recognition, and storage; and organizing information through mathematical correlations. The plaintiff had argued that its claims were directed narrowly to a specific implementation of the filtering concept, and the court agreed that it was a “close call” based on the claims’ express limitations. However, the court noted that, unless the claim limitations are unambiguously directed to an improvement, they should not be considered until the second step of the *Alice* test.

Under the second prong, the court held that, though each individual claim limitation on its own recited only a generic component, the ordered combination included an inventive concept because it went beyond the nonconventional and non-generic arrangement of known pieces to form a specific technical solution to an existing problem. The limitations recited a “specific, discrete implementation of the abstract idea of filtering content.” The court distinguished this technology-based solution from



previous patent-ineligible systems that simply implemented abstract ideas on generic computer components, such as the automation of traditional price-optimization techniques. Unlike those systems, Bascom’s patented filtering program did not preempt all use of the abstract idea—it instead transformed the abstract idea of filtering content into a particular, practical application of that abstract idea.

Judge Newman concurred, agreeing that the claims contained an inventive concept. But she wrote separately to “urge a more flexible approach to the determination of patent eligibility,” believing the current system of determining eligibility before patentability to be inefficient because a determination of patentability resolves or moots eligibility questions. Given the erratic implementation of the eligibility test, Judge Newman opined that questions of patentability alone are sufficient to weed out abstract ideas, such that courts need not look for eligibility doctrine’s undefined inventive concept. Thus where “evidence of patentability is needed or presented to resolve a challenge to eligibility of claims,” Judge Newman would allow the district court to resolve patentability first, without first determining eligibility.

Belden Inc. v. Berk-Tek LLC,
805 F.3d 1064 (Fed. Cir. 2015)

In this appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board (“Board”), the Federal Circuit was unanimous when it affirmed the Board’s conclusion that claims 1–4 were obvious, reversed the Board’s determination that claims 5–6 were not obvious, and affirmed the Board’s decision to allow Berk-Tek to include an expert declaration in its Reply. Takeaway: A prior art reference must be considered for all that it teaches, not just the particular invention it describes.

This case began when Berk-Tek’s predecessor petitioned for *inter partes* review of a Belden patent, asserting anticipation and obviousness based on several prior-art references. At issue was a patent claiming a method of producing telecommunications cabling, which contain transmission media and a core. The claimed invention includes passing the transmission media and the core through a “die” (a component with holes arranged like a throwing dice), which centers the core with respect to the plurality of transmission media when producing the cable.

The Board instituted *inter partes* review, finding a reasonable likelihood that all six of the claims at-issue were unpatentable. During the proceedings below, Berk-Tek submitted a Reply to Belden’s Patent Owner Response, and included in the Reply an expert declaration. Belden opposed this declaration, contending that because Berk-Tek had not included the declaration in its Petition, Belden was given no chance to respond to it. The Board denied Belden’s motion to exclude the declaration. On the merits, the Board ultimately found that claims 1–4 were invalid as obvious and upheld claims 5 and 6. Belden appealed the invalidation of claims 1–4 and the denial of its motion to exclude the expert declaration. Berk-Tek appealed the upholding of claims 5 and 6.

The court first considered the merits of Belden’s challenge on claims 1–4. As to claims 1 and 2, Belden argued that the prior reference the Board had relied on only taught



manufacture of a component of the claimed telecommunication cabling, and not the entire cable. The court disagreed, finding that there was substantial evidence to support the Board's conclusion that the purpose, title, and substance of the reference all pertained to—and in some instances explicitly mentioned—cables. On claims 1 through 4, Belden contended the Board erred in finding motivation to combine the collective elements of the prior art. The court rejected this argument too, holding that the Board could have found that one skilled in the art would have had reason to combine elements of the prior art. Accordingly, the court affirmed the Board's invalidation of claims 1–4, citing the "circumstances here, involving a simple point in a mechanical field and one very close piece of prior art"

Next, the court dealt with Berk-Tek's appeal of the Board's decision to uphold claims 5 and 6. Berk-Tek argued that the Board was wrong to conclude one skilled in the art would not have been motivated to combine elements of the various references and render claims 5 and 6 obvious. The court agreed with Berk-Tek, citing errors in the Board's legal analysis. The court emphasized that a reference must be considered for everything it teaches, not just the particular invention it describes. The court therefore reversed the Board's decision as to claims 5 and 6, finding them invalid as obvious.

Finally, the court returned to Belden's second argument that the Board erred in admitting Berk-Tek's expert declaration—filed for the first time in Belden's reply—because Belden had no chance to respond. The court rejected this argument, finding that Belden did have a meaningful opportunity to respond. It noted that the Board gave Belden a variety of procedural safeguards, including a chance to cross-examine the expert, the opportunity to submit observations of the cross-examination, and a review of Belden's detailed motion-to-exclude. It thus affirmed the Board's denial of Belden's motion to exclude.

Blue Calypso, LLC v. Groupon, Inc.,
815 F.3d 1331 (Fed. Cir. 2016)

In this appeal from the Patent Trial and Appeal Board ("Board"), the Federal Circuit addressed whether the Board correctly instituted Covered Business Method ("CBM") review for five of Blue Calypso's patents. The Federal Circuit affirmed the Board's decision concluding that the patent claims have an express financial purpose and do not meet the technological invention exception, and are thus eligible for CBM review. Takeaway: In determining eligibility for CBM review, a "financial activity" may be broadly interpreted, while the "technological invention" exception will likely be narrowly construed under the statutory definition.

Groupon challenged five of Blue Calypso's patents under Section 18(a) of the Leahy-Smith American Invents Act ("AIA"). The patents describe a method of peer-to-peer advertising using mobile communication devices. After determining that the patents met the statutory definition of a "covered business method patent," the Board instituted review and determined that two-thirds of the claims were invalid as either anticipated, obvious or lacking adequate written description. Blue Calypso appealed and Groupon cross-appealed.



As to the Board's decision to institute CBM review, the Federal Circuit found that the Board correctly determined that Blue Calypso's patents met the statutory definition for a CBM, and thus the Board acted within its authority in granting review. As the court explained, CBM review is limited to patents "that claim[] a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." Blue Calypso argued that the disputed claims related to a method of advertising and not to a financial product or service, or, alternatively, that the claims were excluded from CBM review because they were a technological invention.

Regarding the first issue, the court rejected Blue Calypso's argument that its patents relate to a method for managing advertising content and therefore do not constitute a "financial product or service" as contemplated in the AIA. Relying on the recent decisions in *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015) and *SightSound Technologies, LLC v. Apple, Inc.*, 809 F.3d 1307 (Fed. Cir. 2015), the court concluded that the statute may be broadly interpreted as encompassing patents claiming activities that are incidental or complementary to financial activity. Because financial inducement was "central to the claims," the Board correctly determined that the disputed claims constituted a financial product or service under the statute.

The court also affirmed the Board's rejection of Blue Calypso's argument that the disputed claims fall under the technological invention exception to CBM review. According to Blue Calypso, the claims represent a technological invention because they remedy technological limitations of traditional broadcast advertising. In rejecting this argument, the court explained that the use of conventional computer components in carrying out a claimed process does not amount to a technological invention. Therefore, because the claimed process does not fall within the technological invention exception, the Board acted within its authority in instituting CBM review.

As to anticipation, the Board found, and the court affirmed, that despite Blue Calypso's characterization of the prior art as multiple, isolated methods, a person skilled in the art would contemplate combining the disclosed functionalities. Moreover, a prior art reference may anticipate a claim even if it "does not expressly spell out" all of the claim limitations arranged in the exact same manner. Dissenting only to this portion of the opinion, Judge Schall argued that the prior art did not contain "an express or inherent disclosure (or even an express contemplation) of the combined use" of the disputed claims.

As to written description, the court found that the Board impermissibly elevated the fact that the terms "endorsement tag" and "token" were absent from the written description of one of the Blue Calypso patents. The court reasoned that the totality of the disclosure, including the figures, specification, and claim language provides adequate written description support.



Cardpool, Inc. v. Plastic Jungle, Inc.,
817 F.3d 1316 (Fed. Cir. 2016)

The Federal Circuit held that the district court had not abused its discretion by refusing to vacate its “with prejudice” judgment of unpatentability. In the originating action, Cardpool, Inc. (“Cardpool”) sued Plastic Jungle, Inc. (“Plastic Jungle”) for patent infringement. Plastic Jungle argued that the claimed subject matter was patent-ineligible under 35 U.S.C. § 101. The district court agreed and dismissed the suit with prejudice. Cardpool then appealed to the Federal Circuit and filed a request for *ex parte* reexamination with the Patent and Trademark Office (“PTO”). The Federal Circuit affirmed the district court’s dismissal, but one month later, the PTO issued an *Ex Parte* Reexamination Certificate holding that Cardpool had presented new and amended claims that were, in fact, patent-eligible. Cardpool then asked the Federal Circuit to reconsider its affirmance of the district court’s decision. The Federal Circuit granted the re-hearing, vacated its affirmance, and remanded the case to district court.

On remand, both parties moved to have the district court vacate its prior judgment of patent ineligibility. Plastic Jungle, which had stopped its infringing activity, asked that the district court vacate the entire judgment. Cardpool filed a separate brief, asking the district court to vacate only its “with prejudice” dismissal so that Cardpool could, if necessary, enforce the patent against Plastic Jungle or a successor if the infringing activity were to reoccur. The district court denied both motions and Cardpool appealed, asking the Federal Circuit to vacate the district court’s “with prejudice” judgment of unpatentability.

The Federal Circuit ultimately refused to vacate the district court’s “with prejudice” judgment. In so doing, the Federal Circuit applied Ninth Circuit procedural law, which stipulates that a denial of a Rule 60(b) motion should be reviewed for abuse of discretion. The Federal Circuit found that the district court had not abused its discretion because, when Cardpool asked the district court to vacate its judgment, Plastic Jungle had rendered the case moot by voluntarily terminating its infringing activity. Because federal courts are generally precluded from deciding cases that are moot, the Federal Circuit found that the district court appropriately denied Cardpool’s motion to vacate. The Federal Circuit further noted that, because the initial case had only dealt with the patent’s subject matter eligibility, *res judicata* would not necessarily bar Cardpool from addressing the validity of the reexamined claims in future proceedings. The Federal Circuit thus found that the district court’s denial of vacatur was equitable, as it did not prevent Cardpool from defending its patent in future proceedings.

CardSoft, LLC v. VeriFone, Inc.,
807 F.3d 1346 (Fed. Cir. 2015)

The Supreme Court vacated the Federal Circuit’s prior decision in this case and remanded this case to the Federal Circuit with instructions to reconsider the district court’s claim construction under *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015). In so doing, the Federal Circuit held that the district court’s



construction relied exclusively on intrinsic evidence, and thus did not receive deference under *Teva*. After reviewing the district court’s claim construction *de novo*, the court reversed the district court’s construction of the term “virtual machine.”

CardSoft asserted that VeriFone infringed two patents directed to software that controls payment terminals. The software optimizes a virtual machine that acts as an interpreter between software applications and the payment terminal’s hardware. The asserted claims of both of the patents-in-suit recite a “virtual machine.” Applying the district court’s construction of “virtual machine,” a jury found that the asserted claims were not invalid and were infringed. VeriFone moved for a new trial and for judgment as a matter of law, but the district court denied both motions.

The Federal Circuit reviewed the district court’s construction of “virtual machine” *de novo* as the district court did not rely on factual findings with respect to extrinsic evidence, which would be reviewed for clear error. The Federal Circuit further held that the district court erred by not requiring the construction of “virtual machine” to state that the applications it runs are independent of any specific underlying operating system or hardware. The Federal Circuit reasoned that a person of ordinary skill in the art would have understood that applications only interface with the virtual machine, while the virtual machine interfaces with the underlying hardware. The patent specifications and prosecution histories also demonstrated that virtual machines run applications that do not depend on any specific underlying operating system or hardware.

The Federal Circuit rejected CardSoft’s arguments that the term “virtual machine” should be construed to require dependence on hardware. First, the Federal Circuit held that the presence of instructions on a virtual machine did not make the virtual machines dependent on the underlying hardware because the instructions were for applications that run on the virtual machine, not the virtual machine itself. Second, the Federal Circuit rejected arguments for hardware dependence based on claim differentiation because this doctrine does not trump the clear import of independence established in the specification and prosecution history.

Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd.

807 F.3d 1283 (Fed. Cir. 2015)

In a unanimous opinion, the Federal Circuit reaffirmed the objective nature of the willfulness inquiry and clarified its jurisprudence on laches. Takeaway: an “objectively reasonable” invalidity defense to a willfulness allegation must have some merit, but it is not necessary for the defendant to be in possession of the defense at the time of infringement.

Carnegie Mellon University (“CMU”) developed two patents relating to “Viterbi” detectors designed to limit false readings from increasingly miniaturized magnetic disk drives. As more data can be stored on hard-disk drives, the amount of noise and the potential for read-errors has increased. CMU’s improvement consisted of adapting branch metric functions—which detect errors probabilistically—based on the branches



they were analyzing in order to produce more accurate results. In 2001, Marvell began manufacturing chips implementing the patented technology. CMU filed suit in 2009 and eventually won a jury award of \$1.2 billion.

The Federal circuit held CMU's patents novel and non-obvious. Marvell believed the asserted claims were anticipated by U.S. Patent No. 6,282,251 ("Worstell"). Marvell argued Worstell disclosed a "set" of signal-dependent branch metric functions. The Federal Circuit held that Worstell only taught a single branch metric function that could be made signal-dependent by multiplying the function by another variable. This single function was therefore not a "set" of functions, as was required by the claims.

Turning to infringement, the court noted that the accused chip had been named after Dr. Kavcic—one of two of the patent-in-suit's named inventors. Despite this fact, Marvell tried to argue that its accused product was not "Viterbi-like" in that it did not calculate metrics for every branch of a trellis but only those with a higher probability of error. The Federal Circuit did not find Marvell's arguments convincing and held there was sufficient evidence for the jury to find infringement.

The Federal Circuit further affirmed the district court's denial of Marvell's laches defense and clarified its decision in *Serdarevic v. Advanced Medical Optics, Inc.*, 532 F.3d 1352 (Fed. Cir. 2008). The district court found Marvell had "unclean hands" due to its egregious copying, and therefore Marvell was not entitled to an equitable defense. Marvell claimed *Serdarevic* stood for the proposition that unclean hands may only be used to defeat a defense of laches when the defendant's egregious conduct was responsible for the plaintiff's delay in bringing suit. In response, the Federal Circuit clarified that *Serdarevic* applied specifically to the inventorship context and did not involve copying.

Finally, the Federal Circuit affirmed in part the jury's findings on damages and reversed the lower court's enhancement of damages. On the second issue, the Federal Circuit reviews a belief of invalidity defense *de novo*. Marvell did not dispute its knowledge of the CMU patents, but rather, as discussed above, believed CMU's patents were anticipated by Worstell. The district court had partially denied Marvell's defense in light of evidence indicating no one at Marvell had known of the Worstell patent until the time of litigation. The Federal Circuit rejected this reasoning. Under the rubric established in *In re Seagate Technology, LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (*en banc*), "[t]he state of mind of the accused infringer is not relevant to th[e] objective inquiry" of recklessness. The Federal Circuit rejected all of Marvell's remaining issues for appeal except that the court agreed that a new trial was needed to determine whether a "sale" had taken place for those chips which never entered the United States—and therefore could not be said to have been made or used within the United States.

Clare v. Chrysler Grp.,
819 F.3d 1323 (Fed. Cir. 2016)

In this appeal, the Federal Circuit affirmed the district court's construction of certain patent claim limitations and its decision to grant summary judgment of non-



infringement. Takeaways: (1) claim construction is proper where the parties dispute the scope of claim limitations, even if the meaning of the limitations is readily apparent to a lay person; (2) the doctrine of claim differentiation applies with less force to claims in related patents (as opposed to claims in the same patent), and rarely applies where the result is to read out of the claims the specification's description of the invention or the preferred embodiment.

Scott Clare, Neil Long, and Innovative Truck Storage, Inc. (collectively, "Clare") sued Chrysler Group LLC ("Chrysler") for infringing Clare's patented method of adding hidden storage space to the bed of a pickup truck to reduce the risk of theft. At issue were two claim limitations, dubbed the "external appearance limitations": (1) "the hinged portion is constructed such that the truck has an external appearance of a conventional pickup truck;" and (2) the bed is "constructed such that the pickup has substantially the external appearance of a pickup without the built-in storage." The district court gave the two limitations the same construction: "the hinged portion is constructed such that the storage box is not obvious from the outward appearance of the pickup." On this construction, the district court granted Chrysler's motion for summary judgment of non-infringement, holding no reasonable juror could find that Chrysler's trucks, with their "numerous and obvious visible distinctions of the external hinged panel," met the limitations.

On appeal, Clare argued that the district court: (1) improperly construed the limitations, given that their meaning was readily apparent to a lay person; (2) erred in giving the two different claim limitations the same construction—contrary to what is required by the doctrine of claim differentiation; (3) improperly imported the purpose of the patent into the claim limitations; and (4) did not take into account the definitions of the claim limitations from the prosecution history.

The Federal Circuit affirmed, rejecting all four of Clare's arguments. First, the court held that claim construction was proper, even though the words in the limitations may have been readily apparent to a layperson, because the parties disagreed about their scope. Second, the court declined to apply the doctrine of claim differentiation. The court noted that the doctrine applied with less force to claims in related patents (as in this case) than it did between claims in the same patent. Further, the specification supported the identical constructions and applying the doctrine would have read out of the claims in one of the two patents at issue "the specification's description of the invention and the preferred embodiment."

Third, the court explained that the district court did not import the anti-theft purpose of the invention into the claims, noting that the district court determined that the claims required the hidden storage to be non-obvious irrespective of its purpose as a theft-deterrent. Fourth, the court held that the patentee's definition of the claims in the prosecution history supported the district court's construction of the limitations, and further that the patentee could not expand the scope of the specifications by reciting additional elements in the prosecution history.



Having affirmed the district court's claim construction order, the Federal Circuit went on to affirm its summary judgment of non-infringement as well.

ClearCorrect Operating, LLC v. Int'l Trade Comm'n,
810 F.3d 1283 (Fed. Cir. 2015)

In an appeal of a decision of the International Trade Commission ("ITC") finding infringement and violation of 19 U.S.C. § 1337, the Federal Circuit held that the ITC did not have jurisdiction over the electronic transmissions accused of infringement because they are not "articles" under 19 U.S.C. § 1337(a). Takeaway: The ITC does not have jurisdiction where electronic transmissions constitute the accused unfair acts.

Align Technology filed a complaint with the ITC alleging that ClearCorrect infringed several of its patents on technology for manufacturing orthodontic aligners. ClearCorrect was making digital images of patients' teeth and then transmitting these images to its offices in Pakistan, where digital models were created from the scans. The digital models were then transmitted back to the United States, where they were used to create a physical model. At the point of importation, only digital versions of the models exist. The patent claims were divided into four groups, two of which were relevant to this case: Group I covered methods of forming dental appliances and Group II covered methods of producing digital data sets. The Commission determined that it had jurisdiction over the transmissions and that, as to the Group I claims, ClearCorrect Pakistan was a contributory infringer in light of its importation of digital models, and as to the Group II claims, ClearCorrect Pakistan's importation of digital models resulting from practice of the claimed methods in Pakistan violated § 1337(a)(1)(B)(ii).

In the majority opinion, the Federal Circuit concluded that the ITC does not have jurisdiction over electronic transmissions after analyzing the ITC's interpretation of whether they qualify as "articles" under the Chevron framework. The majority concluded that the language of 19 U.S.C. § 1337 is clear: the "articles" over which the statute gives the ITC jurisdiction constitute only material things. The majority referenced the 1922 Tariff Act and contemporaneous dictionaries which indicated that the term "article," at the time of enactment, referred to material things. The majority found the definition used by the ITC too imprecise to be helpful, but noted that the examples provided for that definition nevertheless were material things. The majority also noted that the material limitation was consistent with the 1924 definition adopted by the ITC's predecessor, the U.S. Tariff Commission. Congressional intent to limit the definition of articles to material things was clear from the statutory scheme, as, if "articles" included intangible items, other sections of the statutory scheme, such as those relating to forfeiture, interception, and seizure of articles crossing the border, would be rendered inoperative. The majority also noted that holding otherwise was inconsistent with the original statutory remedy of exclusion, which could only impact material articles, and the intent for the later-introduced cease and desist order remedy to be a lesser alternative remedy; if the "articles" could mean electronic transmissions, the cease and desist order remedy would expand the exclusion power. Congress, however, did not intend to alter the scope of the ITC's jurisdiction by providing another



remedy. As further evidence of the clarity of the text, the majority referenced Black's Law Dictionary, to conclude that "good" was less narrow than "chattel" and that the concept of chattel was limited to material things, and the Omnibus Trade and Competitiveness Act of 1988, which the majority found did not alter the scope of the term "article."

The majority further held that were it to reach the second step of the Chevron inquiry, the ITC's interpretation of "article" would be plainly unreasonable as it was not grounded in any dictionary cited, seemed to be based on misquotations of the legislative history of the Tariff Act, and was supported only by improper references to ongoing congressional debates which had not resulted in lawmaking.

Judge O'Malley concurred, writing separately to note that the issue need not be analyzed under Chevron. Citing Utility Air Regulatory Group, Judge O'Malley argued that this was one of the extraordinary cases where it was clear that Congress did not intend to and had not delegated authority to the ITC to interpret its governing statute. Judge O'Malley emphasized the significance of Internet transmissions to modern day life, explaining that the ITC's interpretation vastly expands its jurisdiction without any clear authorization by Congress. In her view, such an expansive power required an express congressional statement especially where the agency had no particular expertise in the area, as Judge O'Malley believed was the case with the ITC. Judge O'Malley also noted that Congress had specifically enacted laws directed towards the Internet, and that Congress had not indicated during debates on these or other related bills that the ITC had authority in this realm.

Judge Newman dissented, arguing that the ITC had adopted a reasonable interpretation of the statute in light of an ambiguity created by evolving technology. Judge Newman noted that the legislative history of section 1337 affirmed congressional intent to vest the ITC with broad enforcement authority. Judge Newman also argued that terms rendered ambiguously applicable by changing technology should be read in accordance with their purpose and referenced the inclusive remedial nature of the statute as supporting a construction that precluded congressional intent to omit unforeseen developments from the statute's protection. Judge Newman took issue with the majority's characterization of the transmissions as intangibles noting that, while transmissions are not readily visible, it is not true that they are intangible as they are composed of particles creating visible effects. Though the nature of the transmissions distinguished them from other goods typically subject to customs controls, Judge Newman found that the applicability of section 1337 did not depend upon the mode of importation. Judge Newman also expressed concern with the majority's approach because "difficulty of enforcing a remedial statute is not grounds for judicial elimination of all remedy."

***Commil USA, LLC v. Cisco Sys., Inc.*,**
813 F.3d 994 (Fed. Cir. 2015)

Concerning the lack of substantial evidence supporting a patentee's claims, the Federal Circuit panel unanimously reversed the district court's award of damages. Takeaway:



Substantial evidence review is a high but not impossible standard for appellants to meet.

Commil alleged that Cisco infringed Commil's U.S. Patent No. 6,430,395 which relates to a method of providing faster and more reliable handoffs of mobile devices from one base station to another as a mobile device moves throughout a network area. After two jury trials, Cisco was found liable for direct and induced infringement, and Commil was awarded \$74 million in damages. Cisco appealed to the Federal Circuit and the Federal Circuit remanded for a new trial, not reaching certain of Cisco's arguments on non-infringement and damages. That ruling required a new trial on the inducement claim with a corrected instruction on knowledge. Commil sought certiorari to the Supreme Court on the limited question of whether a defendant's belief that a patent is invalid is a defense to induced infringement, without appealing the requirement for a new trial. The Supreme Court granted certiorari, reversed the Federal Circuit's decision on that issue, and vacated and remanded the issue back to the Federal Circuit.

Upon return to the Federal Circuit, Cisco requested that the court address its non-infringement arguments that the court had previously not reached. In particular, Cisco argued that Commil could not prevail on its infringement charges because neither Cisco nor its customers directly infringe by performing both method steps. The Federal Circuit agreed: the patent is directed to a wireless communication system with at least two Base Stations that run a "low-level" protocol for each connection, but according to the appellate panel, the patentee failed to prove that Cisco (or its customers) used their base stations in that manner. Instead, Cisco's testimony was that its Base Stations operate a single protocol instance that is used for all connections. The Federal Circuit never reached the other method step as it considered the analysis unnecessary—there could not be infringement since the running step was never performed. As a result, the jury's determinations were not supported by substantial evidence, the standard of review for a jury's determination of infringement.

Commonwealth Sci. Indus. Research Org. v. Cisco Sys., Inc.,
809 F.3d 1295 (Fed. Cir. 2015)

The Federal Circuit considered how past licensing negotiations between the parties affects the need to apportion the royalty base to a smallest-saleable unit, and the impact of standardization on the royalty rate. Commonwealth Scientific and Industrial Research Organisation ("CSIRO") owned a patent on minimizing WiFi interference that was eventually incorporated into the IEEE 802.11 standards. CSIRO initially licensed the patent to Radiata, a company founded by the named inventors of the patent. Cisco acquired Radiata, and entered into a Technology License Agreement ("TLA") with CSIRO under similar terms as the license with Radiata. Upon expiration of the CSIRO-Cisco license, negotiations on a new license stalled, and CSIRO brought suit against Cisco for infringement. Cisco did not contest infringement or validity, and the parties agreed to a bench trial on damages. The court rejected the damages models presented by the parties, and awarded reasonable-royalty damages of \$16 million to CSIRO based on its own calculations.



Cisco argued that the wireless chip was the smallest salable patent-practicing unit and should serve as the royalty base. The district court rejected this argument, analogizing that “basing a royalty solely on chip price is like valuing a copyrighted book based only on the costs of the binding, paper, and ink needed to actually produce the physical product.” The district court used Cisco’s (licensee’s) offer as the lower bound on a reasonable royalty, and used CSIRO’s (licensor’s) offer as the upper bound. The Federal Circuit held that because the negotiations between the parties “centered on a license rate for the [asserted] patent, using these negotiations as a starting point already built in an apportionment.” Accordingly, there was no need to further apportion the royalty base to the smallest-salable unit.

The Federal Circuit disagreed with the district court’s analysis of the royalty rate to the extent that it failed to discount any inflated value that accrued to the asserted patent because it was essential to the 802.11 standard. The Federal Circuit held that for standard-essential patents, even if the patentee did not commit to reasonable and non-discriminatory (RAND) terms, the damages analysis must focus on the value created by the subject matter of the patent, and “must not include any value flowing to the patent from the standard’s adoption.” The district court failed to consider that the licensing negotiations it used as a starting point for the damages analysis may themselves have been impacted by standardization of the asserted patent. The Federal Circuit also held that the district court clearly erred by refusing to consider the TLA, because the agreement had significant probative value as the only contract between the parties, even if it needed to be adjusted in light of changed conditions. Based on these findings, the Federal Circuit vacated the damages award and remanded for further consideration.

Convolve, Inc., v. Compaq Comput. Corp.

812 F.3d 1313 (Fed. Cir. 2016)

In this second appeal from the Southern District of New York, the Federal Circuit considered whether the patentee’s addition of the modifier “seek” in front of “acoustic noise” during the reexamination process precluded infringement liability based on intervening rights. The Federal Circuit reversed the district court’s granting of summary judgment, reasoning that adding the term “seek” did not alter the scope of the claims the claims were originally limited to “seek acoustic noise.” Key Takeaway: Under the *Phillips* framework, an amended claim may be “substantially identical” to an original claim for the purposes of an intervening rights inquiry even where the claim as originally drafted lacked an express recitation of a particular limitation.

In July 2000, Convolve, Inc. sued Compaq Computer Corp., alleging, among other things, infringement of U.S. Patent No. 6,314,473 (“the ’473 patent”). Compaq’s accused products are computers that include hardware settings that allow users to influence the speed of hard drives. The ’473 patent describes a process that minimizes the “acoustic noise” which often accompanies the reading or writing of these hard drives by a mechanical arm. In July 2008, the ’473 patent was placed into reexamination and the patentee added the modifier “seek” in front of “acoustic noise” after a prior art rejection. On remand from a prior appeal to the Federal Circuit, the district court granted summary judgment holding that infringement liability was



precluded by intervening rights arising from the December 2, 2008, substantive amendment to the asserted claims. Convolve then appealed.

Under the intervening rights doctrine, a patentee is entitled to infringement damages for the period between the date of issuance of the original claims and the date of the reexamined claims only if the original and the reexamined claims are “substantially identical.” Reviewing the scope of the claims, the Federal Circuit applied the *Phillips* framework, emphasizing both the meaning the term would have to a person of ordinary skill in the art as well as the prosecution history. The court examined whether the pre-2008 claims were limited to “seek acoustic noise” or whether they covered both seek and spindle acoustic noise. Regarding the meaning of the term to a person of ordinary skill in the art, the Federal Circuit noted that the specification is the “single best guide to the meaning of the disputed term.” While the panel acknowledged that the specification did not mention the term “seek acoustic noise,” it found that the focus of the specification is on the “seek” process. To support its conclusion, the court explained that this understanding is reinforced by the remaining claim limitations, including the claims which expressly tie “acoustic noise” to “seek time.” The Federal Circuit also discussed the prosecution history of the ’473 patent, both prior to and during the 2008 reexamination, and concluded that it shows a clear intent to limit the scope of the pre-2008 claims to “seek acoustic noise.” For example, in April 2001, in response to a prior art rejection, the patentee amended the claims and explained that the purpose for doing so was to “state explicitly that the noise to be controlled is acoustic noise as opposed to electrical noise.”

Despite the lack of an express recitation of a “seek acoustic noise” limitation in the original claims, the panel determined that based on the specification and the prosecution history, the claims were intended to be so limited. Thus, the Federal Circuit found that no intervening rights existed, and reversed the district court’s grant of summary judgment on the issue. The panel, however, affirmed the district court’s grant of summary judgment of non-infringement as to certain claims, and vacated summary judgment as to other claims, based on whether the accused products met the “commands” limitation of those claims.

Cubist Pharm., Inc., v. Hospira, Inc.

805 F.3d 1112 (Fed. Cir. 2015)

In this suit brought under the Hatch-Waxman Act, the Federal Circuit affirmed the validity of a certificate of correction issued to a drug patentee against a challenge that the correction impermissibly expanded the scope of the original patent. Takeaway: A certificate of correction is less likely to be viewed as impermissibly expanding the scope of a patent when the correction allows a patentee to properly claim only that which the patentee previously believed to have been claimed under the originally issued patent.

Cubist, the owner of several patents relating to the antibiotic daptomycin, marketed this compound under the brand name Cubicin. Cubist sued Hospira for infringement when Hospira sought to market a generic version of daptomycin. Hospira, in turn, challenged



a certificate of correction granted to Cubist by the PTO when it was discovered that the '071 patent, though originally believed to refer to daptomycin, actually contained a diagram mistakenly specifying the presence of the L-asparagine ("L-Asn") as opposed to the correct D-asparagine ("D-Asn"). Hospira claimed that the certificate substituting the D-Asn for the L-Asn impermissibly broadened the scope of the '071 patent. The district court held that the certificate corrected an error without changing the scope of the patent because it had always been clear that the patent referred to daptomycin as opposed to the weaker compound illustrated by the original diagram. Hospira appealed.

The Federal Circuit affirmed, finding that the district court correctly found that a person of ordinary skill in the art would have recognized that Cubist was in possession of daptomycin. The Federal Circuit emphasized that when determining what compound a patent claims, the specification as a whole must be reviewed, not merely the figures. The Federal Circuit determined that references in the specification made it clear that the D-Asn daptomycin was claimed by the '071 patent because the specification referred to a process of fermentation which could not produce the L-Asn variant. At the time of patenting, it was universally believed that the L-Asn variant was daptomycin, and thus there would have been no industry confusion as to the scope of the patent. The Federal Circuit rejected Hospira's recapture challenge, noting that the claims in the '071 patent were in fact narrower than the original patent claims and no subject matter had been surrendered to avoid prior art. The Federal Circuit held that the mistaken diagram did not render the specification inadequate, and that the certificate of correction did not alter the scope of the patent.

Hospira also appealed the District court's holding that the '071 patent satisfied the Section 112 written description requirement, arguing that the patent did not disclose the features or structure of daptomycin. The Federal Circuit affirmed the district court's holding, explaining that the disclosures in the specification would demonstrate to a skilled artisan that the inventors were in possession of daptomycin, despite the error in the structural diagram. The "fact that the inventors were mistaken as to one aspect of the structure of daptomycin at the time of the application for the original '226 patent was filed does not render the specification inadequate"

Cubist cross-appealed the district court's ruling that four of its patents were invalid for obviousness. Cubist claimed that the '976 and '689 patents on dosing regimens represented inventions allowing for treatment with daptomycin while avoiding harmful levels of skeletal muscle toxicity. The Federal Circuit affirmed the district court's invalidity determination, finding that a previous publication disclosed the exact dosage and intervals contained in the '967 patent, although that article did not mention avoidance of skeletal muscle toxicity. The Federal Circuit determined that known properties of daptomycin indicated to persons of reasonable skill in the art that higher concentrations and less frequent doses would be most effective for this compound. The clinical trials conducted by the original patentee, Eli Lilly, and analogies to other relevant compounds comprising the prior art further indicated that the patented dosing regimens would have been obvious.



The Federal Circuit also rejected Cubist's argument that secondary indicia indicated non-obviousness. While the Federal Circuit found Cubist's method effective against a particular infection, that infection represented only 5% of cases in which daptomycin was administered. Thus, the Federal Circuit determined that any unexpected results or long-felt need applied to only a small subset of cases. The Federal Circuit found that much of the commercial success of Cubicin was attributable to daptomycin itself and not to the patented treatment regimens.

As to the purification patents, the Federal Circuit found that micelle filtration would have been obvious based on discussion of that method in an article preceding the patent. The Federal Circuit found the patented anion exchange method to be a familiar one well understood by the industry. Cubist argued that material claims, such as standards of purity found in the '238 and '342 patents, were ignored by the district court. The Federal Circuit determined that a focus on the mechanics of the purification process did not undermine the district court's analysis. Though Cubist claimed that techniques for attaining these levels were not obvious, the district court found, and the Federal Circuit agreed, that they were obvious, and that, once employed, the levels of purity specified in Cubist's patents could be attained. Though Cubist may have been the first to notice that daptomycin formed micelles, the target of one purification method, daptomycin, was known to behave like compounds known to produce micelles, and thus the Federal Circuit did not give this unexpected outcome significant weight.

David Netzer Consulting Eng'r LLC v. Shell Oil Co.,

824 F.3d 989 (Fed. Cir. 2016)

In this litigation over processes for producing purified benzene from a refinery mixture, the Federal Circuit affirmed the district court's grant of summary judgment of non-infringement. The Federal Circuit affirmed the district court's construction of the term "fractionating," and affirmed the district court's finding that no reasonable jury could find that the defendant's process meets this limitation. Takeaway: Repeated and consistent statements in the specification combined with statements in the prosecution history describing benefits of a claimed process may constitute disclaimer of claim scope.

The asserted patent claims a process for the "coproduction of ethylene and purified benzene." As a part of the claimed process, all of the asserted claims require "fractionating the pyrolysis gasoline to form a purified benzene product comprising at least about 80 wt % benzene." The defendant moved for summary judgment, arguing that "fractionating" should be construed to mean "conventional distillation," i.e., separating compounds based on their boiling points. The defendant contended that, based on disclaimers in the specification and the prosecution history, "fractionating" should exclude "conventional extraction," i.e., separating compounds based on solubility differences. The district court agreed with the defendant, and further found that the defendant's process utilizes a conventional extraction process that does not meet the "fractionating" step literally or under the doctrine of equivalents.



On appeal, the plaintiff contended that the district court erred because “fractionating” should be construed as separating a mixture into fractions, no matter what processes are used to do so. But the Federal Circuit disagreed, holding that the intrinsic record evidenced disclaimer of conventional extraction processes. The patent specification “repeatedly and consistently” uses “fractionating” or “fractionation” to describe separation based on different boiling points. The patent specification also explicitly distinguishes “conventional fractionation” from “conventional extraction.” Likewise, during prosecution, the Applicant stated that, in the claimed process, the benzene product “need not” have purity over 99 wt %, as would be obtained using conventional extraction processes.

The plaintiff argued that even under the defendant’s construction of “fractionating,” the accused process met this limitation because the accused process includes distillation steps and the result of the accused process is a benzene product having at least 80 wt % benzene. The accused process’s extraction process was an extra step that did not, according to the plaintiff, defeat a finding of infringement. But the Federal Circuit disagreed, holding that the claimed process requires that the “fractionating” step form the benzene product having at least 80 wt % benzene. The distillation steps that the plaintiff relied on formed a benzene product that only had 57 wt % benzene, and thus did not meet the “fractionating” limitation. The accused process also did not meet the “fractionating” limitation under the doctrine of equivalents because the Applicant specifically disclaimed an extraction process.

Dell Inc. v. Acceleron, LLC,
818 F.3d 1293 (Fed. Cir. 2016)

In *Dell v. Acceleron*, the Federal Circuit heard a cross-appeal from the PTAB’s ruling on Dell’s IPR petition challenging the validity of Acceleron’s patent relating to a computer-network appliance composed of “hot-swappable” components. The Board confirmed the validity of claims 14-17 and 34-36 of Acceleron’s patent as neither anticipated nor obvious, and cancelled claims 3 and 20 as anticipated.

The Federal Circuit affirmed the validity of claims 14-17 and 34-36. The court found that the Board had ample evidence to support its conclusion that a limitation of claim 14 was not disclosed in the prior art, and because Dell had not developed an argument for the invalidity of the other claims separately from claim 14, the Board did not err in analyzing the claims together and finding that the claims were not anticipated or obvious.

On the other hand, the Federal Circuit rejected the Board’s finding that claim 20 was anticipated. The court found that the Board adopted an unreasonable construction when it found that the claim element wherein an ethernet path “provides the microcontroller module with a connection to remotely poll” the CPU module and two other modules does not require that the microcontroller be configured for polling. The Federal Circuit found that this construction rendered words in Claim 20 meaningless, and agreed with Acceleron that the microcontroller must be configured for remote polling. The court noted that dependent claims and the specification clearly



contemplate that the microcontroller actually polls. Thus, the court vacated the Board's cancellation and remanded for consideration under the correct construction.

The most notable aspect of the Federal Circuit's opinion is its treatment of claim 3. During proceedings before the Board, Dell raised two new arguments relating to a prior art reference allegedly anticipating claim 3. Dell raised the first new argument in its reply brief to the Board, and raised the second one during oral argument before the Board. The Board adopted Dell's reading of the prior art advanced during oral argument, and found the claim anticipated on that basis. The court vacated the Board's cancellation on the ground that Acceleron was denied its procedural right to "notice and a fair opportunity to respond" to that argument. Because Acceleron had no prior notice of Dell's contention raised for the first time at oral argument, it had no opportunity to supply evidence to rebut it. However, the court declined to decide whether and "under what circumstances a cancellation may rely on a key factual assertion made for the first time in a petitioner's reply." The court vacated the Board's cancellation of claim 3 and remanded for further proceedings.

DeLorme Publ'g Co. v. Int'l Trade Comm'n,
805 F.3d 1328 (Fed. Cir. 2015)

In this appeal from an International Trade Commission decision to enforce a consent order, a majority of the Federal Circuit upheld the Commission's imposition of a civil penalty against DeLorme for selling domestically manufactured devices containing imported parts along with instructions for customers to use the devices in an infringing manner. The Federal Circuit upheld the penalty notwithstanding the fact that, after the Commission's action, a district court found the underlying patent claims invalid for obviousness and anticipation. Takeaway: When entering into an agreement, parties should clearly specify the retroactive effects on compliance should the patent claims underlying the agreement later be determined to be invalid or unenforceable.

DeLorme was importing two-way global satellites that BriarTek believed infringed its '380 patent. To avoid an investigation by the Commission into whether it had violated 19 U.S.C. § 1337, DeLorme entered into a Consent Order stipulating that it would cease to import the offending satellites or the components thereof "until the expiration, invalidation, and/or unenforceability of the '380 Patent." After entering into this order, BriarTek accused DeLorme of importing components of these satellites, and selling them with assembly instructions. The Commission concluded that DeLorme had violated the Consent Order, and imposed a civil penalty in the amount of \$6,242,500, a decision which DeLorme appealed.

On appeal, DeLorme first argued that the components which it imported were themselves noninfringing, and thus, no violation of the consent order had occurred. However, because the devices containing the imported components were sold with instructions to infringe the '380 patent, a majority of the Federal Circuit agreed with the Commission that DeLorme had violated the Order.



Second, DeLorme argued that the civil penalty imposed was excessive. The Federal Circuit again disagreed, finding that the penalty was well below the statutory ceiling and that the Commission took into account the appropriate factors in arriving at that amount.

Third, DeLorme argued that the Commission's decision should be overturned because the patent claims underlying the Consent Order had since been ruled invalid. After the Commission's determination that DeLorme had violated the Consent Order, the District Court for the Eastern District of Virginia held that the relevant claims of the '380 patent were invalid as anticipated and obvious. The majority of the panel declined to disturb the Commission's decision, finding that the Consent Order remained applicable to DeLorme at the time of the penalty because the Order gave no indication that invalidation would have a retroactive effect on an enforcement or penalty under the Order. Similarly, the majority declined to retroactively apply 19 C.F.R. § 210.21(c)(4), which makes consent orders null and void when the underlying patent expires or is held invalid, because this rule did not exist at the time the Order was entered.

Judge Taranto dissented in-part, agreeing that there was no abuse of discretion in imposing a penalty but disagreeing with the majority's affirmance of the penalty. Judge Taranto asserted that the case should have been remanded to the Commission for a determination on the effect of the finding of invalidity handed down by the district court. Judge Taranto explained that the language of the Order was ambiguous regarding the possibility of retroactive invalidation of penalties imposed for infringing a patent later found invalid or unenforceable. In his reading, the conditions of invalidity or unenforceability were fundamentally different from the third condition contained in the order: expiration. While the latter could not undermine the force of legal compliance prior to the date of expiration, the preceding two, he suggested, implied a possibility that the obligation to comply with the terms of the agreement was defective from the outset. Judge Taranto stated further that, although contract interpretation is a matter of law when the contract is clear, in light of the textual ambiguities, a procedural record from the Commission would be an aid to judicial interpretation of the Order as the Commission was better positioned to understand the regulatory background against which the Order was negotiated.

Diamond Coating Techs., LLC v. Hyundai Motor Am.,
823 F.3d 615 (Fed. Cir. 2016)

In an appeal concerning the assignment of patent rights, the Federal Circuit affirmed the district court's dismissal of the action because, without substantial rights in the patents at issue, Diamond Coating Technologies, LLC ("Diamond") was not a "patentee" and could not sue without joining the original assignee. Takeaway: assignment agreements executed to confer patentee status on the assignee should transfer, at minimum: (1) the right to make, use, and sell the patents, and (2) the right to sue accused infringers.

Diamond executed a Patent Assignment and Transfer Agreement with Sanyo Electric Co., Ltd ("Sanyo"), the original owner of two patents. The agreements purported to



transfer various rights to and interests in the patents from Sanyo to Diamond. Diamond then brought suit against Hyundai Motor America, Hyundai Motor Company, Kia Motors America, Inc., Kia Motors Company, Nissan North America, Inc., and Nissan Motor Co. Ltd. for infringement of the assigned patents. Diamond asserted “patentee” status under 35 U.S.C. §§ 281 and 100(d) as the successor in title to the patents. The district court rejected Diamond’s assertion of patentee status and dismissed the action for lack of standing.

The central issue on appeal was whether the agreement granted Diamond all substantial rights in the patents, conferring it patentee status. Without substantial rights in the patents, Diamond lacked patentee status under §100(d) and thus could not sue without joining the original assignee, Sanyo. The court reiterated that it has never articulated a complete list of rights that must be examined to determine whether a patent owner has transferred away sufficient rights to render another party a patentee. However, the court noted that of vital importance are (1) the exclusive right to make, use, and sell and (2) the right to sue accused infringers.

As to the first, the court held that Diamond did not possess sufficient rights to make, use, or sell the patented inventions. Rather, Sanyo retained those rights under the agreement. The agreement permitted Sanyo to license, use, sell, and make products covered by the patents and also granted Sanyo an economic interest in future proceeds from the patents. As to the second, the court held that Diamond did not have the right to sue accused infringers because Sanyo retained full control over enforcement of the patents. The agreement conditioned Diamond’s ability to enforce the patents on Sanyo’s best interests by listing companies Diamond did not have the right to sue. Because Sanyo retained the right to make, use, and sell the patented inventions and retained significant control over Diamond’s enforcement abilities, Diamond lacked substantial rights in the patents sufficient to confer patentee status.

Finally, the court also rejected Diamond and Sanyo’s nunc pro tunc agreement that purported to clarify the parties’ original intention that Diamond obtain substantial rights in the patents. Restating its prior holding in *Alps South, LLC v. Ohio Willow Wood Co.*, 787 F.3d 1379, 1384 (Fed. Cir. 2015), that nunc pro tunc agreements cannot confer retroactive patentee status, the court affirmed the district court’s dismissal of the action.

Dome Patent L.P. v. Lee,
799 F.3d 1372 (Fed. Cir. 2015)

After a district court agreed with the PTO’s ex parte reexamination finding that Dome’s patent for making contact lenses was invalid for obviousness, the Federal Circuit affirmed. It held that the district court properly required a simple preponderance of the evidence, rather than clear and convincing evidence, and further upheld the district court’s obviousness ruling on the merits. Takeaways: in § 145 challenges to ex parte reexaminations, courts require only a preponderance of the evidence to support the PTO’s findings; and where the prior art includes all the elements in a claim, a single reference discouraging combination will not prevent an obviousness finding when other references teach ways around the potential problems of combination.



Dome patented a method for making contact lens material that resulted in greater lens oxygen permeability, allowing users to wear the contacts for longer periods of time without damaging the cornea. Prior art had used compounds containing silicone to increase oxygen permeability but because the compounds were hydrophobic, scientists had attempted various methods of mixing siloxane-based compounds with hydrophilic ones in the hopes of striking a balance. Dome's patent was another go at this attempted balance: by combining "Tris" (a siloxane-based compound), an ester of acrylic or methacrylic acid (a hydrophilic compound), and a multifunctional siloxanyl alkyl ester (a cross-linking agent), Dome's method taught the creation of a contact lens that was both oxygen permeable and hydrophilic.

When Dome sued six contact makers for infringement, one of them asked the PTO to reexamine Dome's patent for obviousness. On ex parte reexamination, the PTO concluded the patent was indeed obvious, and the district court—reviewing whether the PTO's conclusion was supported by a preponderance of the evidence—upheld the obviousness finding. The district court reasoned that three references in the prior art rendered Dome's combination obvious to a person of ordinary skill. Dome appealed to the Federal Circuit, arguing first that preponderance of the evidence was the wrong standard of review, and second that the district court was wrong to conclude that the patent was obvious.

The Federal Circuit unanimously affirmed in an opinion by Judge Hughes. First, it held that preponderance of the evidence was the correct legal standard when a district court reviews an obviousness finding from the PTO. The court acknowledged that when obviousness is raised as a defense to an infringement action, the defending party must present clear and convincing evidence of obviousness. Dome argued that the clear and convincing evidence standard sprung from 35 U.S.C. § 282's presumption of validity pursuant to PTO approval, and that the presumption also applied here—in a § 145 challenge in district court to a PTO ex parte reexamination—because the PTO had previously allowed the patent. But the Federal Circuit disagreed, reasoning that § 282 does not apply in a § 145 action that does not involve a defense to a charge of infringement of an issued patent. The clear and convincing evidence standard, the Federal Circuit explained, reflects a healthy respect for and deference to the PTO's decisions. That deference applies where a defending party seeks to challenge the validity of a patent the PTO has approved, but not where the PTO itself has invalidated the patent on reexamination.

Second, the Federal Circuit agreed with the district court that the patent was invalid as obvious. Since all the elements of Dome's claim were present in the prior art, Dome's patent would be obvious if a person of ordinary skill would be motivated to combine the prior references, and would have had a reasonable expectation of success. The court held the evidence reached that standard. A person of ordinary skill would understand that the ideal contact lens was highly oxygen permeable, and that would motivate such a person to combine a siloxane-based compound with a siloxane-based linking agent to increase permeability. And Dome was incorrect to say that the prior art taught away from such a combination: although siloxane-based linking agents are hydrophobic and hydrophilicity is another goal for contact lenses, a single warning in the prior art about



the disadvantages of hydrophobic linking agents was insufficient to mandate a non-obviousness finding. Other prior art references explained how to offset these disadvantages. Thus, under clear error review for factual findings, the Federal Circuit declined to upset the district court's determination that a person of ordinary skill would have been motivated to combine references in the prior art. Nor, the Federal Circuit held, did the district court err in concluding that Dome's proffered objective indicium of non-obviousness—commercial success—was not strong enough to overcome these factors.

Dow Chem. Co. v. NOVA Chems. Corp. (Can.),
803 F.3d 620 (Fed. Cir. 2015)

In a second look at the argument that the Dow Chemical Company's patent claims for a method of strengthening a particular type of plastic were invalid for indefiniteness, the Federal Circuit departed from its prior definiteness holding in light of the Supreme Court's decision in *Nautilus, Inc. v. Biosig Instruments*, 134 S. Ct. 2120 (2014). Under the new standard announced in *Nautilus*, the Federal Circuit held Dow's patent claims invalid as indefinite. Takeaway: where multiple methods of measurement exist and yield different results, a patent holder must teach which method to use in order to survive an indefiniteness challenge.

The Dow Chemical Company patented a method of improving the modulus, yield strength, impact strength, and tear strength of a particular type of plastic. The patent claims called for “a slope of strain hardening coefficient greater than or equal to 1.3.” When Dow sued NOVA, another chemical company, for infringement, NOVA argued the patent was invalid because it failed to teach a person with ordinary skill in the art how to measure the “slope of strain hardening,” which is necessary to calculate the slope of strain hardening coefficient. A jury disagreed, concluding NOVA had infringed the patents and the patents were not invalid for indefiniteness. On appeal, the Federal Circuit upheld the jury’s determination and ruled the patents were not indefinite. The district court subsequently held a bench trial and granted supplemental damages for lost profits and reasonable royalties, but declined to award enhanced damages. NOVA appealed, and Dow cross-appealed the denial of enhanced damages.

As the appeals were pending, the Supreme Court decided *Nautilus*. The *Nautilus* opinion held that the Federal Circuit's indefiniteness standard contravened 35 U.S.C. § 112 and announced a new standard: the test would no longer be whether claims were “amenable to construction” or “insolubly ambiguous,” but rather whether the “claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.” NOVA urged the Federal Circuit to reconsider its prior definiteness ruling in light of the new standard.

Although the Federal Circuit had already entered final judgment on the issues tried to the jury and previously appealed, the supplemental damages awarded at the subsequent bench trial were never considered by the jury. This damages award was therefore not part of the previous judgment, and the court's prior definiteness ruling only controlled



through “law of the case” and issue preclusion doctrines. The Federal Circuit, in a unanimous opinion by Judge Dyk, agreed that *Nautilus* justified a departure from law of the case and issue preclusion principles because (1) *Nautilus* changed the applicable law, (2) the Federal Circuit’s prior decision was based on the earlier law, and (3) employing the *Nautilus* standard would change the outcome of the case. This change in law exception applies even where the change does not come until the case is on appeal.

Analyzing the patent claims anew under the *Nautilus* standard, the Federal Circuit concluded they were indefinite and thus invalid. Under *Nautilus*, the court reasoned, patent claims must disclose a single known approach—or, if multiple known approaches exist, a person with ordinary skill in the art must know which one to use. Dow’s patent failed this test because it never disclosed how to measure “slope of strain hardening.” Different measurement strategies—e.g., measuring slope at different points along the stress/strain curve—could lead to different results, as demonstrated by the varying results obtained by separate experts. Dow’s patent claimed that “FIG. 1” depicted “the various stages of the stress/strain curve used to calculate the slope of strain hardening,” but there was no Figure 1 contained in the patents, nor was there any other figure depicting the stress/strain curve. Dow presented expert testimony that someone with ordinary skill would know to measure slope at its maximum value, but even assuming that was true, three separate methods (and a fourth offered by Dow’s expert) existed to determine maximum slope, and all three (and the fourth) yielded different results.

That variance, along with the patent’s failure to teach which method should be used, rendered the claim indefinite under *Nautilus*. Before *Nautilus*, a claim could survive if persons of ordinary skill could discern a method and use it—indeed, the Federal Circuit had upheld the claims here under the old standard. But *Nautilus* requires more: the claims, specification, and prosecution history must inform those skilled in the art of the patent’s scope. The claims here failed to do that because, rather than teaching a single method or relying on a well-established one, they left those skilled in the art to guess and arrive at their own opinions of which method to use. The court thus held the patents invalid for indefiniteness and reversed the award of supplemental damages.

Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.,

800 F.3d 1375 (Fed. Cir. 2015)

In an appeal of the PTAB’s decision not to reject two claims of National Graphics, Inc.’s patent as anticipated, Federal Circuit unanimously affirmed the PTAB and held that the petitioner, Dynamic Drinkware, LLC (“Dynamic”), had failed to carry its burden of proving unpatentability during IPR. Dynamic, who petitioned the PTO for IPR of the National patent, bore the burden of showing that the asserted U.S. patent predicated the National patent and was anticipatory prior art under 35 U.S.C. § 102(e)(2). Dynamic failed to do so because it never demonstrated that the asserted U.S. patent could claim the benefit of an earlier-filed provisional patent application. Takeaways: the burden of demonstrating that a U.S. patent is prior art as of the filing date of its provisional application rests on the party asserting the patent as prior art, and entitlement to the provisional filing date as the prior art date is determined



by comparing the disclosure of the provisional application with the claims of the patent claiming the benefit of the provisional application's filing date.

National Graphics owns U.S. Patent No. 6,635,196 ("the National patent"), directed to making molded plastic products with a "lenticular image," which claims the benefit of U.S. Provisional Application 60/211,112, filed on June 12, 2000. The National patent's application was filed on November 22, 2000. Dynamic petitioned for IPR of the National patent, claiming that certain claims are asserted by U.S. Patent 7,153,555 to Raymond ("Raymond patent"). The Raymond patent's application was filed on May 5, 2000, claiming the benefit of U.S. Provisional Application 60/182,490 ("Raymond provisional") filed on February 15, 2000. The PTAB instituted review of claims 1 and 12 of the National patent, but concluded that Dynamic had failed to prove by a preponderance of the evidence that the Raymond patent anticipates National patent claims 1 and 12 under § 102(e) because Dynamic had failed to prove that the Raymond patent was entitled to the benefit of the Raymond provisional's filing date. The PTAB found that Dynamic had failed to carry its burden of proof because Dynamic compared only claim 1 of the National patent to the Raymond provisional, instead of comparing the Raymond provisional to the portions of the Raymond patent's disclosure upon which Dynamic relied upon for anticipation. The PTAB also found that National had reduced its invention to practice by March 28, 2000, before the May 2000 filing date of the Raymond patent. The PTAB therefore determined that Dynamic had failed to demonstrate that the Raymond patent anticipates the National patent by a preponderance of the evidence under § 102(e).

Writing for a unanimous panel, Judge Lourie affirmed the PTAB's decision. The Federal Circuit first clarified that Dynamic, as the IPR petitioner, bore the burden of proving that the prior art it asserted under § 102(e) was entitled to its provisional application's filing date. The court reaffirmed that in an IPR, the burden of persuasion is always borne by the petitioner and never shifts to the patentee. The second and distinct burden of production shifts, however, depending on the evidence presented. As in district court, in an IPR the petitioner bears the initial burden of production, which it can satisfy by arguing that there is anticipating prior art. The burden of production then shifts to the patent owner, who can produce evidence that such prior art does not actually anticipate or is not actually prior art because the challenged patent is entitled to a filing or invention and reduction to practice date prior to that of the asserted prior art. Should this occur, the burden of production shifts back to the petitioner to prove that the challenged patent is not entitled to such earlier dates.

The court then proceeded to explain that Dynamic had not carried its burden. Dynamic did not have any burden of producing evidence about the Raymond provisional before National asserted that the National Patent had been reduced to practice in March 2000, before the May 2000 filing date of the Raymond patent, and therefore had not needed to include evidence or argument about the Raymond provisional in its original IPR petition. Dynamic nonetheless failed to carry its burden because it did not conduct the proper comparison for determining whether the Raymond patent could claim the benefit of the Raymond provisional's filing date. Dynamic had never compared the claims of the Raymond patent to the disclosure in the Raymond provisional application,



and “[a] reference patent is only entitled to claim the benefit of the filing date of its provisional application if the disclosure of the provisional application provides support for the claims in the reference patent in compliance with § 112 ¶ 1.” As Dynamic had only provided charts comparing the Raymond patent’s disclosure to claim 1 of the National patent, Dynamic had not made the necessary demonstration of support that the Raymond patent was entitled to the filing date of its provisional application.

Enfish, LLC v. Microsoft Corp.
822 F.3d 1327 (Fed. Cir. 2016)

The Federal Circuit reversed-in-part and vacated-in-part the district court’s ruling that a patent held by Enfish, LLC (“Enfish”) was patent ineligible and void as anticipated. The Federal Circuit also affirmed the district court’s ruling of noninfringement with respect to one of Enfish’s patent claims.

Enfish owns U.S. Patent 6,151,604 (“the ’604 patent”) and U.S. Patent 6,163,775 (“the ’775 patent”), both of which are directed toward a self-referential logical model for computer databases. In 2012, Enfish sued Microsoft Corporation (“Microsoft”) for alleged infringement of claims 17, 31, and 32 of the ’604 patent and claims 31 and 32 of the ’775 patent. The district court entered summary judgment for Microsoft, finding noninfringement with respect to claim 17, anticipation with respect to claims 31 and 32 of both patents, and that all claims were not directed to patentable subject matter under 35 U.S.C. § 101.

On appeal, the Federal Circuit overturned the district court’s subject matter eligibility and anticipation holdings. First, the court considered whether the ’604 and ’775 patents were directed toward a patent-ineligible concept. According to the Federal Circuit, the district court construed the patent claims too abstractly, characterizing them as methods of “storing, organizing, and retrieving memory in a logical table.” Because of this broad and generalized construction, the district court erroneously concluded that the claims were patent-ineligible as directed toward an abstract idea. The Federal Circuit offered a narrower construction and described the claims as “a specific type of data structure designed to improve the way a computer stores and retrieves data in memory.” Relying on this construction, the Federal Circuit concluded that the ’604 and ’775 patents were directed toward an improvement to computer functionality and did not claim abstract ideas. The court thus found the claims patent-eligible and overturned the district court’s holding of subject matter ineligibility.

The Federal Circuit next considered whether certain claims were anticipated by Microsoft Excel 5.0. The court found that Microsoft Excel 5.0 did not include the same elements as the patented claims. The court thus overturned the district court’s anticipation ruling, finding that Excel 5.0 did not anticipate the challenged claims.

Finally, the Federal Circuit affirmed the district court’s ruling on noninfringement. The Federal Circuit found that the district court had correctly construed “means for indexing” in claim 17 of the ’604 patent as a means-plus-function term based on Enfish’s proposal of a three-step structure. It further found that, based on that claim



construction, it was not possible to conclude that Microsoft infringed that claims because Microsoft's ADO.NET did not perform two of the three steps. The court thus affirmed the district court's grant of summary judgment of noninfringement with respect to claim 17.

Eon Corp. IP Holdings, LLC v. Silver Spring Networks, Inc.,
815 F.3d 1314 (Fed. Cir. 2016)

The Federal Circuit held that under *O2 Micro International Ltd. v. Beyond Innovation Technology Co.*, 521 F.3d 1351 (Fed. Cir. 2008), claim construction is an issue of law that must be decided by a court, and the issue of claim scope should not be left to a jury. Takeaway: a district court fails its obligation to provide the jury with a clear understanding of claim scope and commits reversible legal error if it instructs a jury to give claim terms their "plain meaning" when the parties dispute the scope of the claims.

Eon, a non-practicing entity, sued utility services provider Silver Spring Networks for infringing patents directed to a system of two-way communication between a "portable" subscriber device and a base station. Eon argued that Silver Spring's electric watt-hour utility meters, which were attached to the exterior walls of buildings, were "portable" or "mobile" as required by the claims at issue and were therefore infringing. Silver Spring challenged the meanings of those terms during claim construction, and proposed that they did not cover fixed or stationary objects that were "only theoretically capable of being moved." Eon argued that neither term needed construction, and that they should be given their "plain and ordinary meaning." The district court agreed with Eon and provided no further construction. However, during trial, experts on both sides continued to dispute the meaning of "portable" and "mobile," such that by the end of the trial, the jury still did not have a clear definition of either term.

Applying *O2 Micro*, the Federal Circuit reversed the district court's claim construction determination. The court held that when terms have more than one ordinary meaning, or when reliance on their ordinary meanings does not resolve the parties' dispute, it is "inadequate" for a district court to determine that the terms need no construction. The court explained that a district court has a duty at the claim construction stage to resolve the parties' disputes over claim scope. Therefore, the district court's decision not to construe the terms "portable" and "mobile" improperly delegated to the jury the task of determining claim scope, which was reversible legal error. Courts are obligated to provide the jury with a clear understanding of claim scope, and this obligation is not met when there is continuing debate during trial as to the "plain meaning" of claim limitations.

The court held that "portable" or "mobile," read in the context of the claims, meant "easily transported between different locations," and not "anything that is theoretically capable of being moved." The court found that Silver Spring's electric utility meters were not "portable" or "mobile" because they were bolted to walls, secured by locking collars, and sealed with tamper-evident seals. Moreover, the meters were not intended to be moved from property to property, but left in place for fifteen years.



Judge Bryson dissented. He would have held that the district court properly determined that the terms were used in their ordinary sense and that the district court properly instructed the jury to give those terms their plain and ordinary meaning. In response, the majority stated that “simply rejecting one proposed construction does not . . . resolve[] the [claim construction] dispute.”

Ethicon Endo-Surgery, Inc. v. Covidien LP,
812 F.3d 1023 (Fed. Cir. 2016)

In this invalidity case, the Federal Circuit affirmed the PTAB’s decision that the patentee’s claims were invalid as obvious over prior art. Takeaway: The same PTAB panel can both institute IPR and decide the merits of an IPR.

Ethicon Endo-Surgery, Inc. (“Ethicon”) owns U.S. Patent No. 8,317,070 (“the ’070 patent”), which is directed to a surgical device used to staple, secure and seal tissue that has been incised. Covidien LP (“Covidien”) petitioned for IPR of claims 1-14 of the ’070 patent. The PTAB granted the petition. The same PTAB panel found the challenged claims invalid as obvious over the prior art. Ethicon appealed, claiming that the same PTAB panel could not decide to institute IPR proceedings and then also decide patentability.

The Federal Circuit affirmed the PTAB, holding that the same PTAB panel that instituted an IPR can also decide its merits without violating the Leahy-Smith America Invents Act (“AIA”) or the Constitution. Ethicon argued that having the same panel decide both issues violated a patent holder’s due process rights to an impartial decision maker. The Federal Circuit held that due process rights were not affected because an IPR proceeding is similar to a district court first determining the likelihood of success of a claim on its merits, and then later deciding the merits of the case. Ethicon also argued that the text and history of the AIA demonstrate that the director of the PTO should not have the power to delegate the decision on whether to institute a review to the PTAB. The Federal Circuit disagreed, holding that the director of the PTO was authorized to delegate such decisions to the PTAB based on the principle that “agency heads have implied authority to delegate to officials within the agency,” even if the same agency officials have other statutory duties. Further, the Federal Circuit affirmed the PTAB’s decision on obviousness as Ethicon’s evidence of secondary considerations, such as the commercial success of the device, did “not overcome the strong case of obviousness.”

Judge Newman dissented, arguing that the AIA requires separation of the institution and trial phases of IPR. Specifically, the AIA assigned institution decisions to the director and review to the PTAB. Therefore, Judge Newman argued that the director can delegate institution decisions to examiners or solicitors, but not to the PTAB.



Ethicon Endo-Surgery, Inc. v. Covidien, Inc.,
796 F.3d 1312 (Fed. Cir. 2015)

In a unanimous opinion by the Federal Circuit concerning both utility and design patents related to ultrasonic surgical shears, the court affirmed in part, reversed in part, vacated in part, and remanded the decision of the district court on the issues of infringement and invalidity. Takeaway: in order to avoid charges of indefiniteness, patent drafters can provide examples within the specification of techniques for measuring empirical values that comprise an element or part of an element of a claim.

Ethicon owns both utility and design patents related to endoscopic surgical tools that utilize ultrasonic energy to cut and simultaneously cauterize blood vessels while being minimally invasive. U.S. Patent No. 8,182,501 (“the ’501 patent”) claims a pair of ultrasonic surgical shears comprising an ultrasonic surgical blade, a tissue pad, and a clamping arm exerting an average clamping pressure of between 60 psi and 210 psi when a clamping force is applied by the user. U.S. Patent No. 5,989,275 (“the ’275 patent”) claims a particular ultrasonic shear configured designed to propagate longitudinal vibrations along the blade while limiting undesirable latitudinal vibrations by means of a “loosely fitting” dampening sheath. Ethicon’s design patents claim the ornamental aspects of the tool’s open trigger, fluted knob, and rounded button.

After a bench trial, the district court ruled (1) that the ’501 patent was invalid as indefinite under 35 U.S.C. § 112 ¶ 2 (pre-AIA), (2) that the ’275 patent was not infringed as a matter of law, and (3) that Ethicon’s design patents were either invalid as functional or, in the alternative, not infringed as a matter of law.

The Federal Circuit reversed the district court’s determination that the ’501 patent was invalid as indefinite. The district court took issue with claim language prescribing “an average predetermined clamping pressure between and including 60 psi and 210 psi.” According to Defendant’s expert, clamping pressure varies along the length of the clamping arm, therefore making the claimed element indefinite in the absence of additional disclosure. The Federal Circuit, relying on opposing expert testimony, found that one skilled in the art would understand “average . . . clamping pressure” to mean as measured at the midpoint of the clamping arm. The court reaffirmed that a skilled artisan’s “reasonable certainty” is the appropriate standard for definiteness. *See Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014).

Next, the court found that disputed fact issues precluded summary judgment on infringement of the ’275 patent. The Federal Circuit took issue with the district court’s disregard of conflicting expert testimony on the issue of whether the accused device made contact with the damping sheath at defined points. Defendant claimed its accused device was designed to limit undesirable vibrations without the need of a dampening sheath. The Federal Circuit, however, held a desired alternative design does not preclude the possible infringement by the device in actual practice. Accordingly, the district court did not appropriately resolve all issues of fact in favor of the non-movant.



Lastly, the Federal Circuit held that Ethicon's design patents were not invalid as functional, but, in any event, the accused device did not infringe. The court emphasized that a claimed design is not invalid as functional simply because the "primary features" of the design could perform functions. Instead, the proper inquiry is whether there are alternative designs which work "equally well." However, when considering infringement, all functional aspects of the design should be ignored and only the ornamental aspects of the patented and the accused devices should be compared. When compared on this basis—although both designs shared similar features, such as an open trigger and fluted knobs—the ornamental aspects of those features were found to be plainly dissimilar and therefore noninfringing.

***Genetic Techs. Ltd. v. Merial L.L.C.*,**
818 F.3d 1369 (Fed. Cir. 2016)

The Federal Circuit affirmed the district court's dismissal of a patent infringement case, finding that the patentee's claims were directed to laws of nature and were thus patent-ineligible under 35 U.S.C § 101. Takeaway: while newly discovered facts and general laws of nature are not patent-eligible under § 101, patentees can transform an unpatentable natural law into a patentable claim by identifying an unconventional or inventive application of the natural law; patentees cannot, however, render a discovered fact or law of nature patent-eligible by merely instructing others to apply the fact or law for a particular purpose.

Appellant Genetic Technologies Limited ("GTG") discovered that DNA sequences in the coding regions (exons) of certain genes can be correlated with either the non-coding regions (introns) of the genome, the non-coding regions in the same gene, or the non-coding regions in different genes. Based on this discovery, GTG applied for U.S. Patent No. 5,612,179 ("the '179 patent"), which encompasses a method of detecting a coding region allele by amplifying and analyzing any correlated non-coding data. GTG sued several pharmaceutical companies, including Merial LLC ("Merial"), for infringement of the '179 patent. The district court granted Merial's motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim, finding that the '179 patent was invalid as directed to patent-ineligible subject matter.

On appeal, the Federal Circuit affirmed the district court's dismissal. In so doing, the Federal Circuit applied the Supreme Court's two-step *Alice* framework for determining patent eligibility under § 101. First, the court asked whether the '179 patent was directed toward a patent-ineligible concept, such as a law of nature or abstract idea. Because the '179 patent "focuse[d] on a newly discovered fact about human biology . . . , involve[d] no creation or alteration of DNA sequences, and [did] not purport to identify novel detection techniques," the court found that the patent was directed toward a law of nature. The court then asked whether the '179 patent contained "an inventive concept sufficient to transform the claimed abstract idea [or law of nature] into a patent-eligible application." The Federal Circuit concluded that the patent did nothing more than instruct practitioners to apply a newly discovered law of nature. The court found that such instruction was insufficient to make the claim patent-eligible and therefore held that the '179 patent was invalid under § 101.



Genzyme Therapeutic Prods. Ltd. v. Biogen Idec Inc.,
825 F.3d 1360 (Fed. Cir. 2016)

After the PTAB found in an IPR that claims from Genzyme's patents for the treatment of Pompe disease would have been obvious, Genzyme appealed the decisions on four grounds: (1) the PTAB violated the Administrative Procedure Act ("APA") by failing to provide notice and an opportunity to respond by relying on "facts and legal arguments" that were not set forth in the institution decision; (2) the PTAB changed claim construction between the institution decisions and the final written decisions, and further erred in its claim constructions; (3) the PTAB failed to make an explicit finding as to the level of skill in the art as part of an obviousness analysis; and (4) substantial evidence does not support the PTAB's finding of a likelihood of success from combining prior-art references.

Regarding the first ground of appeal, the Federal Circuit held that the PTAB did not change theories midstream because the final written decision was based on the same obviousness combinations set forth in its institution decision. While the board did cite to new evidence, the new evidence merely established the state of knowledge common to those of skill in the art. The PTAB may "consider a prior art reference to show the state of the art at the time of the invention, regardless of whether that reference was cited in the Board's institution decision." The Federal Circuit explained that the purpose of an IPR trial is "to build a record by introducing evidence—not simply to weigh the evidence of which the Board is already aware." The Federal Circuit also held that Genzyme was given notice of the evidence and an opportunity to respond. The new evidence was cited in petitioner's reply briefs, and had Genzyme wanted the Board to disregard the evidence, Genzyme could have filed a motion to exclude or a motion for sur-reply.

Regarding the second ground of appeal, Federal Circuit held that the PTAB's claim construction did not change between the institution decision and the final decision. Further, the court held that the Board properly construed the claim term according to its broadest reasonable interpretation consistent with the specification. Regarding the third ground of appeal, the court held that the PTAB need not make an explicit finding as to the level of skill in the art when "the prior art itself reflects an appropriate level and a need for testimony is not shown." Also, the petitioner and Genzyme proposed nearly identical language to describe the level of skill in the art, and Genzyme has not demonstrated any material differences between the two proposed definitions.

Regarding the fourth ground of appeal, Genzyme criticized petitioner's expert for using "I" in several places in the declaration, rather than "a person of ordinary skill in the art." The Federal Circuit held that it is clear from the final written decision that the PTAB understood the expert to be testifying as to the knowledge of persons of skill in the art as of the relevant time, and that the testimony was sufficient to support the PTAB's conclusion that one of skill in the art would have had a reasonable expectation of success in combining the prior art.



***Harmonic Inc. v. Avid Tech., Inc.*,**
815 F.3d 1356 (Fed. Cir. 2016)

In this appeal from the PTAB, the Federal Circuit found that it did not have jurisdiction to review the PTAB's decision to institute IPR on fewer than all of the prior art grounds asserted in the IPR petition. Takeaway: the PTAB's decision to institute IPR review on only some of the prior art grounds is not reviewable by the Federal Circuit.

Harmonic Inc. petitioned for IPR of U.S. Patent No. 5,495,291 ("the '291 patent"), owned by Avid Technology, which describes a system for decompressing consecutive video streams. According to Harmonic, all twenty of the '291 patent's claims were unpatentable as anticipated or obvious based on seven different prior art grounds. The PTAB instituted IPR on claims 1 to 16 based on obviousness, but rejected Harmonic's other prior art grounds because they were "redundant." In their written decision, the PTAB held that claims 1 to 10 were invalid, while claims 11 to 16 were not invalid. Harmonic appealed arguing that the Board erred in concluding that claims 11 to 16 were valid, and also that the Board should have addressed all of the seven prior art grounds during IPR.

Regarding Harmonic's first argument, a unanimous Federal Circuit panel affirmed the validity of the claims at issue. According to the court, Harmonic provided very little evidence to show how the disputed claims were obvious in light of two previously issued patents. Because Harmonic must demonstrate why the disputed claims are invalid, and it failed to do so, the Federal Circuit affirmed the PTAB's decision that claims 11 to 16 are not invalid.

With respect to Harmonic's argument that the PTAB should have addressed all of the seven prior art grounds, the court explained that Congress established IPR proceedings with two distinct phases: the institution phase, which includes the filing of the IPR petition and the decision regarding whether to institute IPR proceedings, and the merits phase, which includes the PTAB's determination of patentability. The Federal Circuit has authority to hear appeals only on the latter. Moreover, contrary to Harmonic's argument that the PTAB's decision is not an institution decision but a case management decision, the court concluded that the case at bar was governed by *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268 (Fed. Cir. 2015), and *St. Jude Medical, Cardiology Division, Inc v. Volcano Corp.*, 749 F.3d 1373 (Fed. Cir. 2014), which confirmed the PTAB's authority to institute IPR on only a subset of the grounds contained in the petition. As a result, the Federal Circuit affirmed the PTAB's determination in light of the prior art ground, and did not review the PTAB's institution decision, finding it lacked jurisdiction to do so.

***High Point SARL v. Sprint Nextel Corp.*,**
817 F.3d 1325 (Fed. Cir. 2016)

The Federal Circuit affirmed the district court's grant of summary judgment that equitable estoppel barred plaintiff's patent infringement suit. The district court had also found that laches applied, but the Federal Circuit declined to address this issue.



High Point SARL (“High Point”) sued Sprint Nextel Corp. (“Sprint”), alleging infringement of certain patents covering “the transfer of packetized voice traffic between cellular base stations and switching centers.” The patents were originally issued to AT&T and were later assigned to Lucent Technologies (a spin-off of AT&T), and then to Avaya Inc. (a spin-off of Lucent), before being sold to High Point. To build its network, Sprint had entered into a limited license for the patents-in-suit as part of a supply agreement with AT&T and its successor companies. Around 2001, Sprint began acting outside of the licenses and using unlicensed equipment to expand its network, but none of the three companies raised any infringement concerns. In 2008, High Point purchased the patents-in-suit and immediately sued Sprint for patent infringement. The district court granted Sprint’s motion for summary judgment that equitable estoppel and laches barred the suit because the predecessor companies’ failure to assert any patent rights “placed Sprint in detrimental reliance.” High Point appealed, arguing that Sprint had failed to show the elements of bad faith, reliance, and material prejudice, required—according to High Point—for equitable estoppel.

The Federal Circuit affirmed the district court’s determination that equitable estoppel barred High Point’s suit. The court set forth the elements of equitable estoppel: (1) the patentee, through misleading conduct (or silence), leads the alleged infringer reasonably to infer that the patentee does not intend to enforce its patent; (2) the alleged infringer relies on this conduct; and (3) the alleged infringer would be materially prejudiced if the patentee is allowed to bring a suit. The court also explained that equitable estoppel applies when a predecessor’s conduct is imputed to its successors-in-interest. The court found that each of the required elements was satisfied.

First, High Point’s predecessors, through “both silence and active conduct,” led Sprint to reasonably infer that it would not be sued for infringement. The predecessor companies were aware that Sprint was purchasing unlicensed equipment to build its network, and were “actively involved in licensing arrangements involving the patents, discussing interoperability with other potentially infringing vendors, and continuing business relationships, including with respect to the unlicensed activity.” The court held that bad faith was not required to establish equitable estoppel, especially where High Point’s predecessors were actively involved in Sprint’s infringing conduct. Second, Sprint had detrimentally relied on the conduct of High Point’s predecessors, as evidenced by its decision to build a CDMA network despite the existence of several alternatives. Witnesses testified that Sprint “would have acted differently if the threat of litigation was a possibility.” The same witnesses observed that Sprint could have retrofitted its potentially infringing infrastructure with sufficient notice of possible infringement. Third, the court found that Sprint would suffer economic and evidentiary prejudice from the delay to bring a lawsuit: Sprint had spent billions of dollars over nearly two decades to build its network. Also, potentially critical information for its defense theories had likely faded away. Accordingly, the Federal Circuit affirmed the district court’s grant of summary judgment.

***Howmedica Osteonics Corp. v. Zimmer, Inc.,***

822 F.3d 1312 (Fed. Cir. 2016)

In a case regarding a patent for socket assemblies used in hip replacement procedures, the Federal Circuit affirmed the District of New Jersey's final judgment of noninfringement on two grounds. First, the Federal Circuit held that the district court employed the correct claim construction technique when it construed unclear claim terms in light of the written description. Second, the court held that the district court did not abuse its discretion when it applied local rules to preclude Howmedica from arguing infringement under the doctrine of equivalents ("DOE"). Takeaway: parties must be mindful of the local rules of the court.

Howmedica Osteonics Corporation and Stryker Ireland Ltd. (collectively, "Howmedica") sued three corporations for literal infringement of several claims and reserved the right to assert infringement under DOE. In its *Markman* opinion and order, the district court construed Howmedica's claims in light of the patent's written description. The resulting construction left Howmedica unable to prove literal infringement by the defendants. Nonetheless, Howmedica did not move to amend its infringement contentions to include DOE as required by the local rules. Failure to do so led the district court to grant defendants' motion for summary judgment of noninfringement.

As to the claim construction issue, the Federal Circuit agreed with the district court's chosen technique. The unclear claim terms related to placement of the socket assembly components. Noting that "a skilled artisan reads a claim term . . . in the context of the entire patent, including the written description," the court looked to the written description to interpret the unclear claim language. Having done so, the court affirmed the district court's holding that the defendants did not literally infringe the claims.

As to the DOE issue, the Federal Circuit affirmed the district court's holding that the failure to follow local court rules precluded Howmedica from arguing infringement under DOE. First, the court noted that it has not found an abuse of discretion under similar circumstances. Second, the court discounted Howmedica's argument that it had no reason to allege infringement under DOE until after claim construction. The court acknowledged that Howmedica might not have had a reason to alter its infringement claims until after claim construction, but highlighted that Howmedica could have sought amendment after the district court issued its *Markman* order. Thus, the court affirmed the district court's grant of summary judgment of noninfringement.

HP Inc. v. MPHJ Tech. Invs., LLC,

817 F.3d 1339 (Fed. Cir. 2016)

MPHJ Technology Investments, LLC ("MPHJ") patented a method of "virtual copying" that allows a document to be scanned at one location and copied elsewhere to another device. Claim 13 of the patent requires the system to "maintain [a] list of available modules," including "input, output, and process modules." HP, Inc. ("HP") is a manufacturer of multi-function scanners and printers, including the ScanJet 5 ("SJ5")



network scanner. HP initiated IPR of the MPHJ patent. Citing prior art and HP's own user's guide for the SJ5, HP alleged MPHJ's patent claims were unpatentable as anticipated or, in the alternative, unpatentable as obvious in light of an HP press release describing the SJ5. The PTAB instituted review on the ground that there was a reasonable likelihood that all claims were unpatentable as anticipated. The PTAB declined to consider whether the claims were also unpatentable as obvious because doing so would be redundant. In its final decision, the PTAB cancelled 14 of the 15 challenged claims as unpatentable as anticipated, leaving claim 13 as the lone survivor. The PTAB reasoned that neither the prior art nor HP's petition specified the "required list of modules." HP appealed, arguing the PTAB erred in not finding claim 13 unpatentable as anticipated and challenging the Board's failure to review claim 13 for obviousness.

The Federal Circuit upheld the PTAB's decision. The court found that the PTAB fully considered all of HP's evidence and that the PTAB's findings were supported by substantial evidence. Although HP identified lists of "destinations, workflows, and the like," HP failed to identify any input, output, and process modules. Accordingly, the court held the SJ5 "did not teach the required 'list of available module means,'" and affirmed the PTAB's finding that claim 13 is not unpatentable as anticipated.

HP also alleged the PTAB erred by refusing to institute review for obviousness on the basis of redundancy. The Federal Circuit held it did not have jurisdiction to consider HP's argument for several reasons. First, relying on its recent opinion in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, the court concluded 35 U.S.C. § 314(d) barred judicial review of the PTAB's decision not to institute IPR on redundant grounds. Second, the court explained it was not required to review the PTAB's institution decision because the PTAB did not exceed its statutory authority by refusing to institute review. Third, the court explained § 314(d) also barred judicial review of the PTAB's decision to institute review on only a subset of grounds, reaffirming its earlier holding in *Harmonic Inc. v. Avid Technology, Inc.* The court also noted that the Board was not required to address all of HP's claims and grounds in the final decision.

HP expressed concern that it would be estopped from challenging claim 13 for obviousness in a subsequent petition before the PTAB. HP cited 35 U.S.C. § 315(e)(1), which bars IPR of any ground a petitioner "raised or reasonably could have raised" during a previous review proceeding. The court explained that estoppel did not apply here because the PTAB never instituted review on claim 13 for obviousness. Thus, the non-instituted grounds were not and could not be raised in the review proceeding, and HP remained free to assert the obviousness of claim 13 in a subsequent petition.

Finally, HP alleged the PTAB did not meet its obligations under the Administrative Procedure Act by (1) "only addressing the instituted grounds in its written decision," and (2) failing to sufficiently articulate its reasons for redundancy. With respect to the first argument, the court held the PTAB was not required to include non-instituted grounds in the final decision because "grounds not instituted never become part of the



merits phase” of IPR. As to the second argument, the court concluded § 314(d) barred judicial review of the PTAB’s reasons for finding redundancy.

Hyatt v. U.S. Patent and Trademark Office,
797 F.3d 1374 (Fed. Cir. 2015)

In an inventor’s suit challenging the PTO’s disclosure of confidential information pertaining to his non-public patent applications, the Federal Circuit unanimously concluded the PTO’s action was judicially reviewable but upheld the action against an Administrative Procedure Act challenge. The district court had ruled that it lacked subject matter jurisdiction over the claims and, in the alternative, that the PTO would be entitled to summary judgment. Takeaway: courts have jurisdiction to review the PTO’s determination that special circumstances exist justifying disclosure of confidential information, but the PTO’s determination will be upheld unless it constitutes an abuse of discretion.

Hyatt was the named inventor on 75 issued patents and nearly 400 additional pending patent applications. His patents contained large claim sets—an average of 116 independent claims and 299 total claims each—but only 12 distinct specifications. The PTO issued a series of “Requirements” for each “family” of applications that shared a common specification, obliging Hyatt to select 600 or fewer claims from each family for prosecution, identify the earliest applicable priority date for each claim, and provide the PTO with a copy of each selected claim. But because Hyatt’s patents were numerous and related, many of the Requirements contained information about other patent applications in the same family: filing dates, serial numbers, priority relationships, prosecution histories, etc. As a result, when the Requirements included in some applications became publicly available, they would necessarily disclose confidential information about other, non-public applications.

Invoking 35 U.S.C. § 122(a)’s requirement that the PTO keep applications confidential unless disclosure is “necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director,” Hyatt petitioned the PTO to expunge this confidential information. The Director refused. She concluded that special circumstances existed because the high volume of claims and related applications rendered disclosure necessary to properly examine Hyatt’s applications. Hyatt sued in federal district court under the Administrative Procedure Act, but that court ruled for the PTO on two alternative grounds. First, the district court held it lacked subject matter jurisdiction: there was no judicially manageable standard to assess the Director’s determination. Second, even if there was jurisdiction, the court agreed with the Director that Hyatt’s high volume of related applications qualified as special circumstances.

The Federal Circuit unanimously held that courts have jurisdiction to entertain challenges to the PTO’s “special circumstances” determination. Nothing in § 122(a) rebutted the strong presumption favoring judicial review of agency action: it laid out a broad, mandatory rule against disclosing patent applications, and the language and structure of the two listed exceptions (“necessary to carry out the provisions of an Act



of Congress” and “special circumstances”) evinced a congressional intention that the exceptions be narrow and reviewable. Moreover, unlike areas such as national security, nothing in the patent disclosure context counsels in favor of increased deference. Finally, although § 122(a) did not enumerate any factors or explicitly list a standard of review, it at least required the PTO to determine both that special circumstances exist, and that they justify disclosure. Furthermore, the Administrative Procedure Act provided the applicable standard of review: abuse of discretion.

Employing this standard, the court upheld the Director’s determination. Hyatt’s unusually high volume of complex, overlapping applications—115,000 claims over 12 distinct specifications—was a special circumstance, and the PTO’s determination in this case was unlikely to affect many other cases. The PTO’s Requirements were justified as a tool to determine whether or not Hyatt’s claims differed substantially from each other. In addition, the disclosure of the confidential information contained in the Requirements was also justified on the grounds that the public needs to understand the scope of issued claims, and that the disclosed confidential information was minimal. The Federal Circuit thus affirmed the district court’s grant of summary judgment.

Imaginal Systematic, LLC, v. Leggett & Platt, Inc.,
805 F.3d 1102 (Fed. Cir. 2015)

The Federal Circuit affirmed a grant of summary judgment that, although a prior version of the accused product had infringed the relevant patent, the redesigned version did not infringe. Takeaway: the intent to use a preferred embodiment to restrict the scope of a claim term generally must be clearly stated.

Leggett & Platt designs and manufactures products used in the bedding industry, including a TopOff machine that automatically staples wire grids to wood frames to make mattress foundations, and Simmons uses those machines. In a prior infringement suit, a court found that Leggett & Platt and Simmons infringed three of Imaginal’s patents, including the ’402 patent, by selling or using TopOff machines. Leggett & Platt then redesigned their TopOff machine. Imaginal again filed suit, asserting that Leggett & Platt and Simmons continued to infringe the ’402 patent through continued use of original TopOff machines as well as use of the new redesigned machines. The district court found the continued use of the original machines did infringe, but the redesigned machines did not. The ’402 patent claims an automatic stapling apparatus for assembling box springs using a mechanical guide, not “a vision guidance system.” By contrast, the redesigned TopOff machines employed a computer system with an optical sensor for locating the underlying modules. The district court granted defendants’ motion for partial summary judgment of noninfringement, finding that the redesigned machines employed a “vision guidance system.”

The issue for the Federal Circuit on appeal was whether the district court properly construed the claim term “vision guidance system” and found noninfringement under that construction. Imaginal urged the Federal Circuit to limit “vision guidance system” to the system disclosed in a patent that the ’402 patent incorporated by reference. The



Federal Circuit rejected Imaginal's argument and cautioned against importing limitations from the specification into the claims. Although a patentee may act as its own lexicographer when it clearly provides a definition for a disputed term, the intent to act as a lexicographer must be clearly established. The Federal Circuit found that the '402 patent specification did not clearly establish that the incorporated patent was meant to limit the scope of a "vision guidance system." The Federal Circuit further held that the district court properly relied on dictionary definitions to discern the meaning of the disputed term to the extent those definitions did not contradict any definition ascertained by reading the patent. The Federal Circuit thus agreed with the district court's broad construction of a "vision guidance system," and affirmed the district court's grant of summary judgment of noninfringement.

Immersion Corp. v. HTC Corp.

826 F.3d 1357 (Fed. Cir. 2016)

Takeaway: 35 U.S.C. § 120's requirement that a continuation application be "filed before the patenting" of the earlier application is satisfied when the filing of the successor application and the patenting of the earlier application occur on the same day.

On January 19, 2000, Immersion Corporation filed a patent application disclosing a mechanism for providing haptic feedback to electronic device users. On August 6, 2002, that application issued as U.S. Patent No. 6,429,846. Immersion also filed an international patent application with a materially identical written description that was published as WO 01/54109 on July 26, 2001. Under 35 U.S.C. § 102(b) (2006), the WO '109 publication became invalidating to subject matter disclosed therein for any claims filed after July 26, 2002.

Beginning in August 2002, Immersion filed a series of patent applications that similarly shared the written description of the '846 patent and for which Immersion asserted a January 19, 2000, filing date. Under 35 U.S.C. § 120, a patent application for an invention adequately disclosed in a prior application is entitled to the filing date of that prior application "if filed before the patenting or abandonment of or termination of proceedings on the first application" One of the patent applications filed by Immersion was filed on August 6, 2002, the same day that the '846 patent issued. Thus, the question was whether the patent application—which eventually matured into U.S. Patent No. 7,148,875—was "filed before the patenting" of the '846 patent application and therefore was entitled to a January 19, 2000, priority date. Otherwise, the patent would be invalid under § 102(b) based on the WO '109 publication.

Because § 120 failed to specify a unit of time, i.e., indicate whether "before" required a day before patenting or a minute before patenting, the court turned to the legislative history. Congress enacted § 120 in the Patent Act of 1952 and, at the time, clarified that the statute as written was meant to represent then-present law with minor additions. Prior to the 1952 Act, the Supreme Court had established the basis for same-day continuations for priority-date purposes in *Godfrey v. Eames*, 68 U.S. (1 Wall.) 317 (1863). There, the patent holder had withdrawn a previously filed patent application and refiled it with an amended specification the same day. The Supreme Court held that



in such a situation, the withdrawing and refiling are part of the same transaction and the successor application is entitled to the earlier application's priority date. Following Godfrey, federal courts and the Patent Office consistently allowed same-day continuations. And nothing in the legislative history of the 1952 Act indicated an intent to alter Godfrey's long-established rule.

The PTO's "longstanding administrative construction" of § 120 provided additional support for interpreting the statute to allow same-day continuations. Shortly after enactment of the 1952 Act, the PTO promulgated 37 C.F.R. § 1.78(a) (1960), which states that an applicant can obtain the benefit of an earlier filing date when "an applicant files an application claiming an invention disclosed in a prior filed copending application." The MPEP deems the "copending" requirement of 37 C.F.R. § 1.78(a) satisfied if "the second application is filed on the same day or before the patenting of the first application." MPEP § 201.11 (3d ed. 1961). The Federal Circuit found that overturning the PTO's position on same-day continuations would disrupt decades of investment-backed expectations and reliance interests in the patent industry. Indeed, the Intellectual Property Owners Association estimated that barring same-day continuations would affect the priority dates of more than ten thousand patents.

Based on such longstanding precedent and clearly articulated agency practice, the Federal Circuit concluded that § 120 supported same-day continuations for priority-date purposes and overturned the district court's ruling to the contrary.

In re Arunachalam,
824 F.3d 987 (Fed. Cir. 2016)

In a case arising from reexamination proceedings, the Federal Circuit dismissed the appeal for lack of jurisdiction after holding that a new ground of rejection is not a final decision of the BPAI under 28 U.S.C. § 1295(a)(4)(A). Takeaway: a patentee unsatisfied with an examiner's decision will not get relief by sidestepping established PTO procedures and directly appealing to the Federal Circuit.

Federal regulations provide two options to a patentee unsatisfied with a new ground of rejection. First, the patentee can reopen prosecution. If the patentee is unsatisfied with the examiner's decision, the patentee can again appeal to the Board. Second, the patentee can pursue rehearing at the Board. If the patentee is unsatisfied with the Board's decision, the patentee can appeal to the Federal Circuit.

Here, the patentee did neither. During reexamination proceedings, the Board affirmed the rejection of several claims, but designated a new ground of rejection for one claim. Rather than challenging the new ground of rejection by (1) reopening prosecution or (2) pursuing a rehearing, the patentee appealed directly to the Federal Circuit.

The court echoed its prior ruling in *Loughlin* that it has exclusive jurisdiction over final decisions of the Board under § 1295(a)(4)(A). Since the patentee did not appeal the



examiner's decision to the board before appealing to the Federal Circuit, the court dismissed the appeal for lack of jurisdiction.

In re Cree, Inc.,
818 F.3d 694 (Fed. Cir. 2016)

Affirming the decision of the PTAB in an ex parte reexamination proceeding, the Federal Circuit declared invalid as obvious claims directed to the production of white light LEDs through the "down-conversion" of blue light. Takeaway: a combination of prior art references that would have been technologically impractical may nonetheless be obvious.

The Pinnow patent, published in 1972, taught that a blue argon-ion laser can produce white light through down-conversion. The Stevenson patent, published in 1974, disclosed a violet light light-emitting diode ("LED") and noted that all the primary colors could be developed from the violet LED through down-conversion. Finally, the Nakamura patent, published in 1993, disclosed a blue light LED that was much brighter than previous LEDs. The examiner found that it would have been obvious to a person having ordinary skill in the art to substitute the brighter Nakamura LED for the Stevenson LED for use in a down-conversion process. The examiner stated this would be a "simple substitution of one known element . . . for another known element . . . to obtain predictable results." The PTAB agreed, and the patentee appealed.

Rejecting the patentee's argument that the PTAB erred by assuming it was "known" in the prior art to make white light from a monochromatic LED through down-conversion, the Federal Circuit noted that the PTAB did not use the word "known" to suggest that a single prior art referenced disclosed the technology. Rather, the PTAB used the word "known" to explain that persons having ordinary skill in the art were aware that white light can be produced from blue light through down-conversion regardless of the light source (i.e., LED or some alternative).

The patentee also argued that the PTAB misread the declarations of the patentee's experts in concluding that they demonstrated obviousness. The court noted that the declarations from the patentee's experts established that down-conversion had not previously been used to produce white light LEDs not because the technique was unknown, but simply because it was impractical prior to the invention of higher power LEDs (like the Nakamura LED).

Finally, although the patentee argued that the PTAB failed to adequately articulate how the prior art would have motivated a person having ordinary skill in the art to combine that art, the Federal Circuit found that the PTAB adequately explained that it would have been obvious to a person having ordinary skill in the art to substitute the superior Nakamura LED for the Stevenson LED to produce white light through down-conversion as described by Pinnow. The PTAB found that although LEDs may be inferior to lasers for down-conversion in some respects, the apparent inferiorities would not have hampered the motivation to combine the prior art references.



With respect to secondary considerations, the Federal Circuit found that industry praise for the technology was unpersuasive because it came from an institution touting its own research; that licensing agreements for the technology were unpersuasive because there was no evidence that the licensees entered into the agreements because they believed the technology was innovative rather than because they as opposed to simply wanting to avoid infringement litigation; and that the recent commercial success of white LEDs was unpersuasive because there was no evidence of a nexus between that success and the patentee's claims.

Accordingly, the court affirmed the PTAB's decision to reject the disputed claims.

In re Distefano,

808 F.3d 845 (Fed. Cir. 2015)

Applying the printed matter doctrine, the Federal Circuit analyzed claims rejected by the PTAB as to whether they claimed printed matter by claiming only the content of information. Takeaway: when determining patentability, claims directed to printed matter must meet a two-part test—(1) content of information is claimed, and (2) that content is functionally or structurally related to the physical substrate holding the printed matter.

DiStefano's U.S. Patent Application No. 10/868,312 claimed a method of designing web pages by incorporating "web assets" such as Java applets, scripts, images, and digital art. Each web asset could be created by the user or a third party. The PTAB found all elements of the patent's claim 24 in the prior art except for the claimed requirement of "selecting a first element from a database including web assets authored by third party authors and web assets provided to the user interface from outside the user interface by the user." Rather than finding that element in the prior art, the PTAB ruled that it should be given no patentable weight under the printed matter doctrine. DiStefano appealed to the Federal Circuit.

The Federal Circuit reviewed the PTAB's factual findings for substantial evidence and its legal conclusions de novo. The court explained that the printed matter doctrine should be applied using a two-step test. As a threshold matter, the first step involves determining whether a claim limitation is directed to printed matter; if not, the printed matter doctrine cannot apply. If an element is directed to printed matter, the court must decide whether the printed matter should be given patentable weight—which will be the case when the printed matter has a functional or structural relation to the substrate on which it is printed, as opposed to being claimed for the content communicated.

In this case, the Federal Circuit found that although the selected web assets could and likely did communicate some information, only the origin and not the content of the information was claimed. Thus, the PTAB erred in applying the printed matter doctrine to DiStefano's claim as it did not meet the first step of the printed matter doctrine test. The case was remanded for further consideration.



In re Magnum Oil Tools Int'l, Ltd.,
829 F.3d 1364 (Fed. Cir. 2016)

The Federal Circuit reversed the PTAB's final written decision that the challenged claims of Magnum's patent were obvious. Takeaway: the burden of production (or burden of going forward with evidence) in an obviousness inquiry does not shift to the patent owner simply because an IPR is instituted because the "fact finder must consider all evidence of obviousness and nonobviousness before reaching a determination."

Magnum is the owner of a patent on fracking technology. McClinton Energy Group filed a petition for IPR that certain claims of Magnum's patent were invalid as obvious based on a number of prior art references. The IPR petition largely focused on the combination of the references Alpha, Cockrell, and Kristiansen. While the petition also included a ground of obviousness based on Lehr, Cockrell, and Kristiansen, the description of that obviousness ground focused on the differences between Alpha and Lehr, stating that the "same analysis [as the Alpha, Cockrell, and Kristiansen combination] applies to combinations using Lehr as a base reference." The PTAB instituted IPR based on the Lehr, Cockrell, and Kristiansen combination, and ultimately found that all challenged claims were unpatentable as obvious. Magnum appealed, arguing the neither McClinton nor the PTAB ever established a *prima facie* basis for the rejection based on Lehr, Cockrell, and Kristiansen, and that McClinton failed to show specifically why a skilled artisan would have been motivated to combine Lehr with Cockrell and Kristiansen.

In reversing the PTAB's final written decision, the Federal Circuit first addressed the burden of production and burden of persuasion in an obviousness analysis during IPR. The PTO (which had intervened in the appeal) argued that once the PTAB institutes IPR, the burden shifts to the patentee to produce evidence of nonobviousness. The Federal Circuit disagreed with the PTO's position. In an IPR, the burden of persuasion is the ultimate burden assigned to the petitioner to prove unpatentability (including obviousness) by a preponderance of the evidence, and "that burden never shifts to the patentee." The burden of production, which is a distinct burden, "may entail producing additional evidence and presenting persuasive argument based on new evidence or evidence already of record" (internal quotations omitted). But "[w]here . . . the only question presented is whether due consideration of the four *Graham* factors renders a claim or claims obvious, no burden shifts from the patent challenger to the patentee. This is especially true where the only issues to be considered are what the prior art discloses, whether there would have been a motivation to combine the prior art, and whether that combination would render the patented claims obvious."

The Federal Circuit also addressed the IPR petitioner's failure to specifically identify a motivation to combine the prior art references that were part of the instituted obviousness ground. The court explained that it was insufficient for the petitioner to articulate a motivation to combine the specific teachings of one set of references and merely incorporate those arguments to a different set of references, without presenting particularized arguments about combining the second set of references. The court further disagreed with the PTAB that it was free to supply the missing motivation to



combine because such motivation “could have been included in a properly-drafted petition.” The court stated that the PTAB “must base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond.”

In re Man Mach. Interface Techs. LLC,
822 F.3d 1282 (Fed. Cir. 2016)

The Federal Circuit affirmed-in-part, reversed-in-part, and vacated-in-part the PTAB ruling that a patent held by Man Machine Interface Technologies (“Man Machine”) was invalid as anticipated and obvious. Specifically, the Federal Circuit found that the PTAB had construed Man Machine’s claims too broadly in light of express language in the patent specification. The Federal Circuit thus reversed the PTAB’s anticipation ruling, affirmed its obviousness ruling with respect to some claims, and vacated and remanded its obviousness ruling with respect to the remaining claims. Takeaway: when interpreting claim terms, courts should adopt the broadest interpretation that is reasonable in light of the express language of the specification; but “[t]he broadest reasonable interpretation of a claim term cannot be so broad as to include a configuration expressly disclaimed in the specification.”

Man Machine holds U.S. Patent No. 6,069,614 (“the ’614 patent”), which is directed to a remote control device that allows users to make selections on television and computer screens. The patent specification indicates that the device is “adapted to be held by the human hand” and includes “a thumb switch . . . adapted for activation by a human thumb.” In an ex parte reexamination, relying on a broad interpretation of these claims, the examiner concluded that the patent was anticipated and obvious and thus rejected the claims. The PTAB affirmed the examiner’s rejections, and Man Machine appealed to the Federal Circuit.

On review, the Federal Circuit found that the PTAB construed the ’614 patent claims too broadly. The Federal Circuit noted that courts must give claims their “broadest reasonable interpretation” but explained that such interpretation must be consistent with the express language of the patent specification. It then noted that the PTAB’s interpretation clearly contradicted language in the ’614 patent specification. For example, the PTAB concluded that “the claim term ‘adapted to be held by the human hand’ did not exclude various forms of grasp by the human hand, including grasping of a desk-bound mouse” despite the fact that the ’614 patent specification expressly distinguished Man Machine’s device from desk-bound computer devices. In addition, the PTAB found that the “claim term ‘thumb switch’ did not exclude switch activation by another digit or item such as a pen” despite the fact that the specification clearly suggested that the switch was meant to be activated by thumb. Because these interpretations clearly included configurations that were “expressly disclaimed in the specification,” the Federal Circuit found that the PTAB’s claim constructions were too broad.

Based on this finding, the Federal Circuit rejected the PTAB’s anticipation ruling, which, it found, was “not supported under the proper constructions.” The Federal



Circuit then addressed the PTAB's obviousness rulings and found that, even as properly construed, some of the '614 patent claims were invalid as obvious. The Federal Circuit vacated and remanded the remaining obvious rejections "for determination of whether those claims would have been obvious under the correct claim constructions."

In re Morsa,

803 F.3d 1374 (Fed. Cir. 2015)

The A divided panel of the Federal Circuit affirmed the Patent Trial and Appeal Board's (the "Board") determination that a publication was enabling. Takeaway: To determine the knowledge of a person of ordinary skill in the art, the Board may use a patent specification's admissions that the claimed invention could be implemented by a person of ordinary skill in the art.

In a prior appeal, the Federal Circuit held that the Board incorrectly analyzed enablement in determining that claims relating to a benefit information match mechanism were anticipated by a reference entitled Peter Martin Associates Press Release ("PMA"). On remand, the Board determined that the PMA reference was enabled because the applicant's specification showed that a person with ordinary skill in the art could make and use the invention. The disclosure in the PMA reference combined with what a skilled computer artisan would know, therefore, rendered the PMA reference enabling.

On appeal, the Federal Circuit concluded that a skilled artisan would have been capable of making the claimed program, and that it was permissible for the Board to rely on the patent specification for what one skilled in art would have known. It was proper for the Board to have found that the specification admitted that a skilled artisan could have programmed the invention because the specification is indicative of the knowledge of a person of ordinary skill in the art. The majority found that the Board's analysis did not run afoul of the general prohibition of using the invention to fill in gaps of the prior art because the specification was only being used to assess the knowledge of a person of ordinary skill in the art.

The dissent argued, however, that the majority's reliance on the specification was improper because, according to the dissent, enablement of the prior art must come from the prior art. Because the PMA reference only gave the final result of the system, and did not say how the system would operate, the dissent would not have found the PMA reference enabling.

Finally, the majority rejected Mr. Morsa's argument that the Board erred in taking official notice of certain facts in support of its enablement determination. The court held that the statements were descriptive, not part of the enablement analysis, and not necessary to the Board's conclusions. The dissent disagreed, asserting that the Board's analysis was unacceptable and could not substitute for examining and citing prior art. According to the dissent, the Board wrongly took official notice to fill in gaps in the PMA reference. The dissent argued that all the elements of a claimed invention be



present in a single prior art disclosure, and, by taking official notice of certain facts, the Board failed to establish that requirement.

In re Queen's Univ. at Kingston,
820 F.3d 1287 (Fed. Cir. 2016)

In this appeal from the United States District Court for the Eastern District of Texas, the Federal Circuit found that patent-agent privilege covers client communications with non-attorney patent agents. Takeaway: Communication between a client and non-attorney patent agents may be protected by privilege.

Queen's University at Kingston ("Queen's University") was the assignee of several U.S. patents that covered behavior-based software interfaces. Queen's University filed a complaint against Samsung Electronics Co., Ltd. ("Samsung"), alleging that Samsung's SmartPause feature – which pauses video streaming when the viewer loses eye-contact with the device – infringed the patents. Throughout discovery, Queen's University refused to produce certain documents relating to its communication with a non-lawyer patent agent. When the court compelled production, Queen's University petitioned the Federal Circuit for a writ of mandamus, and the court granted review on the issue of whether the communications in question could be protected by patent agent privilege.

On review, the Federal Circuit found patent-agent privilege can cover client communications with non-attorney patent agents. The court reasoned that the patent-agent privilege should be recognized because patent agents have unique roles, which the Supreme Court has construed as the practice of law. The court further noted that Congress authorized non-lawyer patent agent practice, and that current realities of patent litigation support the acknowledgement of the privilege. However, the court held that the privilege extends only to communications reasonably necessary and incidental to prosecuting patents before the USPTO. In a lengthy dissent, Judge Reyna argued that it was not appropriate to create a patent-agent-client privilege. Judge Reyna reasoned that the new privilege was complicated and uncertain, which would lead to judicial inconsistency.

In re Smith,
815 F.3d 816 (Fed. Cir. 2016)

The Federal Circuit affirmed the Patent Trial and Appeal Board's determination that the claims at issue are ineligible for patenting under 35 U.S.C. § 101. The application's claims related to a method for dealing a blackjack variation, to be played with either virtual or physical playing cards. The claims recited various steps the dealer must take to deal the game, effectively setting out the rules of the game.

Analyzing the claims at Step One of the *Alice* inquiry, the court reasoned that wagering games are methods for exchanging and resolving financial obligations. The claimed methods dictate how these obligations are created and resolved based on probabilities during the distribution of cards. The court held these claimed methods were directed to



ineligible abstract ideas, similar to the fundamental economic practices found to be patent-ineligible by the Supreme Court in recent cases.

Applying *Alice* Step Two, the court found that the claims' requirement of shuffling and dealing "physical playing cards" did not provide an inventive concept. The court reasoned that just as the inclusion of a general purpose computer had, in the past, fell short of conferring patent eligibility, here the claimed shuffling and dealing cards were purely conventional activities. The court noted, however, that not all inventions in the gaming arts were foreclosed from patent protection under 35 U.S.C. § 101, and that it could envision scenarios in which a "game using a new or original deck of cards" potentially could provide an inventive concept.

The court declined to address the Applicants' challenge to the PTO's Interim Guidance on Patent Subject Matter Eligibility, noting that the Guidance is not binding on the Federal Circuit.

In re Steed,

802 F.3d 1311 (Fed. Cir. 2015)

In this appeal from the Patent Trial and Appeal Board ("Board"), the Federal Circuit unanimously affirmed the Board's determination that claims would have been obvious under 35 U.S.C. § 103, concluding that the Applicant's evidence failed to establish an invention before the publication date of the applied reference. Takeaways: First, the Board is not required to review evidence an applicant did not present, or parse exhibits that are not self-explanatory. Second, the Board does not necessarily violate due process when it ignores post-hearing motions that relate to a hearing and do not conform to Board regulations.

In 2004, Thomas Steed and others ("Steed") filed a patent application directed to a web-based debt records and debt collection system. During prosecution, the examiner rejected all claims as obvious in light of a publication (the "Evans reference"). After Steed failed to distinguish the rejection on its merits, he attempted to swear behind the Evans reference by establishing, under 37 C.F.R. § 1.131, that he had possessed the claimed subject matter before the effective date of the Evans reference. Steed submitted a Rule 131 Declaration in support, but the examiner found that the declaration did not prove either actual reduction to practice, or conception and diligence—one of which is required under Rule 131. In his appeal to the Board, Steed included new evidence. But the Board concluded that it could not consider any evidence not already in the record. After the hearing, Steed filed several motions that the Board declined to rule on. The Board ultimately found that Steed did not establish specific facts or dates to support either conception, or reduction to practice. The Board then reviewed and affirmed the examiner's rejection on the ground of obviousness.

Steed made three principal arguments on appeal, each of which the Federal Circuit rejected. First, Steed contended, under Rule 131, that his invention had predated the Evans reference. The court agreed with the Board that the exhibits and evidence



contained in Steed's Rule 131 declaration were not self-explanatory, that the examiner had warned Steed the evidence was insufficient, and that the declaration lacked facts sufficient to establish actual reduction to practice. Thus, the court held that substantial evidence supported the Board's ruling that Steed did not establish an actual reduction to practice before the effective date of the Evans reference. The court similarly held that Steed's evidence failed to establish conception or diligence to reduction to practice, and thus the Board's determination was supported by substantial evidence.

Second, Steed argued that the invention was non-obvious because the Evans reference "significantly non-overlaps with the current invention." The court found that Steed advanced no substantive arguments of nonobviousness, and in the absence of a reasonable showing that the examiner and Board erred, the court affirmed the rejection of the claim as obvious.

Third, Steed asserted that the examiner and Board violated due process by not proactively contacting Steed to request additional evidence, by not considering third-party affidavits, and by failing to respond to all of Steed's arguments. The court found no due process violation, noting that all issues appeared to have been fairly considered by the Board and examiner. Lastly, Steed argued that the Board erred when it declined to rule on Steed's three post-hearing motions. The court found no error, recognizing that the motions related to the hearing and did not conform to Board regulations.

In re TC Heartland LLC,
821 F.3d 1338 (Fed. Cir. 2016)

The Federal Circuit denied accused infringer's petition for a writ of mandamus. In the originating action, Kraft Foods Group Brands LLC ("Kraft") sued TC Heartland LLC ("Heartland") for alleged violation of three Kraft patents related to liquid water enhancers. Kraft brought suit in the United States District Court for the District of Delaware and Heartland moved to either dismiss the complaint for lack of personal jurisdiction or transfer venue to the Southern District of Indiana. The district court denied the motion and Heartland petitioned for a writ of mandamus.

In reviewing Heartland's petition, the Federal Circuit outlined three conditions that must be met before issuing a writ of mandamus: 1) the petitioner has no other adequate means to obtain relief, 2) the petitioner can demonstrate a "clear and indisputable" right to mandamus, and 3) the writ is appropriate under the circumstances. *See Cheney v. U.S. Dist. Court for the Dist. of Columbia*, 542 U.S. 367, 380 (2004). Because the parties' briefing was limited to the second condition, the Federal Circuit confined its analysis to whether Heartland could demonstrate a "clear and indisputable" right to mandamus.

Heartland based its petition on two legal theories: that it did not "reside" in Delaware for venue purposes and that the Delaware district court lacked personal jurisdiction over the action. The court found, however, that both of Heartland's arguments were foreclosed by clearly established Federal Circuit precedent.



With respect to venue, the Federal Circuit held in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), that the definition of corporate residence in the general venue statute, 28 U.S.C. § 1391(c) applies to the patent venue statute under 28 U.S.C. § 1400. Section 1391(c) provides that “[f]or all venue purposes,” “an entity . . . shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court’s personal jurisdiction with respect to the civil action in question.” The court rejected Heartland’s argument that Congress’ 2011 amendments to § 1391 changed the law and effectively overruled *VE Holding*. The 2011 amendments added language to the general venue statute that it would apply “[e]xcept otherwise provided by law.” The court, however, reasoned that the 2011 amendments were irrelevant to the definition of corporate residence in patent suits as the patent-specific venue statute does not otherwise address corporate residence. Therefore, the court rejected Heartland’s argument that the 2011 amendments overruled *VE Holding* and the applicability of “corporate residence”—as defined by the general venue statute—in patent suits.

With respect to personal jurisdiction, Heartland’s argued that because specific personal jurisdiction can only arise from activities taking place in the forum state, the Delaware district court only had specific jurisdiction over Heartland for the allegedly infringing acts that occurred in Delaware (just over two percent of Heartland’s sales of the accused product had been shipped into Delaware). The Federal Circuit found this argument was foreclosed by *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1571 (Fed. Cir. 1994). In *Beverly Hills Fan*, the Federal Circuit held that the due process requirement that a defendant have sufficient minimum contacts with a forum was met where a non-resident defendant purposefully shipped accused products into the forum and the alleged patent infringement arose out of those activities. Heartland admitted to shipping orders of the accused products into Delaware under contracts with national accounts. This was sufficient to satisfy the minimum contacts analysis.

Because Heartland failed to show that its right to mandamus was clear and indisputable, the court denied the petition.

In re TLI Commc’n LLC Patent Litig.
823 F.3d 607 (Fed. Cir. 2016)

This consolidated action concerning the patent eligibility of computer software represents the first case in which the Federal Circuit applied and interpreted its holding in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). In *Enfish*, the court held that a self-referential database model was not abstract because the claims were directed to an improvement to computer functionality. Conversely, here, the court held that the claimed digital image storage mechanism was abstract because the claims were directed to the abstract idea of classifying and storing digital images in an organized manner. Takeaway: Patent eligibility of a software-based invention can depend on whether the invention improves computer functionality.

TLI alleged that several social media companies infringed on its patent relating to taking, transmitting, and organizing digital images on cellular telephones. The patent



described an apparatus for the recording of a digital image, communicating the digital image from the recording device to a storage device, and to administering the digital image within the storage device. Recognizing that data organization within the computer unit declines as the amount of archived images increases, the apparatus sought to record and organize the images in a faster and simpler manner. Specifically, the invention tags the digital images with classification data, which the storage server interprets to organize the images accordingly.

The court applied the *Alice* two-step analysis for patent-ineligibility. At Step One, the court held that the claims of the challenged patent were directed to the abstract idea of classifying and storing digital images in an organized manner. Distinguishing *Enfish*, the court found that the claims were not directed to an improvement in the functionality of a cell phone. Instead, the claims merely described the use of generic technology to perform a specific function on a cell phone. The court further found that the claims were not directed to a solution to a technological problem. Although TLI argued that the invention sought to organize digital images on cell phones more efficiently, the court reasoned that data organization is a well-established and basic concept that qualifies as abstract under *Alice*.

At Step Two, the court held that the recited physical components merely performed well-understood, conventional activities and were thus insufficient to transform the abstract idea into a patent-eligible application of that idea. The court reasoned that the vague descriptions of the physical components failed to highlight any inventiveness in their use that might have saved the patent from ineligibility. Thus, the court affirmed the district court's grant of defendants' motion for summary judgment of patent-ineligibility.

In re Urbanski,

809 F.3d 1237 (Fed. Cir. 2016)

The Federal Circuit affirmed a Patent Trial and Appeal Board's ("PTAB") obviousness decision, holding that a person of ordinary skill in the art would have found the claimed invention obvious over the combination of two references. Takeaway: When prior art references do not state that the proposed modification would result in an inoperable process or a product with undesirable properties, a court may find that they do not "teach away" from that modification.

Urbanski's patent application is directed to a method of enzymatic hydrolysis of soy fiber so that the product has a reduced water holding capacity suitable for use as food additives. Examiner rejected the claims as obvious in light of two prior art references—the "Gross publication" and the "Wong patent." The Examiner found that Gross and Wong, both of which relate to enzymatic hydrolysis of dietary fibers, are readily combinable, and that they both acknowledge that reaction time and degree of hydrolysis can be varied in a predictable manner. Urbanski appealed to the PTAB and argued that Gross teaches away from Urbanski's proposed combination because Gross required a longer reaction time than would be necessary to achieve the purpose of the Wong patent. The PTAB rejected this argument and affirmed the Examiner's



obviousness rejections holding that even if the benefits of the prior art processes were mutually exclusive, that does not outweigh the evidence of obviousness. Moreover, the PTAB observed that Urbanski failed to present evidence of the unpredictability of Urbanski's proposed process or identify anything in the prior art teaching away from the proposed combined process.

On appeal, Urbanski argued that a person of ordinary skill in the art would not have been motivated to combine the Gross publication and the Wong patent. The Federal Circuit, however, affirmed the PTAB's determination. The court reasoned that substantial evidence supported the PTAB's finding that a person of ordinary skill would have been motivated to modify the Gross process by using a shorter reaction time to obtain the favorable results of Wong. Additionally, the Federal Circuit explained that the PTAB was correct in finding that both Gross and Wong recognize that reaction time and degree of hydrolysis are result-effective variables that can be varied in a predictable manner. Finally, the Federal Circuit reasoned that Gross did not teach away from Urbanski's method because both Gross and Wong suggest that hydrolysis time may be adjusted to achieve different fiber properties and they do not specifically state the proposed modification would result in an inoperable process or a product with undesirable properties.

In re Varma,

816 F.3d 1352 (Fed. Cir. 2016)

The Federal Circuit reversed-in-part and remanded-in-part the Patent Trial and Appeal Board's ("PTAB") decision to cancel certain claims of Varma's U.S. Patent No. 6,349,291 (the "'291 Patent"), holding that the PTAB erred in construing two claim terms. Takeaway: The same term in different claims of the same patent will generally be held to have the same meaning, even if the amended versions of the claims were introduced in two different reexamination proceedings at different times.

The '291 Patent is directed to methods and systems for performing statistical analyses of investment data. In *inter partes* reexamination, the examiner rejected certain claims, including claims 29-31, for anticipation and obviousness in view of prior art. After Varma amended the claims, the examiner again rejected the claims on the same grounds. Varma appealed to the PTAB, which affirmed the examiner's rejection. Separately, *ex parte* reexamination was instituted for claims 22-28 of the '291 Patent. The in the *ex parte* reexamination, examiner rejected claims 22-25 for obviousness, which was later affirmed by the PTAB. The PTAB found that the requirement of "a statistical analysis request corresponding to two or more selected investments," as required by claims 22, 25 and 29, was met by the "Sortino reference" under two interpretations of the claim term. Under the first interpretation, the claim term embraces a request that calls for a statistical analysis of one investment. The PTAB reasoned the claim limitation covers Sortino even if two requests would be necessary in Sortino to accomplish an analysis of two or more investments. Under the second interpretation, the claim phrase embraces a request that calls for statistical analyses of at least two investments, but each analysis may be an analysis of a single



investment and there is no temporal limitation requiring that two or more investments be analyzed at the same time.

The Federal Circuit rejected the PTAB's first interpretation because the claim language on its face requires a single request to correspond to at least two investments. The PTAB had relied on the claims' use of "comprising" as the transitional term but the court found that the use of "comprising" does not render each limitation within a claim open-ended; rather, the use of "comprising" means a claim can be met by a system containing features beyond those specifically claimed only if the system still satisfies the specific claim element. The court also rejected the PTAB's second interpretation because it found that the claim language in claims 22 and 25 made clear that at least two investments must be the subject of each statistical analysis that is the subject of the request; claims 22 and 25 require a plurality of processors to "perform a resampled statistical analysis to generate a resampled distribution; and provide a report of the resampled distribution." Although similar language was not found in claim 29, the court found that the principle that the same phrase in different claims of the same patent should have the same meaning applied in the present case, even though claim 29 was amended in *inter partes* reexamination approximately three weeks before claims 22 and 25 were amended in ex parte reexamination. Therefore, the court vacated the Board's rejections of those claims for reconsideration of anticipation and obviousness under the correct claim construction.

***In re: Telebrands Corp.*,**
824 F.3d 982 (Fed. Cir. 2016)

The Federal Circuit dismissed a petition for a writ of mandamus to direct the United States Court for the Eastern District of Texas to vacate its order denying a motion to dismiss or alternatively to transfer a case to the United States District Court for the District of New Jersey. The court held that Petitioners did not satisfy their burden of proving that their right to issuance of the writ was clear and indisputable.

Respondents sued Petitioners in New Jersey for trade dress, trademark, and copyright infringement, as well as fraud under New Jersey state law. Respondents also sued Petitioners in the Eastern District of Texas for patent infringement. Petitioners filed a counterclaim in the New Jersey case alleging tortious interference and unfair competition for falsely claiming patent rights.

The Federal Circuit explained that the district court judge did not abuse his discretion in applying a first-to-file analysis to find that the two actions did not overlap substantially, and thus did not require a transfer. Where two cases do not overlap substantially, the district court judge has considerable discretion to weigh such factors as the extent of case overlap, the likelihood of conflict, and the comparative advantage and the interest of each forum in resolving the dispute. The court dismissed Petitioners' argument that the two cases involved the same parties, products, communications with customers, sales data, and licenses, as well as the argument that Petitioners' counterclaims in New Jersey might require that court to decide issues relating to patent validity and infringement. The court noted that there was no precedent for consolidating cases that



involved different intellectual property claims, as here, and that the mere risk of duplicating litigation about some factual issues did not compel a transfer, especially in light of the deferential standard of review governing mandamus petitions.

The court also rejected Petitioners' request for relief based on their contention that transfer was proper under 28 U.S.C. § 1404, explaining that the decision to transfer venue is at the discretion of the trial court based on case-specific considerations of convenience and fairness, and Petitioners failed to show the district court judge abused that discretion. In particular, the court held that the district court judge did not err clearly and indisputably in finding that judicial economy did not favor either venue, and several other factors, including the ease of access to sources of proof, the availability of compulsory process to secure the attendance of witnesses, the cost of attendance of willing witnesses, and the local interest—given the presence of the inventor and several witnesses in Eastern Texas—all disfavored transfer. Further, the court found that any countervailing arguments regarding the district court judge's conclusions did not clearly outweigh the reasons for keeping the case in Texas. Petitioners failed, according to the court, to identify any specific local New Jersey interest in deciding the dispute, other than the location of Petitioners in New Jersey, and that it would not have been an abuse of discretion to reject any such argument in the transfer analysis in the first place.

Indacon, Inc. v. Facebook, Inc.,

824 F.3d 1352 (Fed. Cir. 2016)

The Federal Circuit affirmed the district court's construction of the claim terms "alias," "custom link," "custom linking relationship," and "link term." Takeaways: (1) Claim terms that do not otherwise have an establishing meaning to one of skill in the art will generally not be construed more broadly than their use in the specification; and (2) the doctrine of claim differentiation may not apply to independent claims that are different in scope.

Following the district court's claim construction order, the parties stipulated to noninfringement and final judgment was entered. The patent holder, Indacon, Inc., appealed, disputing the district court's construction of four claims terms. Because the district court relied on the intrinsic record to construe the claim terms at issue, the Federal Circuit reviewed the claim construction order de novo.

The Federal Circuit first rejected Indacon's argument that "alias" included graphical expression as well as textual expression. The court noted that "alias term" was used throughout the patent and that term was defined in the patent as "words, numbers, spaces, etc.," none of which could be read to include graphical expression. Moreover, all examples of "alias" in the specification consisted of textual expression. The court further rejected the argument that an "alias" could be a hyperlink, finding that such a construction would be inconsistent with term's use in the specification.

Second, the Federal Circuit rejected Indacon's argument that the district court's construction of the "link claim terms"—"custom link," "custom linking relationship,"



and “link term”—improperly limited the creation of a link for all instances of a defined term. As a starting point, the Federal Circuit noted that none of the terms had an established meaning to one of ordinary skill in the art; therefore, the claims could only be construed as broadly as their use in the specification. Here, the specification repeatedly referenced the link claim terms as allowing each instance of a term in multiple files to be identified and displayed. The court found that the prosecution history also supported construing the link claim terms as allowing for the display of every instance of a specified word, although it declined to determine whether the patentee’s statements during prosecution rose to the level of clear and unmistakable disclaimer. Finally, Indacon argued that the doctrine of claim differentiation weighed against interpreting the link claim terms as including all instances of a term as some claims referenced “instances” and others referenced “all instances.” The court rejected the argument, noting that the allegedly conflicting use of “instances” appeared in independent claims and that it had in the past declined to apply the doctrine to claims that were not otherwise identical in scope.

Inline Plastics Corp. v. EasyPak, LLC,

799 F.3d 1364 (Fed. Cir. 2015)

In this patent infringement suit relating to tamper-resistant plastic food containers, the Federal Circuit unanimously held the district court had construed the terms “frangible section” and “tamper evident bridge” in Inline’s patent claims too narrowly when it limited the claims to just one of the specifications’ two embodiments. The court thus vacated the district court’s judgment of non-infringement and remanded for a new determination in light of the corrected claim construction. Takeaway: A patent claim is not necessarily limited to its preferred embodiment, and specifically describing an “alternative” embodiment may help to establish the breadth of the claim.

Inline patented a tamper-resistant, tamper-evident plastic food container with a tear strip (“frangible section”) requiring a user to sever the connection between the lid and the rest of the container in order to open the container. The patent included a figure depicting the preferred embodiment of the container, and this figure included a frangible section with two severable score lines. The specification described the preferred embodiment as having a pair of parallel score lines, but noted that a container with a single score line could serve as an alternative embodiment.

Inline sued EasyPak, alleging infringement of the patent. EasyPak’s otherwise-similar containers employed just a single score line. But the district court, construing Inline’s patent claims narrowly, ruled that EasyPak did not infringe the patent. “Frangible section,” it reasoned, meant “a removable tear strip, delimited by at least two severable score lines,” as depicted in the figure showing the container’s ideal embodiment. The court acknowledged that the claims themselves contained no such limitation, but reasoned that the prosecution history focused on the frangible section’s removability and thus limited the claim to embodiments with at least two severable score lines.

Reviewing the district court’s construction de novo, the Federal Circuit held that the district court erred in construing the claims so narrowly. The Federal Circuit reasoned



that, although the dual score line embodiment description recurred frequently in the specification, the preferred embodiment was never described as having “unique characteristics of patentable distinction from other disclosed embodiments.” The Federal Circuit disagreed with the district court’s conclusion that the two-score-line frangible section enjoyed a definitive focus in the prosecution history; Inphi’s distinctions from prior art were based on differences in the structure and opening mechanism as a whole, not on the number of score lines. During prosecution, neither Inphi nor the patent examiner focused on the number of score lines. In addition, a dependent claim recited the two-score-line limitation, giving rise to a presumption that no two-score-line limitation existed in the first claim, under the doctrine of claim differentiation.

The Federal Circuit thus held that the correct construction of “frangible section” was “a section of material that includes at least one score line or at least one perforation line.” It further modified the district court’s construction of “tamper evident bridge” to remove the two-score-line limitation, and thus the court vacated the judgment of non-infringement and remanded to the district court for further proceedings based on the correct claim construction.

Inphi Corp. v. Netlist, Inc.,
805 F.3d 1350 (Fed. Cir. 2015)

In this dispute centering on 35 U.S.C. § 112, the Federal Circuit affirmed the decision of the Patent Trial and Appeal Board (“PTAB”) that the alternative features described in a negative claim limitation were sufficient to satisfy the requirement of a written description. Takeaway: When drafting a negative claim limitation, the requirement that reasons for exclusion be provided can be satisfied by a description of the alternative features of the patented invention; describing the advantages and disadvantages may not be necessary.

Netlist is the assignee of the ’537 patent, which claims methods for expanding and improving computer system memory modules. Inphi had requested an *inter partes* reexamination of Netlist’s claims, several of which the examiner rejected based on obviousness in view of the prior art. Netlist responded by narrowing its claims, specifically adding a limitation excluding chip selects that were CAS, RAS, or bank address signals. The amended claim was allowed by the examiner. Inphi then appealed the examiner’s decision to the PTAB which affirmed the examiner’s decision.

Inphi appealed only one aspect of the PTAB’s decision, arguing that the negative claim limitation was not supported by the specification. Inphi supported its position by arguing that the Federal Circuit’s decision in *Santarus, Inc. v. Par Pharm., Inc.*, 694 F.3d 1344, 1351 (Fed. Cir. 2012) should be read to require that the claim expressly state the basis for the exclusion. Though the specification contained no express reason for the exclusion of RAS and CAS signals, the PTAB relied on distinctions made between these and other signals, from which, the PTAB concluded, a person of ordinary skill in the art would infer an implicit reason to exclude RAS and CAS signals.



On appeal, the Federal Circuit declined to adopt Inphi's restrictive reading of *Santarus*, holding instead that whether the written description requirement is satisfied depends on whether the claim provides information that clearly allows the person of reasonable skill in the art to recognize the claimed invention, regardless of how that information is provided. Because Netlist's specification provided a description of the alternative features of the patented invention, the Federal Circuit held that Netlist's specification complied with the requirements of a written description as explained in *Santarus*. A description of the advantages and disadvantages was not, in the Federal Circuit's view, a necessity as *Santarus* had not announced a heightened standard of description for negative claim limitations. Although a patentee may not arbitrarily dissect their claims in order to avoid prior art, the Federal Circuit determined that the PTAB's finding that the specification distinguished between relevant types of signals was supported by substantial evidence.

***Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*,**
821 F.3d 1359 (Fed. Cir. 2016)

The Federal Circuit reviewed a decision by the Patent Trial and Appeal Board ("PTAB") and found substantial evidence supporting the PTAB's decision that a challenged patent was not invalid as obvious. The Federal Circuit also found that the PTAB had not abused its discretion in refusing to consider the challenger's reply brief and accompanying declaration. Takeaway: If relying on two or more prior art references to demonstrate a patent's obviousness, a challenger must show that an ordinary artisan would have been motivated to combine the references and would have reasonably expected to achieve the claimed invention by so doing. Also, during *inter partes* review proceedings, a challenger must raise all arguments for relief in the initial petition; a challenger cannot raise new arguments in reply briefs.

Illumina Cambridge Ltd. ("Illumina") owns U.S. Patent No. 7,566,537 (the "'537 patent") which is directed to a method of labeling nucleotides in DNA strands. Intelligent Bio-Systems, Inc. ("IBS") filed a petition requesting *inter partes* review ("IPR") of several claims in the '537 patent. IBS alleged that the '537 patent was invalid as obvious based on a combination of three prior art references. The PTAB found that IBS had not carried its burden of showing the obviousness of the challenged claims; the PTAB also refused to consider new arguments advanced in IBS's reply brief and expert declaration. IBS appealed to the Federal Circuit.

The Federal Circuit found substantial evidence supported the PTAB's decision. The Federal Circuit considered whether a reasonable artisan would (1) be motivated to combine the prior art references to create the claimed invention, and (2) reasonably expect to succeed in doing so. The Federal Circuit acknowledged that while the Board had "conflated two different legal concepts—reasonable expectation of success and motivation to combine—it nevertheless made sufficient factual findings to support its judgment that the claims at issue are not invalid." Contrary to the law, the PTAB had considered "whether one would reasonably expect the prior art references to operate as those references intended once combined" rather than determining whether



combination of the prior art references would produce the invention claimed in the challenged patent. Yet, the Federal Circuit found that the PTAB had correctly determined that the Petition did not provide “a specific or credible explanation” why an ordinary artisan would have expected success in combining the methods of the prior art references. The Federal Circuit thus affirmed the PTAB’s decision and concluded that IBS had failed to demonstrate that the ’537 patent was unpatentable as obvious.

The Federal Circuit also found that the PTAB had properly refused to consider arguments introduced in IBS’s reply brief and accompanying expert declaration. The Federal Circuit cited 35 U.S.C. § 312(a)(3), which stipulates that IPR petitioners must introduce all “evidence that supports the grounds for the challenge to each claim” in their initial IPR petition. The court further noted that IBS had violated this rule by introducing new arguments in its reply brief. The Federal Circuit thus found that the PTAB “did not err in refusing the reply brief as improper.”

Intendis GMBH v. Glenmark Pharm. Inc., USA,
822 F.3d 1355 (Fed. Cir. 2016)

In this Hatch-Waxman litigation concerning the branded drug Finacea® Gel, the Federal Circuit found no clear error in the district court’s application of the function-way-result test and affirmed its finding of infringement under the doctrine of equivalents. Takeaway: Patentees need not spell out a claim element’s function, way, and result for the doctrine of equivalents to apply.

Finacea® Gel contains azelaic acid as an active ingredient for the treatment of rosacea. Finacea® Gel also contains two inactive ingredients – triglyceride and lecithin – that enhance azelaic acid’s penetration into the skin. Appellants submitted an Abbreviated New Drug Application (“ANDA”) to the FDA for approval of a generic version of Finacea® Gel. The proposed generic version substituted isopropyl myristate for the claimed triglyceride and lecithin. Appellees argued that this substitution infringed its patent covering Finacea® Gel under the doctrine of equivalents because Appellants merely swapped one penetration enhancer for another.

The Federal Circuit approved of the district court’s application of the function-way-result test to evaluate whether the generic drug infringed Appellees’ patent. The function-way-result test demonstrates equivalence if the accused product performs substantially the same function in substantially the same way with substantially the same result as the claimed elements of the patented invention.

The court agreed with the district court that isopropyl myristate performs substantially the same function as Finacea® Gel’s inactive ingredients – enhancing the active ingredient’s penetration into the skin. In doing so, the court rejected Appellants’ argument that the patent’s failure to identify the inactive ingredients as penetration enhancers was fatal to Appellees’ infringement suit. The court highlighted that it has never held that a patent must spell out a claim element’s function, way, and result in order for the doctrine of equivalents to apply. Appellants’ argument also contradicted their own ANDA submission to the FDA, which identified the claimed ingredients



(triglyceride and lecithin) as penetration enhancers. The court also rejected Appellants' argument that the asserted scope of equivalency would capture the prior art. The district court's hypothetical claim analysis correctly relied on a hypothetical claim that encompassed the claimed ingredients and the accused ingredients. Appellants' proposed hypothetical claim, which would have encompassed any penetration enhancer, was too broad. Further, the court rejected Appellants' argument that prosecution history estoppel barred application of the doctrine of equivalents because the record clearly showed that the patentees only made a clarifying amendment to the claim and clarifying amendments do not give rise to prosecution history estoppel. Thus, the Federal Circuit affirmed the lower court's finding of infringement under the doctrine of equivalents.

Finally, the Federal Circuit affirmed the district court's validity determination, agreeing that the asserted claims were not rendered obvious over the prior art because a person skilled in the art would not have been motivated to combine the prior art references to create the patented formulation.

Ivera Med. Corp. v. Hospira, Inc.,
801 F.3d 1336 (Fed. Cir. 2015)

In this litigation over medical device disinfectant caps, the Federal Circuit reversed and remanded the district court's entry of summary judgment against Ivera that the patents-in-suit were obvious over referenced prior art. Takeaway: Declarations from those of ordinary skill can establish a triable issue of fact over whether a person of ordinary skill would have been motivated to combine prior art references.

The Federal Circuit found that while a U.S. Patent and Trademark Office ("PTO") examiner may properly exclude untimely declaration submissions in support of patent validity during *inter partes* reexaminations, those declarations may still be sufficient to generate a genuine dispute of material fact as to the validity of a patent where they are presented during judicial review and are uncontested by a movant seeking summary judgment.

Ivera sued Hospira for infringement of several patents related to ventilated disinfectant caps, which are used to sterilize medical devices. Hospira moved for summary judgment of invalidity, arguing that Ivera's patents were obvious combinations of prior art caps (identified as "Hoang," "Chin-Loy," and "White"). Specifically, Hospira argued that the prior art taught disinfectant caps and that the addition of vents to allow evaporation of disinfectant fluid was obvious to a person of ordinary skill in the art. The district court granted summary judgment in Hospira's favor, finding that the patents-in-suit "contain[ed] the same elements that perform the same functions they had been known to perform in the prior art," and that the "arrangement of elements in the asserted claims do[es] not yield anything other than predictable results." The district court further found that a person of ordinary skill would recognize the benefits of ventilating the fluid-sealed disinfectant caps already patented.



To establish that a claim would have been obvious over a combination of prior art references, the challenger must generally show that a person of ordinary skill in the art would have been motivated to combine the references. The Federal Circuit held that Ivera established a triable issue of fact over whether an individual of ordinary skill would have been motivated to add a vent to the prior art identified by Hospira, and thus reversed. Ivera presented several expert declarations to the district court supporting its contention that a person of ordinary skill would not have ventilated a disinfectant cap, including statements from an inventor of one of the prior art references. During an *inter partes* reexamination prior to appeal, the PTO examiner had excluded these declarations as untimely. Nevertheless, the Federal Circuit noted that Hospira did not challenge the declarations' relevance at the summary judgment stage. Based in part on these declarations, the Federal Circuit concluded that Hospira's arguments did not "foreclose a genuine dispute over whether a person of ordinary skill would have been motivated to add a vent to Hoang's cap."

JVC Kenwood Corp. v. Nero, Inc.,

797 F.3d 1039 (Fed. Cir. 2015)

In a case concerning a licensed pool of patents, the Federal Circuit unanimously affirmed the district court's finding that actual evidence of infringement is required to maintain a claim against a licensee. Takeaway: A defendant's compliance with a standard covered by a pool of patents may not be sufficient to establish that the defendant infringes any patent of the pool.

The patents-in-suit are included in two licensing pools: the DVD Patent Licensing Group ("DVD6C") and One Blue LLC for Blu-ray technology. Licenses for either pool may be obtained for specific categories of DVD and Blu-ray products, such as DVD-ROM Drives, DVD-Video Players, DVD Video Recorders, etc. Any DVD product in compliance with the DVD Standard Specifications—which sets forth international technical qualifications for standards-compliant products—necessarily infringes at least a subset of the patents in the DVD6C pool.

Nero, Inc. is a German software company known for its DVD/BD burning suite and is a licensee of the DVD6C and One Blue LLC licensing pools. JVC sued Nero for contributory and induced infringement under a "standards-compliance" theory of liability, claiming the Nero's software must practice JVC's patents because Nero's software is used in conjunction with standards-compliant DVD or Blu-ray optical discs—as required by its license. Under this theory, Nero's end-users would be the direct infringers.

In ruling against JVC, the district court observed that licensees cannot be infringers. However, JVC argued that licensees to the DVD6C pool only receive a license to those patents related to particular products selected by the licensee and therefore may infringe other patents in the pool. The district court found JVC's arguments to be inconsistent; on the infringement issue JVC asserted Nero's software must infringe because a compliant licensee necessarily infringes the pool as a whole, but on the liability issue JVC argues Nero's license does not apply to this particular subset of patents within the



pool. JVC provided no evidence that its particular patents, which it argued were not covered by Nero's license, were actually infringed by Nero. The Federal Circuit affirmed, holding that without actual proof of infringement, Nero was entitled to a judgment of non-infringement as a matter of law. By solely relying on its "necessity" theory, JVC failed its burden of proffering at least plausible evidence in support of infringement of the particular patents-in-suit.

The Federal Circuit declined to address the district court's judgment of no infringement due to patent exhaustion, affirming solely on the lack of evidence issue.

Keranos, LLC v. Silicon Storage Tech., Inc.,

797 F.3d 1025 (Fed. Cir. 2015)

In an appeal from the Eastern District of Texas, the Federal Circuit upheld an exclusive licensee's standing to sue for infringement of its licensed expired patents. The court also vacated the district court's order denying Keranos's motion for leave to amend infringement contentions and remanded to determine whether Keranos complied with local Patent Rule 3-1. Takeaway: An exclusive licensee may have standing to sue for infringement even if it acquired its rights after the patent(s) expired.

Keranos acquired rights to the patents-in-suit through an exclusive licensing agreement from United Module Corporation ("UMC") in 2010, two years after the last patent in the group expired. The patents relate to split-gate flash memory technology. In upholding the right of Keranos to sue as an exclusive licensee, the Federal Circuit cited its decision in *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1376 (Fed. Cir. 2000), stating that the assignee of all substantial rights of the patent is deemed the effective "patentee" under 35 U.S.C. § 281 and that any such exclusive licensee alone has standing to bring an infringement suit. After reviewing the licensing agreement, the court found that patent owner UMC transferred all substantial rights to Keranos, including the right to sue infringers. The court also explained that expiration of patent does not affect the standing in cases where all substantial rights are transferred by license agreement. In so doing, the Federal Circuit clarified its holding in *Mars, Inc. v. Coin Acceptors, Inc.*, 527 F.3d 1359 (Fed. Cir. 2008), stating that the case stands for the rule that transferring only the right to sue for past damages is insufficient to create standing under the Patent Act—irrespective of whether or not the patent is expired.

As to the whether the district court improperly denied Keranos' motion to amend its infringement contentions, the court looked to Eastern District of Texas local Patent Rule 3-1, which requires that infringement contentions identify each accused product by name or model number, if publicly known. The Federal Circuit concluded that there may not have been sufficient publicly available information to identify each product by name and that Keranos could not have been more diligent with respect to certain products. The court vacated and remanded the district court's denial of Keranos's motion to amend its infringement contentions and further remanded for the district court to consider whether Keranos had shown good cause to amend on a party-by-party basis.



***Lexmark Int'l, Inc. v. Impression Prods., Inc.*,**
816 F.3d 721 (Fed. Cir. 2016)

In this en banc opinion, the Federal Circuit addressed the scope of the patent exhaustion doctrine in light of the Supreme Court's decisions in *Quanta Computer, Inc. v. LG Electronics, Inc.* and *Kirtsaeng v. John Wiley & Sons, Inc.* The Federal Circuit reaffirmed previous Federal Circuit decisions in *Mallinckrodt v. Medipart* and *Jazz Photo Corp. v. International Trade Commission*, holding that a patentee may impose post-sale restrictions on use and resale, and that the mere sale of a good abroad does not authorize the buyer to import and sell the article within the United States. Takeaway: A patentee may impose resale restrictions if clearly communicated to the buyer at the time of sale. Foreign sales of a product do not exhaust United States patent rights, therefore goods obtained lawfully abroad may only be sold in the U.S. with permission from the patentee.

Lexmark sued Impression in the Southern District of Ohio alleging patent infringement. Lexmark manufactures and sells both printers and toner cartridges, which it sells under a tiered pricing model. Customers may purchase a "Regular Cartridge" at full price without any use limitations or a "Return Program" cartridge which costs 20 percent less but must be returned to Lexmark for remanufacturing or recycling after use. Lexmark alleged that Impression acquired refilled cartridges then sold them in the United States and also imported and sold refilled cartridges purchased abroad. In response, Impression argued that, under the patent exhaustion doctrine, Lexmark's initial sale of the cartridges constituted a grant of authority such that Impression's later resale and importation were non-infringing. Impression admitted that its exhaustion defense failed under the Federal Circuit's reasoning in *Mallinckrodt* and *Jazz Photo*, but argued that these cases were no longer controlling in light of the Supreme Court's decisions in *Quanta* and *Kirtsaeng*. The district court granted Impression's motion to dismiss with respect to restrictions on domestic resales, reasoning that *Quanta* overruled *Mallinckrodt*. However, the court denied Impression's motion to dismiss involving the foreign cartridges, explaining that *Jazz Photo* remained good law, even in light of *Kirtsaeng*.

On appeal, the en banc Federal Circuit reversed the district court's judgment of non-infringement for the domestic sale of cartridges, holding that *Mallinckrodt* was still good law. Similarly, the court confirmed that *Jazz Photo* remains good law and therefore affirmed the district court's infringement ruling as to the cartridges first sold abroad. The court then remanded for further proceedings.

In reaffirming *Mallinckrodt*, the majority held that a seller may use its patent rights to block downstream resale and reuse of a product. As the majority explained, the simple sale of a product subject to a resale or reuse restriction does not grant the purchaser the authority to ignore lawfully imposed restrictions. Further, a patentee has the ability to "sell a patented article subject to a single-use/no-resale restriction that is lawful and clearly communicated to the purchaser" without exhausting the patentee's rights in that good. The court reasoned that this principle remains sound even after the Supreme Court's decision in *Quanta*, which did not address a sale subject to restriction.



The Federal Circuit also held, in reaffirming *Jazz Photo*, that even authorized foreign sales do not presumptively exhaust the U.S. patent rights in a product. To support its conclusion, the court explained that the mere sale of a good abroad does not exhaust a patentee's rights, nor does it authorize the purchaser to import and sell the good in the U.S. The Federal Circuit explained that, in *Kirtsaeng*, the Supreme Court was not faced with an issue of patent law. Rather, the panel reasoned that *Kirtsaeng* is a copyright case addressing what owners of copyrighted articles may do without the authority of the copyright holder.

Judge Dyk, joined by Judge Hughes, dissented. According to the dissent, *Mallinckrodt* was incorrectly decided and cannot be reconciled with the Supreme Court's decision in *Quanta*. Further, the dissent would have retained the holding in *Jazz Photo* based on the reasoning that while foreign do not always lead to exhaustion of patent rights, these rights must be explicitly reserved in order to prevent patent exhaustion.

Lismont v. Alexander Binzel Corp.

813 F.3d 998 (Fed. Cir. 2016)

In this appeal from the United States District Court for the Eastern District of Virginia, the Federal Circuit addressed whether the presumption of laches was appropriately applied and whether foreign litigation provides the requisite notice to rebut that presumption. In affirming the district court's grant of summary judgment, the Federal Circuit concluded that the presumption of laches was appropriate and that without specific mention of an intention to file suit in the United States, foreign litigation alone does not excuse delay. Takeaway: Initiating litigation in a foreign jurisdiction does not provide notice of the intent to sue in the United States in order to rebut the presumption of laches.

Alexander Binzel Corporation ("Binzel") owns both the German and U.S. patents at issue this dispute. In October 2000, more than two years after the German patent issued, Hedwig Lismont initiated litigation in Germany claiming that he was the sole inventor of the process disclosed in the German patent. Later, in June 2002, Lismont sent a letter to Binzel acknowledging the application that issued as the U.S. patent and noting that if he did not receive compensation for his contributions, he would pursue a claim "from every legal perspective." After Binzel failed to respond, Lismont filed a second action in Germany against the company. Ultimately, the German court concluded that Lismont was not able to prove that he was either the sole or joint inventor, and denied his claims.

Twelve years after Lismont initiated litigation in Germany, in October 2012, he filed suit in the United States to correct inventorship. The district court eventually granted Binzel's motion for summary judgment holding that Lismont's claim was barred by laches. On appeal, Lismont argued that the district court should not have applied the presumption of laches against his inventorship claim, or, alternatively, that the German litigation served as notice to Binzel that an inventorship suit in the U.S. was forthcoming. In other words, he argued that the German litigation was sufficient notice



to rebut the presumption of laches. A unanimous panel rejected both of Binzel's arguments and affirmed the district court.

Regarding the presumption of laches, the Federal Circuit reasoned that the appropriate inquiry is "whether more than six years passed between the time when the inventor knew or should have known of the subject patent and the time the inventor initiated litigation." The panel concluded that to avoid this rebuttable presumption, Lismont must have initiated his inventorship litigation within six years of the date on which Binzel's U.S. patent issued, August 6, 2002. Lismont was unable to point to any specific statements in which he demonstrated efforts to correct inventorship of the U.S. patent through the German litigation. Therefore, according to the court, the district court properly applied the presumption of laches to this case.

However, the court acknowledged that while the German litigation may not avoid a presumption of laches, it may help rebut that presumption. Moreover, the court recognized that unreasonable delay may be excused by a showing from the patentee that he or she was engaged in other litigation. However, for other litigation to excuse delay, the defendant must be aware of the plaintiff's intention to pursue patent rights once the other proceedings are completed. The panel rejected Lismont's argument that Lismont provided requisite notice, reasoning that Lismont never specifically indicated that he intended to sue in the U.S. during the German litigation.

Lumen View Tech. LLC v. Findthebest.com, Inc.

811 F.3d 429 (Fed. Cir. 2016)

The Federal Circuit affirmed the District Court for the Southern District of New York's determination that the case was exceptional, and that attorneys' fees should be awarded, but held that the district court had improperly awarded enhanced attorney fees. Takeaway: Detering baseless litigation may be a basis for awarding attorney's fees, but deterrence may not be the basis for enhancing the amount of fees awarded to the plaintiff.

The district court granted FTB's motion for judgment on the pleadings, holding that the claims of the asserted are invalid for failure to claim patent-eligible subject matter under Section 101. The district court further held that the case was exceptional under the totality of the circumstances test outlined in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 188 (2014) because it was frivolous and objectively unreasonable. The court found that Lumen View's motivation for filing suit was to extract a nuisance settlement from FTB and, therefore, Lumen View's "predatory strategy of baseless litigation" needed deterrence.

The district court awarded enhanced attorney's fees to FTB, multiplying the Lodestar amount by a factor of two. The district court explained several factors that supported enhancing the Lodestar amount, including "the need to deter the plaintiff's predatory strategy, the plaintiff's desire to extract a nuisance settlement, the plaintiff's threats to make the litigation expensive, and the frivolous nature of the plaintiff's



claims.” Specifically, the district court focused on the deterrence factor, noting that the Lodestar amount was especially low due to the court’s quick resolution of the case.

The Federal Circuit affirmed the district court’s determination, noting that even if Lumen View’s “litigation conduct was not quite sanctionable, the court reasonably determined that the case was exceptional” which would still justify an award of fees. Although the decision to award attorneys’ fees was justified, the Federal Circuit vacated and remanded the case, holding that the district court failed to provide a proper rationale to justify enhancing the Lodestar by a multiplier of two. The Federal Circuit held that while deterrence may be a factor in determining whether to award attorneys’ fees, it should not be a factor in determining whether to enhance those fees. The only factors that justify adjusting the Lodestar are those that relate to the performance or conduct attributable to the prevailing party’s attorney.

Luminara Worldwide, LLC v. Liown Elecs. Co.,
814 F.3d 1343 (Fed. Cir. 2016)

This case involved Disney Enterprises’ (Disney) patented techniques to simulate the flicker of real flames in artificial candles, a technique which Disney first developed for the “Haunted Mansion” ride at Disneyland. The Federal Circuit held that Disney’s exclusive licensee, Luminara Worldwide (Luminara) had standing to sue Liown Electronics (Liown), a Chinese flameless candle manufacturer, without joining Disney in the infringement action. However, the court vacated the district court’s grant of preliminary injunction because defendant’s anticipation challenge raised a substantial question of validity. Takeaway: A patent licensee possessing the right to exclude and other substantial rights has independent standing to bring a patent infringement suit against an infringer, and a patentee’s retained right to practice the patent is not a substantial right.

The Federal Circuit held that Luminara had standing because it was an exclusive licensee of the patent at issue and possessed exclusionary rights. The court held that Luminara did not need to join Disney in the infringement action for two reasons. First, Disney had explicitly transferred its right to sue for infringement to Luminara. Second, Disney did not retain any substantial rights that would be lost if the patent claims were held invalid or if the patent were unenforceable. The court found that Disney’s retained rights, such as the right to practice its patent, title to the patents, the responsibility to pay maintenance fees to keep the patents in force, financial interest in litigation and licensing, and the right to receive notice of litigation and licensing activities, were neither individually nor cumulatively sufficient to preclude Luminara from bringing suit alone. The court reasoned that a financial interest in the litigation and licensing, without more, does not amount to a substantial right, and that the right to practice a patent is insubstantial when unaccompanied by an exclusionary right. A patentee does not lose the right to practice the patent if the patent is invalidated, rather, the patent falls into the public domain and the public gains the right to practice the patent.

The Federal Circuit also vacated the district court’s grant of a preliminary injunction, because it found that Liown’s anticipation challenge raised a substantial question of



validity. The anticipation issue turned on whether the claim term involving a flame body that was “free to pivot” was satisfied by rotation around two axes, as taught in a prior art patent, or if it required movement about more than two axes as the district court concluded. The Federal Circuit held that the requirement imposed by the district court that movement be about more than two axes contradicted the ordinary meaning of “free to pivot,” and found no basis in lexicographic definition, disclaimer, or prosecution history to support this further limitation. Because the prior art taught a flame body that was free to pivot about two axes, a substantial question of invalidity was raised, and thus the Federal Circuit vacated the preliminary injunction and remanded the case to the district court.

MAG Aerospace Indus., Inc. v. B/E Aerospace, Inc.,
816 F.3d 1374 (Fed. Cir. 2016)

The Federal Circuit affirmed the decision of the United States District Court for the Central District of California granting B/E’s motion for summary judgment finding non-infringement of MAG’s patents and granting MAG’s motion for summary judgment finding that B/E was barred from challenging the validity of MAG’s patents under the doctrine of assignor estoppel. Takeaway: In discerning assignor estoppel, Federal Circuit will carefully scrutinize employment relationships where the assigning inventor is employed by the accused infringer, and the accused infringer has made use of the inventor’s particular knowledge in designing the accused product.

MAG held three patents involving the quick repair of vacuum toilets such as those used in commercial airplanes. The ’054 patent disclosed a toilet bowl that can be “toollessly” inserted and removed from the toilet frame; the ’055 patent disclosed a toilet bowl and a “valve set” constituting “linear replaceable units” (i.e. “single modules” that can be easily replaced); and the ’942 patent disclosed a modular toilet wherein the toilet bowl sits atop the toilet frame by means of an “out-turned flange.” The patents-in-suit were invented in part by Mark Pondelick, who assigned the patents-in-suit to his former employer, who in turn assigned the patents-in-suit to MAG. Mark Pondelick then left his former employer to work for B/E.

In evaluating the allegedly infringing elements of B/E’s toilet, the Federal Circuit relied on the district court’s claim construction. The Federal Circuit concluded that B/E’s toilet bowl did not infringe the ’054 patent because it could not be inserted and removed from the toilet frame “toollessly.” The court noted that although B/E’s toilet bowl could be removed using a coin, a coin qualified as a tool within the meaning of the patent. The Federal Circuit also concluded that the “discharge valve” and “flush control unit” on B/E’s toilet did not infringe the ’055 patent because they did not constitute “linear replaceable units.” Finally, the Federal Circuit found that the two “edges” in B/E’s toilet bowl did not infringe the ’942 patent because the first edge did not actually rest on the toilet frame and the second edge was nothing more than a slot within the “ribs” of the toilet bowl. As to each of the patents, the Federal Circuit reasoned that the district court fully resolved the claim construction questions at issue and did not improperly revise its constructions at summary judgment.



As for the assignor estoppel issue, the district court found that Mark Pondelick was in privity with B/E such that B/E was barred from challenging the validity of MAG's patents. The court found that B/E benefited from Mr. Pondelick's knowledge of the claimed invention in developing the accused infringing product and indeed that B/E hired him specifically to develop that product. The Federal Circuit held that, although some although several factors articulated in *Shamrock Technologies, Inc. v. Medical Sterilization, Inc.*, 903 F.2d 789 (Fed. Cir. 1990), favored B/E, in view of all of the factors it could not conclude that the district court erred, particularly insofar as B/E had "availed itself of [Mr. Pondelick's] knowledge and assistance to conduct the alleged infringement," citing *Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 839 (Fed. Cir. 1991).

***Mankes v. Vivid Seats Ltd.*,**
822 F.3d 1302 (Fed. Cir. 2016)

The Federal Circuit vacated the district court's judgment against patent holder Robert Mankes ("Mankes") and remanded for proceedings consistent with newly-developed divided infringement law. The court also affirmed the district court's denial of attorney's fees for Vivid Seats, Ltd. ("Vivid Seats"). Takeaway: "When the governing legal standards have changed during an appeal, it may be appropriate . . . to vacate a determination made under superseded standards and to remand for consideration under the new standards and for any proceedings made necessary and appropriate by the new standards."

Mankes owns U.S. Patent No. 6,477,503 (the "'503 patent"), which describes a way for vendors to divide inventory between local and internet servers. In October 2013, Mankes sued Vivid Seats and Fandango for infringing the '503 patent. Mankes acknowledged that Vivid Seats and Fandango did not directly perform all of the infringing activities but suggested that the parties could be liable under a divided infringement theory.

When Mankes first brought his suit, the governing cases on divided infringement were *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010) ("Akamai I") and *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) ("Akamai II"). After the district court issued its final judgment in Mankes' case, however, a panel of the Federal Circuit decided *Akamai III*, which implemented a narrow standard for direct infringement. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 786 F.3d 899 (Fed. Cir. 2015). Mankes then filed his appeal with the Federal Circuit and began briefing. During this time, the Federal Circuit decided *Akamai IV*, which reversed the decision in *Akamai III* and broadened the liability standards for direct infringement. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020 (Fed. Cir. 2012).

In reviewing the district court's decision in Mankes' case, the Federal Circuit applied the legal standard from *Akamai IV*. Because this standard was broader than those articulated in *Akamai I*, *II*, or *III*, the court found that "the district court's analysis [was] now insufficient to support rejection of direct-infringement liability." The Federal



Circuit thus vacated the district court’s judgment and remanded for further proceedings consistent with *Akamai IV*.

The Federal Circuit also affirmed the district court’s denial of attorney’s fees. The court explained that under 35 U.S.C. § 285, courts can award attorney fees to prevailing parties in exceptional cases—i.e., cases that “stand out from others with respect to the substantive strength of a party’s litigating position . . . or the unreasonable manner in which the case was litigated.” The court noted, however, that because it vacated the district court’s judgment, Vivid Seats was no longer the prevailing party. The Federal Circuit also noted that the case was not “exceptional” because Mankes had litigated the case reasonably and in good faith. The Federal Circuit thus concluded that Vivid Seats was not entitled to attorney’s fees.

MCM Portfolio LLC v. Hewlett-Packard Co.
812 F.3d 1284 (Fed. Cir. 2015)

In an appeal from an *inter partes* review (“IPR”) decision by the Patent Trial and Appeals Board (“the Board”), the Federal Circuit held that, under 35 U.S.C. § 314(d), it did not have jurisdiction to review the Board’s decision to institute the IPR, but that it did have jurisdiction to consider the constitutionality of IPR proceedings under Article III and the Seventh Amendment. The court rejected the patentee’s constitutional arguments and affirmed the Board’s determination that the challenged claims were obvious in light of the cited prior art. Takeaway: The Federal Circuit in this case found that IPR proceedings do not violate Article III or the Seventh Amendment right to a trial by jury.

MCM owns U.S. Patent No. 7,162,549, which recites claims for coupling a computer with flash memory storage. The patent describes a controller chip with error correction that ensures accurate data transmission between the computer and the flash memory storage. Hewlett-Packard (“HP”) petitioned for IPR, challenging certain claims as being obvious over a combination of prior art references. After instituting review, the Board concluded the claims were unpatentable as obvious. MCM appealed, asserting that HP’s petition was time-barred under 35 U.S.C. § 315(b) and that the IPR proceedings were unconstitutional.

First, the court held that it did not have jurisdiction to review the Board’s decision to institute an IPR pursuant to section 314(d) and its recent precedent in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015).

Second, the court rejected MCM’s argument that the Board’s final decisions are unconstitutional under Article III and the Seventh Amendment. MCM had argued that any action revoking a patent must be tried in an Article III court and with the right to a jury trial. The court rejected both arguments, reasoning that reexamination and *inter partes* review to be indistinguishable from the administrative adjudications that the Supreme Court has repeatedly held permissible. Likewise, the Supreme Court has held that the Seventh Amendment right to trial by jury is inapplicable in administrative proceedings.



Finally, the court affirmed the Board's determination of obviousness, finding that it was supported by substantial evidence. The court focused on two pieces of prior art: one that disclosed a flash memory card reader that could sense whether the flash memory card had a controller, and a second that disclosed flash memory cards with error control. MCM argued that the asserted claims were not obvious because the asserted prior art references could not be combined to produce a single controller chip. The court rejected this argument, explaining that obviousness based on a combination of references does not require bodily incorporation of the teachings of one reference into the teachings of the second reference. Rather, the asserted prior art combination met the test of what their combined teachings suggest to one of ordinary skill in the art.

Media Rights Techs., Inc. v. Capital One Fin. Corp.
800 F.3d 1366 (Fed. Cir. 2015)

The Federal Circuit unanimously affirmed that a patent on a compliance mechanism designed to prevent unauthorized electronic media recording was invalid for indefiniteness. The term at issue, "compliance mechanism," was a means-plus-function term, and it lacked sufficient structural descriptions or algorithmic instructions to be definite. Takeaway: A term will be construed as a means-plus-function term even without reciting the word "means" if the term, read in light of the specification, fails to recite sufficiently definite structure to avoid § 112 ¶ 6, and a means-plus-function term will be invalid for indefiniteness if the specification fails to disclose sufficient structure for performing such function(s).

Media Rights Technologies, Inc., sued Capital One Financial Corp. for infringement of its patent for a "compliance mechanism" designed to prevent unauthorized recording of electronic media. The term "compliance mechanism" was a limitation in all of the patent claims. Capital One moved for judgment on the pleadings, arguing the patent was invalid for indefiniteness.

The district court granted Capital One's motion, concluding that the "compliance mechanism" term was a means-plus-function term. The claims provided that the mechanism would be activated in response to a client system receiving media content and would monitor and control a data output path. The court reasoned that the described how various components were combined and functions were performed; the claims did not specify the mechanism's structure. As a result, the court held that "compliance mechanism" was a means-plus-function term. The court further reasoned that the "compliance mechanism" performed four functions—controlling data output, monitoring a controlled data pathway, managing an output path, and stopping or disrupting media content along the pathway—and that disclosures from the written description failed to teach how the compliance mechanism achieved its functions. Some possible structures were listed, but Media Rights had specifically disclaimed that they were necessary to achieve the desired functions. Without any algorithm with defined and understandable terms, the district court ruled all claims containing the term "compliance mechanism" indefinite. It also found the term "custom media device" indefinite, since the specifications did not explain whether it was hardware or software. Media Rights appealed to the Federal Circuit.



In a unanimous opinion by Judge O’Malley, the Federal Circuit affirmed. The Federal Circuit agreed with the district court that “compliance mechanism” was a means-plus-function term, since the claims set forth function without sufficient structure to perform the function. “Compliance mechanism,” the Federal Circuit reasoned, had no commonly understood meaning, so it failed to set forth adequate structure by itself. The specification also failed to define “compliance mechanism” in specific structural terms. The court rejected Media Rights’s argument that the specification’s recitations of how the compliance mechanism interacted with other system components, what processes it performed, and what structural subcomponents it might include were sufficient.

The Federal Circuit then reasoned that the means-plus-function term “compliance mechanism” was indefinite because Media Rights had failed to disclose adequate corresponding structure, material, or acts to perform all four of the claimed functions, as required for means-plus-function terms. Because these functions were computer-implemented functions, the structure disclosed in the specification must be more than a general purpose computer or microprocessor, rather, the specification must disclose an algorithm for performing the claimed function. The Federal Circuit found that the specification failed to disclose an algorithm for the “controlling data output” and “managing output path” functions: both involved diverting a data pathway, but the only algorithm Media Rights provided—C++ source code—returned error messages. The disclosure for the “monitoring” function was also deficient, since the claims never disclosed the rules for ensuring there was no unauthorized recording taking place. These failures left the disclosures inadequate and the claims indefinite. The Federal Circuit thus affirmed the trial court’s finding of indefiniteness.

Medicines Co. v. Hospira, Inc.,
827 F.3d 1363 (Fed. Cir. 2015)

This litigation arose from Hospira’s submission of two Abbreviated New Drug Applications (“ANDAs”) with the FDA relating to bivalirudin—an anti-coagulating drug used during coronary surgery. Two of The Medicines Company’s (“MedCo”) patents were listed in the FDA’s Orange Book covering the drug: U.S. Patent Nos. 7,582,727 and 7,598,343. The patents claim pharmaceutical batches of bivalirudin within specified pH ranges. Takeaway: Contracting with a third party to manufacture patented products may not trigger the § 102(b) on-sale bar, particularly where the patented invention is not commercially exploited.

Following Hospira’s submission of the ANDAs to the FDA, MedCo sued Hospira in district court in 2010, alleging that the ANDA filings infringed the two patents. In addition to arguing non-infringement, Hospira challenged validity on the grounds that the product was sold or offered for sale before the critical date, and also that the claims were obvious, lacked written description, were not enabled, and were indefinite. The district court determined that the patents were not invalid, but it also concluded that they were not infringed.



MedCo appealed the non-infringement ruling; Hospira cross-appealed certain of the invalidity rulings. The panel found the patents invalid based on the on-sale bar, and thus did not reach the remaining issues. The panel concluded that, because MedCo contracted with a third-party drug manufacturer to create the batches before the critical date, and because the third-party drug manufacturer created the batches before the critical date, the invention was “commercially exploited” before the critical date. The panel reasoned that “commercial exploitation” was enough to trigger the on-sale bar, so long as the invention was also “ready for patenting,” which was undisputed.

The full court granted rehearing en banc, vacated the panel opinion, and ordered briefing on the question of whether the circumstances presented constituted a commercial sale under § 102(b). In a unanimous opinion, the court held that the on-sale bar was not triggered. “Commercial exploitation” and stockpiling are not enough; triggering the on-sale bar requires an actual sale of the invention or a concrete offer for sale. Using the definitions of the UCC as a guide, the court held that there was no sale or offer for sale because the invention had never been commercially marketed, whether by the inventor or a third-party, and MedCo never transferred title to a third-party. Rather, the third-party manufacturer sold its manufacturing services to MedCo. MedCo retained title to the batches, and the situation was substantively indistinguishable from a situation in which a company manufactures its products in-house. Put another way, MedCo should not be punished for lacking the manufacturing capabilities to create its own products. Outsourcing production of a product is not a “sale” of that product.

Having found that the manufacture by the third-party did not violate the on-sale bar, the court remanded to the panel to consider the remaining issues in the appeal.”

Merck & Cie v. Gnosis S.P.A.,
808 F.3d 829 (Fed. Cir. 2015)

A divided Federal Circuit affirmed the Patent Trial and Appeal Board’s (“PTAB”) determination that patent claims linked to methods of treating elevated homocysteine levels were obvious, finding that substantial evidence supported the PTAB’s decision. Takeaway: Patent owners may face more difficulty successfully appealing adverse obviousness determinations by the Board under a “substantial evidence” standard of review.

Merck owns U.S. Patent No. 6,011,040 (“the ’040 patent”) directed to compositions containing natural isomers of reduced folates and methods of using the same. Merck manufactures one of those isomers (L-5-MTHF) under the trade name Metafolin® for use in treating conditions resulting from high blood levels of homocysteine. At Gnosis’s request, the PTAB instituted *inter partes* review on a number of claims of the ’040 patent. Although Merck argued the prior art taught away from the patent’s claimed use, the PTAB found that all of the claims at issue were obvious under 35 U.S.C. § 103 in light of three prior art references. The PTAB also considered objective indicia of non-obviousness and concluded that Merck failed to demonstrate an adequate nexus between the allegedly novel features of the ’040 patent and the evidence of commercial



success, licensing, copying and industry praise. The PTAB further found that evidence of long-felt but unmet need, unexpected results, and industry skepticism was unpersuasive.

The Federal Circuit affirmed the PTAB's conclusion that the asserted claims were obvious, holding that the PTAB's factual findings with respect to both motivation to combine and lack of adequate nexus for the secondary considerations were supported by substantial evidence. The Federal Circuit explained that Merck's evidence of commercial success, copying, and industry praise relied on products that had material features beyond those disclosed and claimed in the '040 patent, rejecting the secondary considerations of non-obviousness. Similarly, the court found Merck's evidence of licensing unpersuasive because the licensing agreement covered several other patents, and the degree to which the licensing agreement was the result of the allegedly novel features of the '040 patent, as opposed to the other patents, was not clear.

Judge Newman dissented on several grounds. She noted that the judicial standard for establishing invalidity requires clear and convincing evidence, while the America Invents Act only requires a preponderance of the evidence standard before the PTAB. 35 U.S.C. § 316(e). As the burden of proving invalidity falls on the petitioner, the Act established a powerful incentive to challenge patent validity through the PTAB instead of the district court. By applying a substantial evidence standard instead of the statute's preponderance of the evidence standard, Judge Newman noted that the Federal Circuit was merely determining whether the decision could reasonably have been made, rather than whether it was correctly made—which was at odds with Congress' intent to provide stronger oversight over patent decisions. Applying the preponderance of evidence standard, Judge Newman argued the record did not support a motivation to combine the prior art references or a reasonable expectation of success. Instead, such a conclusion could come only from hindsight reconstruction using the inventors' teachings. For the same reason, she argued the majority discounted Merck's evidence of objective indicia of non-obviousness.

Merck & Cie v. Watson Labs., Inc.,
822 F.3d 1347 (Fed. Cir. 2016)

In an appeal from the District of Delaware, the Federal Circuit reversed the district court's finding regarding invalidity under 35 U.S.C. § 102(b), holding that the patentee triggered the on-sale bar before the critical date when it offered the patented ingredient for sale. Takeaway: The Federal Circuit may construe an alleged offer for sale liberally using traditional contract law principles.

Merck & Cie sued Watson Laboratories for infringement of a pharmaceutical patent. Watson argued that a 1998 fax between Merck and a potential business partner invalidated the patent because it constituted a commercial offer for sale, and thus triggered the § 102(b) on-sale bar. Merck never consummated the sale, but the fax included price, delivery, and payment terms and invited the potential buyer to send a purchase order. The district court held that the fax did not constitute a commercial offer for sale because it did not contain standard safety and liability terms.



The Federal Circuit held that the record did not establish a standard industry practice of including safety and liability terms in commercial offers for sale. Since the fax included all the required elements of a commercial offer for sale, the court found that it triggered the on-sale bar. Thus, the Federal Circuit reversed the district court's argument regarding invalidity.

The court indicated, however, that evidence of standard industry terms appearing in offers for sale may change its analysis. But here, the court discounted Merck's expert testimony because it only established that the terms existed, not that they normally appeared in offers for sale. Furthermore, the court found that the documentary evidence unambiguously established Merck's desire to sell.

Microsoft Corp. v. GeoTag, Inc.,
817 F.3d 1305 (Fed. Cir. 2016)

GeoTag, Inc. ("GeoTag") patented a method of "searching online information within a geographically and topically organized database." When a user searches the database, the search engine first conducts a search within a narrow geographic area. The search is then "dynamically replicated" to automatically include results from a broader geographic area. GeoTag filed a patent infringement suit in the United States District Court for the Eastern District of Texas against customers of Google, Inc. ("Google") who used Google's store locator services. Google in turn sought declaratory relief in the United States District Court for the District of Delaware, requesting a determination that GeoTag's patent is invalid and was not infringed. GeoTag counterclaimed, alleging Google AdWords, which displays targeted advertising filtered by the user's geographic area, directly infringed the patent. Google moved for summary judgment. Takeaway: Even if a complaint is later dismissed, a district court may retain subject matter jurisdiction over a counterclaim under 35 U.S.C. § 1338 if the complaint and the counterclaim both raise issues arising under federal patent law.

Before the district court ruled on the summary judgment motion, it permitted Google to file an amended complaint. GeoTag moved to dismiss the First Amended Complaint for lack of subject matter jurisdiction. GeoTag argued Google's complaint did not establish a substantial controversy between GeoTag and Google of sufficient immediacy to warrant a declaratory judgment. GeoTag also asserted that its compulsory counterclaims should be dismissed if the declaratory judgment action lacked subject matter jurisdiction.

The district court denied GeoTag's motion to dismiss, holding that the court had subject matter jurisdiction of GeoTag's counterclaims pursuant to Third Circuit law, and granted Google's motion for summary judgment. In granting summary judgment, the district court reasoned that Google AdWords does not "practice the 'dynamically replicated' limitation" of one of the patent claims because "it does not search a narrow geographic area and automatically add results from a broader area." Instead, AdWords runs a broad search, successively filtering out results that do not match the targeted user's geographic area. GeoTag appealed.



Before addressing GeoTag’s arguments on appeal, the Federal Circuit first noted the district court erred in applying Third Circuit law, and not Federal Circuit law, to the question whether the district court had subject matter jurisdiction over GeoTag’s counterclaims. The court held that Federal Circuit law applies because the motion to dismiss presented an issue “unique to patent law,” i.e., a determination of whether the action arose under an act of Congress relating to patents. Nonetheless, the Federal Circuit held that even under Federal Circuit law, the district court properly retained jurisdiction over GeoTag’s counterclaims. The court explained that “where a complaint and counterclaim both raise issues arising under federal patent law, the district court may retain subject matter jurisdiction over the counterclaim pursuant to 28 U.S.C. § 1338(a),” even if the complaint is dismissed or defective and regardless of whether the counterclaims are permissive or compulsory. Because the district court had subject matter jurisdiction over GeoTag’s counterclaims, the Federal Circuit did not reach the question whether the district court properly retained jurisdiction over Google’s First Amended Complaint.

The Federal Circuit also affirmed the district court’s grant of summary judgment. The court found that AdWords’s method of narrowing a broad search based on geography does not practice GeoTag’s “dynamic replication” under “any construction of that limitation.” Although AdWords may yield the same results as GeoTag’s search method, the court held that “[m]erely producing that same result in a different way” is not infringement. GeoTag argued the district court improperly construed “dynamically replicated” to require multiple searches and that the district court neglected to treat filtering as a search. The Federal Circuit rejected both arguments, concluding the district court made no such holdings. Finally, GeoTag argued the district court erred in its construction of other claim terms, but the Federal Circuit concluded that “the disputed construction[s] did not form the basis of the district court’s summary judgment grant” and declined to address them.

Momenta Pharm., Inc. v. Teva Pharm. USA, Inc.,
809 F.3d 610 (Fed. Cir. 2015)

Clarifying the term “made” as used in 35 U.S.C. § 271(g), the Federal Circuit affirmed the district court’s holding that a patented process which neither creates nor alters the substance on which it acts cannot be considered to have made the resulting product. Takeaway: For a patented process to have “made” a product under § 271(g), that process must have served a role in the creation of that product beyond gathering information about the product.

Momenta argued that Teva infringed the ’886 patent, which claims a process of quality assurance for the anti-coagulant enoxaparin. The district court found that Teva’s use of the process fell within the safe harbor of § 271(e)(1), which provides it is not infringement for a party to use a patented invention “solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs.” The district court reasoned that the claimed process was used to develop information necessary for Teva’s application to market a generic version of enoxaparin. Moreover, in a companion case, Momenta alleged



Amphastar infringed the '886 patent by manufacturing a generic version of enoxaparin domestically. The district court held that Amphastar's use of the process in its domestic manufacturing was similarly protected by § 271(e)(1). The district court also rejected Momenta's allegation that Teva's sales constituted infringement under § 271(g), which prohibits selling "within the United States a product which is made by a process patented in the United States."

The first question on appeal was whether the generic enoxaparin sold by Teva and Amphastar was "made" by the process in the '886 patent as that term is used in § 271(g). Momenta argued that "made" was equivalent to "manufactured" and that the claimed process was an intermediate step in Amphastar's manufacturing and a means of selection for Teva. Momenta supported its argument by referencing the FDA's Good Manufacturing Practice regulations which define manufacturing and processing to include "testing and quality control of drug products." Though the majority agreed that "made" meant "manufacture," the majority concluded "manufacture" encompassed the creation or transformation of a product but excluded testing of an already synthesized drug. The court reasoned that the FDA regulations were not controlling as these regulations are directed at a separate statutory scheme. Momenta had failed, according to the majority, to show that the testing in any way altered the substance of the enoxaparin marketed.

Addressing the applicability of the § 271(e)(1) safe harbor to Amphastar's domestic use of the '886 process, the majority noted that the exception for submitting information required under a federal law did not encompass information "routinely" reported to the FDA after marketing approval had been obtained. The court further determined that Amphastar's submissions were "routine" because Amphastar habitually used the process to assess the quality of every batch. As Amphastar had already obtained FDA approval, its use of the process was not reasonably related to developing information to provide to the FDA. Accordingly, § 271(e)(1) did not shield Amphastar's use of a patented method in the United States.

Judge Dyk concurred in-part and dissented in-part. Judge Dyk agreed with the majority's decision on the application of § 271(e)(1) to Amphastar, but disagreed with the majority on the question of whether the generic enoxaparin was "made" by the patented process. He reasoned that the quality control process is an intermediate step in the process of manufacturing, noting that § 271(g) was not limited to those processes that cover the entire manufacturing process. Given the requirement that the substance possess unique qualities to be marketed as enoxaparin, Judge Dyk argued that the quality control process is integral to manufacturing. Responding to the majority's finding that the process did not alter the product, Judge Dyk argued that the substances subjected to the process were not finished products but had to undergo several subsequent steps (combining batches, prepping, and packaging) before being marketable. Judge Dyk opined that the majority's limitation on the meaning of "made" created a loophole allowing patents on similar quality assurance procedures or purification methods to be freely infringed.



Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.,
811 F.3d 1314 (Fed. Cir. 2016)

The Federal Circuit affirmed summary judgment of invalidity of patent claims directed to systems and methods for assisting borrowers to obtain loans. Takeaway: Claims relating to business methods that could be performed by a human, and which add only generic computer components, are especially susceptible to ineligibility challenges under Section 101.

First Choice raised ineligibility under Section 101 in its answer, but did not include it in its initial invalidity contentions. After the Supreme Court decided *Alice Corp. Pty. Ltd. v. CLS Bank International*, First Choice added Section 101 patent ineligibility to its final invalidity contentions. Mortgage Grader argued that First Choice had not shown good cause for injecting the defense back into the case after dropping it from the initial invalidity contentions. The district court disagreed and concluded that Alice constituted good cause for the amendment. The district court ultimately granted summary judgment that Mortgage Grader's claims were patent-ineligible under Section 101.

On appeal, Mortgage Grader argued that the district court abused its discretion in allowing First Choice to amend its invalidity contentions and failed to consider whether Mortgage Grader would be prejudiced by adding the section 101 defense into the case. The Federal Circuit held that the district court did not abuse its discretion when it allowed First Choice to add the Section 101 defense two months after *Alice* was decided. Specifically, the *Alice* decision satisfied the necessary good cause standard for amendment because *Alice* impacted whether a patent claimed patent-eligible material.

The Federal Circuit also affirmed the district court's grant of summary judgment that the claims were patent-ineligible under Section 101. The court determined that the district court properly applied the two-step test set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012). Under this test, a court must first determine if the claims at issue are directed to a patent-ineligible concept and, if the claims are directed to a patent-ineligible concept, then look for an “inventive concept”—i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.” In this case, the Federal Circuit agreed with the district court that, as to Step One, the asserted claims are directed at the abstract idea of “anonymous loan shopping” which is patent-ineligible because the steps involved are capable of being performed by humans without a computer. As to Step Two, the Federal Circuit stated that there is no inventive concept present in these claims that would make them patent-eligible because the claims only added generic computer components. Instead, the various steps involved when a borrower applies for a loan could all be performed by humans without a computer and the addition of generic computer components such as, for example, a network, does not constitute an inventive concept. Therefore, the claims are not patent-eligible under Section 101.

Mortgage Grader argued additionally that the district court improperly resolved material factual disputes in connection with granting summary judgment. The Federal



Circuit explained that a Section 101 inquiry “may” contain underlying factual issues, but that a Section 101 analysis may be undertaken without resolving those factual issues. In this case, there was dueling expert testimony which provided information on how people obtained mortgages before the Internet. The Federal Circuit held that these expert opinions did not create a genuine dispute of material fact, but regardless, a Section 101 analysis could be performed without resolving factual issues in this case because the issues were not directed to a material fact.

Nike, Inc. v. Adidas AG,
812 F.3d 1326 (Fed. Cir. 2016)

In this Patent Trial and Appeal Board (“Board”) appeal, the Federal Circuit addressed the proper standard for entry of substitute claims in an *inter partes* review, holding that the burden is on the patentee to establish patentability over the prior art of proposed substitute claims. Key Takeaway: In an *inter partes* review, when a patentee cancels claims and provides substitute claims, the patentee has the burden of showing the patentability of the amended claims over the known prior art.

Adidas AG petitioned for *inter partes* review challenging all 46 claims of Nike’s U.S. Patent No. 7,347,011 (“011 patent”). After the Board instituted review for claims 1–46, Nike filed a motion to amend requesting the cancellation of claims 1–46 and proposing substitute claims 47–50. The Board granted Nike’s motion to cancel claims 1–46, but denied Nike’s request to substitute claims 47–50, reasoning that Nike failed to meet the burden of establishing patentability for the new claims. Nike appealed.

On appeal, Nike argued that under 35 U.S.C. § 316(e), the petitioner in an *inter partes* review carries the statutory burden of proving unpatentability by a preponderance of the evidence. The Federal Circuit disagreed, explaining that the statute in question places the burden on the petitioner to prove unpatentability only for claims challenged during the *inter partes* review process; this burden does not apply to substitute claims proposed by the patentee. The court justified this conclusion by explaining the different nature of the *inter partes* review process. Because substitute claims introduced during the *inter partes* review do not undergo additional examination, the court explained, it is appropriate to place an affirmative duty on Nike to establish patentability over the prior art of any proposed substitute claims before they are entered as claims and are part of the issued patent.

The court also addressed whether the Board properly denied Nike’s motion to amend because Nike failed to address specific prior art references not of record for the proposed substitute claims. In its decision denying Nike’s motion, the Board concluded that Nike’s attempts to show patentability of the substitute claims were overly conclusory and “facially inadequate.” However, the Federal Circuit reversed the Board on this matter. To support its conclusion, the court looked at the Board’s decisions in *Idle Free Systems, Inc. v. Bergstrom* and *MasterImage 3D, Inc. v. RealD Inc.* In *Idle Free*, the Board concluded that a motion to amend will only be successful if the proposed substitute claims are patentable over the prior art of record and over prior art not of record but known to the patent owner. In *MasterImage*, the Board clarified that



“prior art not of record but known to the patent owner” should be understood as only material prior art that the patentee makes of record in the current proceeding pursuant to its duty of candor to the PTO. Therefore, because there was no allegation of conduct violating the duty of candor, the Board improperly denied Nike’s motion to amend. In sum, absent an allegation of conduct violating the duty of candor, Nike’s statement that the proposed substitute claims are patentable over the prior art may be sufficient to meet the *Idle Free* patentability standard.

Nordock, Inc. v. Sys. Inc.,
803 F.3d 1344 (Fed. Cir. 2015)

The Federal Circuit was unanimous when it reiterated that in the context of design patents, damages awarded under 35 U.S.C. § 289 should equal an infringer’s entire profit from selling the article of manufacture bearing the patented design; damages are not limited to profits derived only from the part of the product that incorporates the infringed patent. The court next held that a jury may not choose between 35 U.S.C. § 284 damages (damages equal to a patentee’s lost profits or reasonable royalties) and § 289 damages at its discretion; unless the injured party does not seek § 289 damages, or § 284 damages would exceed damages available under § 289, a jury must award damages under § 289. The court also concluded that an oral, post-trial motion to renew “whatever w[as] said before” was inadequate to preserve a motion for judgment as a matter of law (“JMOL”) originally made at trial. Finally, the court held that the district court did not abuse its discretion when it found that a jury reasonably could infer infringement from the evidence preserved at trial, and the court thus denied the infringer’s Rule 59(e) motion to amend the judgment of infringement. Takeaways: First, patentees should guard against opponents’ attempts to limit § 289 damages to profits derived from the patented portion of the article of manufacture. Second, patentees should ensure that courts and juries do not erroneously conflate § 284 and § 289.

Patentee Nordock, Inc. (“Nordock”) and accused infringer Systems Inc. (“Systems”) compete in the loading dock device industry. Nordock sued Systems for allegedly infringing a Nordock patent that claims the ornamental design of a loading dock leveler’s lip and hinge plate. A jury found that three of Systems’ hydraulic dock levelers infringed Nordock’s patent, and awarded Nordock \$46,825 in damages as a reasonable royalty under § 284. The jury also concluded that Systems did not profit from its sale of the infringing levelers. After trial, both parties filed motions to amend the judgment. Nordock sought to amend the damages assessment or obtain a new trial. Systems argued that the evidence was insufficient to support infringement by one of its three levelers found to infringe at trial. Systems also made an oral motion that attempting to renew all its prior motions by stating they wanted to renew “whatever w[as] said before” at trial “to the extent necessary.” The district court denied all three motions.

On appeal, Nordock argued that the district court erred in assessing damages under § 289 and in denying its request for a new trial on damages. The Federal Circuit agreed



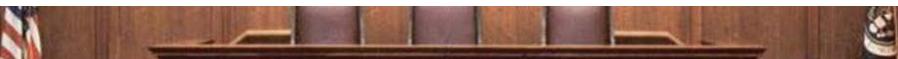
and thus vacated the damages award and remanded for a new trial on damages. According to the Federal Circuit, three errors occurred below.

First, the district court impermissibly relied on the “cost savings” method when it found that the jury was free to select a reasonable royalty as the appropriate form of damages. The court reiterated that calculating an infringer’s profits based solely on the portion of a product that incorporates the subject matter of the patent—the so-called “cost savings” method—is inappropriate in the context of design patent infringement. Instead, § 289 “explicitly authorizes the award of total profit from the entire article of manufacture bearing the patented design.”

Second, the jury’s conclusion that Systems earned no profits on its sales of the infringing levelers went against the manifest weight of evidence, thus warranting a new trial. The court found that even if the jury had relied only on Systems’ profit calculation, which used the improper “cost savings” method, the jury should have still found that Systems derived at least some profit from the infringing levelers.

Third, the district court erroneously interpreted the jury instructions by conflating § 284 damages (reasonable royalties or the patentee’s lost profits) with § 289 damages (the infringer’s profits earned from the infringing product or a \$250 minimum). The Federal Circuit clearly stated that a jury is not free to choose between the two measures of damages. Rather, it must award § 289 damages unless § 289 damages are not sought or would be less than the damages available under § 284.

The Federal Circuit next considered Systems’ cross-appeal from the district court’s decision to deny its motion for JMOL that Nordock’s patent was invalid and to deny its motion for JMOL of non-infringement with respect to one hydraulic deck leveler model. Ruling against Systems, the Federal Circuit affirmed the district court on both counts. On Systems’ motion regarding invalidity, the Federal Circuit found that Systems did not preserve the motion for appeal. While Systems made a proper motion on this issue at trial and attempted after trial to renew all trial motions wholesale by stating “[e]verything we made we renew,” the court concluded that the motion to renew lacked sufficient particularity to satisfy the Seventh Circuit’s “reasonable specification” standard for motions. In dicta, the Federal Circuit added that even if it considered Systems arguments on invalidity, the substantial evidence supported the jury’s finding that Systems failed to prove invalidity at trial. As to Systems’ motion on infringement, the Federal Circuit found that the district court did not abuse its discretion in denying the motion. Contrary to Systems’ argument that Nordock presented no evidence of infringement with respect to one particular model of leveler, the Federal Circuit held that the jury had enough indirect evidence to reasonably infer infringement, and the court reiterated that a patentee may prove direct infringement by circumstantial evidence.



Nuance Commc'ns, Inc. v. ABBYY USA Software House, Inc.,
813 F.3d 1368 (Fed. Cir. 2016)

The Federal Circuit affirmed a district court's claim construction and a jury's verdict of non-infringement. Takeaway: When the patentee voluntarily narrowed the case to its best patents, it may be entitled to another trial on different patents with which it had not proceeded.

Nuance Communications Inc. ("Nuance") owns several patents that relate to the optical character recognition (OCR) technologies. Defendant ABBYY USA Software House Inc. et al. (collectively, ABBYY) sells accused product, FineReader, which uses OCR technology. Nuance sued ABBYY for patent infringement. Claim construction was done for a subset of patents and the district court agreed with Nuance, who asserted the plain and ordinary meaning applied. Later, the parties turned out to have different views as to the plain and ordinary meaning of the term to be construed. The court said that it was "too late to do a construction" and used the dictionary meaning. Regarding case management, a special master recommended that the court proceed with claim construction of a subset of patents and then the parties proceed to have one trial on both sets of patents. Nuance did not object but ultimately narrowed its case even further and only went to trial on seven claims from three patents. The jury found that ABBYY did not infringe, and the district court entered judgment. Nuance appealed.

On appeal, Nuance first maintained that the district court failed to resolve the parties claim construction dispute before trial. The Federal Circuit disagreed, reasoning that the district court had found in Nuance's favor on claim construction and the fact that shortly before trial Nuance became dissatisfied with its own proposed construction and sought a new one does not justify a new trial. The court held that the district court did not err in adopting a dictionary definition because Nuance did not show any harm justifying a new trial.

Also, Nuance argued that the district court violated its due process right by entering judgment against it on all of its patents, even though they were not tried before the jury. Federal Circuit found that, while it was preferable for the district court to provide clearer guidance, it was primarily Nuance's responsibility to timely notify the district court as to any objection to the court's procedures. The Federal Circuit also noted that having unique infringement questions is not enough to warrant a new trial.

Ohio Willow Wood Co. v. Alps S., LLC,
813 F.3d 1350 (Fed. Cir. Feb. 18, 2016)

In this appeal from the District Court for the Southern District of Ohio, the Federal Circuit held that the district court correctly found a patent unenforceable because of inequitable conduct. Takeaway: in-house individuals who substantively participate in a PTO proceeding on behalf of a patent owner may be held to the duty of candor even if an ethical screen exists between the PTO proceeding and litigation concerning the same patent.



Ohio Willow Wood Co. (“OWW”)—the owner of a patent directed to cushioning devices with a gel and fabric liner for covering the residual stumps of amputated limb—sued Alps South, LLC (“Alps”) for infringement. Alps South had sought reexamination of the claims of that patent. OWW had established an ethical wall between its litigators and its attorneys handling the reexamination. But OWW’s director of research and development oversaw the infringement litigation and served as the connection between the litigation and reexamination counsel. Alps argued that, despite the ethical wall, OWW’s director had received material information from the litigation and withheld that information from the PTO.

On appeal to the Board in the reexamination, OWW had argued to the PTO that the examiner’s rejection was based on uncorroborated testimony. The Board agreed and reversed the examiner’s rejection, and the claims were subsequently issued.

The district court found that evidence from the litigation actually corroborated the testimony that OWW had argued was uncorroborated and was material to the reexamination. Because OWW’s director was aware of that corroborating evidence despite the ethical wall, and because he did not correct OWW’s counsel’s argument that the employee’s testimony was uncorroborated, the district court found that OWW’s director intended to defraud the PTO. OWW appealed.

Finding the corroborating evidence dispositive, the Federal Circuit concluded that the district court’s finding of materiality was not clearly erroneous. In addition, the Federal Circuit concluded that there was sufficient evidence to support the district court’s finding that OWW director’s withholding of the corroborating evidence was the product of deceptive intent. The court reasoned that OWW’s director was in a position to correct misrepresentations regarding the corroborating evidence, regardless of whether he was supposed to see that evidence, but failed to intervene. Because OWW’s director had participated in the reexamination proceedings by attending hearings, had functioned as a connection between OWW’s litigation and reexamination teams, and “was the ultimate decision maker with respect to some of OWW’s patent litigation matters, including this case,” the court found that he had a duty of candor to the PTO. The Federal Circuit agreed that he had violated that duty of candor by withholding the corroborating evidence and agreed with the district court that because OWW’s director provided no reasonable explanation for his withholding of the corroborating evidence, the most reasonable inference was that he intended to deceive. As such, the Federal Circuit affirmed the district court’s inequitable conduct decision.

Openwave Sys., Inc. v. Apple Inc.,

808 F.3d 509 (Fed. Cir. 2015)

Considering the proper construction of patent claims relating to mobile devices, the Federal Circuit unanimously affirmed the district court’s determination of the scope of the claims in favor of the defendants-appellees. Takeaway: Repeated disparagement of a prior art embodiment in the specification constitutes a disavowal (and thus, disclaimer) of that embodiment, excluding it from the scope of the claims.



Openwave Systems., Inc., now known as Unwired Planet, Inc., alleged that Apple and Research in Motion infringed Unwired's U.S. Patents Nos. 6,405,037 (the "037 patent"), 6,430,409 (the "409 patent"), and 6,625,447 (the "447 patent"). The central claim construction dispute concerned whether the asserted claims narrowly covered mobile devices containing a "small microcontroller," or more broadly covered mobile devices containing a "computer module." The district court found that the specification clearly and repeatedly disparaged mobile devices with computer modules, and held that such disparagement constituted a disavowal by the patentee of mobile devices containing computer modules. Thus, the court construed the claims to cover "a portable wireless two-way communication device that does not contain a computer module." The parties stipulated to non-infringement under the district court's construction. The court entered final judgment of non-infringement based on the parties' stipulation, and Unwired appealed the judgment to the Federal Circuit.

On appeal, Unwired argued that the repeated disparagement in the specification of mobile devices with "computer modules" did not constitute a disavowal. Because the district court had relied solely on evidence intrinsic to the patent in construing the claims, the Federal Circuit reviewed the claim construction de novo. The court reaffirmed that descriptions of particular embodiments in a patent specification are not limiting, and that absent a clear indication that the patentee intended to limit the claims, it is improper to read limitations from a preferred embodiment into the claims. To determine whether statements in the specification rose to the level of a disclaimer, the court focused on the extent to which the specification disparaged mobile devices that included "computer modules."

While acknowledging that there is a "high bar to finding disavowal through disparagement of the prior art in the specification," the court found that the specification in this case met that bar. The court concluded that the specification made clear that the combination of mobile devices with computer modules was the prior-art problem that the specification was trying to solve, and that the solution demanded abandoning that arrangement. Although Unwired argued that the disparagement was directed at the commercial rather than the technical unfeasibility of mobile devices with computer modules, the court saw no reason to note the distinction between the two. Due to the repeated disparagement of prior art mobile devices with "computer modules," the patents-in-suit could not be read to include those same mobile devices.

Pfizer, Inc. v. Lee,

811 F.3d 466 (Fed. Cir. 2016)

The patentee filed suit against the PTO in the Eastern District of Virginia, seeking an order increasing the Patent Term Adjustment ("PTA") for its patent by 197 days. The complaint sought to apply as an adjustment the time between the PTO's original issuance of a "restriction requirement" and the issuance of a corrected restriction requirement 197 days later. (A restriction requirement is an order that the applicant "informs the applicant that 'two or more independent and distinct inventions are claims in one application,' and that the applicant is required to elect one of the inventions" in order to proceed.) Because the original restriction requirement failed to



classify certain proposed claims as one invention or the other, the patentee argued that the notice provisions of 35 U.S.C. § 132 were not satisfied and the 197 days that ensued were attributable to the PTO’s “failure to act by certain examination deadlines,” a ground for patent term adjustment under 35 U.S.C. § 154(b). The Federal Circuit affirmed the district court grant of summary judgment in favor of the PTO, holding that the original restriction requirement provided adequate notice and therefore cut off the delay period under Section 154(b).

Power Integrations, Inc. v. Lee,
797 F.3d 1318 (Fed. Cir. 2015)

In a case on appeal from the Board of Patent Appeals and Interferences (the “Board”), the Federal Circuit vacated the judgment of the Board for failing to fully and particularly set out the bases upon which it reached its decision—as required by the Administrative Procedure Act (“APA”). The court instructed the Board that on remand it should consider the district court’s prior interpretation of the claims and whether it comports with their broadest reasonable construction. Takeaway: There is no duty that the Board of Patent Appeals and Interferences give deference to a prior judicial claim interpretation. However, the Board should ignore such interpretations when they would aid in its consideration.

Power Integrations owns U.S. Patent No. 6,249,876 (the “’876 patent”), directed to a technique for reducing electromagnetic interference by jittering the switching frequency of a switched mode power supply. In 2004, Power Integrations asserted its patent against Fairchild Semiconductor. In response, Fairchild requested an ex parte reexamination of claims 1, 17, 18, and 19 of the ’876 patent. At issue was the proper construction of claim language requiring the device’s digital to analog converter be “coupled to” a counter for the purpose of controlling the switching frequency. Power Integrations argued “coupled to” requires that the two circuits be connected in a manner such that voltage, current, or control signals pass from one component to the other. The nearest prior art would have failed this definition because it taught the inclusion of an erasable programmable read only memory (“EPROM”) between the components. The Board believed this definition was overly narrow and would exclude ordinary situations in which one skilled in the art would consider components to be “coupled.”

The Federal Circuit believed Power Integrations made a compelling case that, in light of the specification, the inclusion of an EPROM between the counter and digital to analog converter would not satisfy the claim language’s requirement that the two components be coupled. A majority of the Board’s analysis focused on the question of whether the patentee’s proposed construction would prohibit the use of any intervening parts to join the two components, an argument Power Integration expressly disavowed before the Board and in the prior district court proceedings. The Federal Circuit therefore believed the Board did not offer enough of its opinion regarding the material issues of the case to allow for proper appellate review. The court emphasized that under the APA, the focal point for judicial review should be the administrative record already in existence, not some new record made initially in the reviewing court. Despite the fact they use different constructions standards, the Federal Circuit reprimanded the Board



for ignoring the previous claim construction efforts made by the district court. In the Federal Circuit's view, when a party takes a consistent position in a prior judicial dispute, that position should not be ignored in a later administrative proceeding. The Federal Circuit was therefore compelled to remand the case so that the Board could properly develop a sufficient basis for its decision.

PPC Broadband, Inc. v. Corning Optical Commc'n's RF, LLC,
815 F.3d 734 (Fed. Cir. 2016)

In this appeal from the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office ("Board"), the Federal Circuit found that under the broadest reasonable interpretation consistent with the plaintiff's patent specification, the terms "continuity member" and "electrical continuity member" required only electrical connection, not consistent or continuous contact. Takeaway: Validity analysis may lead to different conclusions depending on the adopted standard for claim construction.

PPC Broadband ("PPC") owned a patent which claimed a coaxial cable with continuity members arranged in a specific pattern. Corning Optical Communications RF, LLC ("Corning") filed a petition requesting *inter partes* reexamination of the patent on the grounds that PPC's claims were unpatentable as obvious. The Board interpreted the terms "continuity member" and "shaped to fit," which were relevant to PPC's claims, and found that PPC's claims were unpatentable. PPC appealed.

Reviewing the decision *de novo*, the Federal Circuit found that while the Board's construction of the term "continuity member" was correct, the Board misconstrued several other terms. The court determined that the word "continuity" implied only an electrical connection, without requiring consistent or continuous contact. Because the Board's construction did not include such a temporal limitation, the court concluded that the Board's construction was the broadest reasonable interpretation. The court additionally noted that the outcome would have been different under *Phillips* because the specifications suggested a temporal limitation. However, because *Phillips* applies only to district courts, the court affirmed the Board's decision with respect to the term "continuity."

The court also found that several claims expressly required temporal continuity not because they used the term "continuity member," but because they used the phrase "maintain electrical continuity." As such, the Federal Circuit vacated the portion of the Board's decision that found claims based on the term "maintain electrical continuity" unpatentable.

The court additionally found that the Board correctly construed the term "shaped to fit" to require "one surface to have a complimentary size and shape as the other surface" because there was no dictionary definition supporting an alternative construction.

Finally, the court assessed whether the Board's findings with respect to long-felt but unresolved need, failed attempts by Corning, copying by Corning, and commercial success outweighed the evidence of obviousness. The court held that substantial



evidence supported the Board's conclusions on these issues, except for the Board's rejection of PPC's commercial success argument. The court held that when the patentee presents undisputed evidence that one of its successful products is the invention disclosed in the challenged claims, it is an error for the Board to find to the contrary without further explanation. As such, the court remanded and instructed the Board to conduct further fact finding on the issue.

As a result, the Federal Circuit affirmed-in-part, vacated-in-part and remanded the case for further proceedings.

PPC Broadband, Inc. v. Corning Optical Commc'n's RF, LLC,
815 F.3d 747 (Fed. Cir. 2016)

In this appeal from the U.S. Patent and Trademark Office ("PTO") Patent Trial and Appeal Board ("Board"), the Federal Circuit found that under broadest reasonable interpretation consistent with the plaintiff's patent specification, the term "reside around" meant "encircle or surround," not "in the immediate vicinity of; near." Takeaway: The PTO must give the claims their broadest reasonable interpretation consistent with the specification, which may be narrower than the broadest definition found in extrinsic sources.

PPC Broadband ("PPC") owned a patent which claimed a coaxial cable with continuity members arranged in a specific pattern. Corning Optical Communications RF, LLC ("Corning") filed a petition requesting *inter partes* review of the patent on the grounds that PPC's claims were unpatentable as obvious. In the *inter partes* review proceedings, the Board relied on a generalist dictionary to construe the term "reside around" to mean "in the immediate vicinity of; near" and concluded that the combination of two published patent applications made PPC's claims obvious. PPC appealed.

Reviewing the decision *de novo*, the Federal Circuit found that the Board's construction of the term "reside around" was unreasonable. The court determined that under Cuozzo the Board must give terms their "broadest reasonable interpretation consistent with the specification." Because the Board arrived at its construction by selecting the broadest definition in the dictionaries, the court reasoned that such approach "may result in the broadest definition, it does not necessarily result in the broadest reasonable definition in light of the specifications." The court concluded that "the fact that one construction may cover more embodiments than another does not categorically render that construction reasonable."

In light of the Board's errors, the Federal Circuit vacated the rejection of patentee's claims and remanded the case for further proceedings.

Pride Mobility Prods. Corp. v. Permobil, Inc.,
818 F.3d 1307 (Fed. Cir. 2016)

In this appeal from the Patent Trial and Appeal Board, the Federal Circuit reversed the Board's finding of obviousness based on an improper claim construction.



Pride Mobility Products Corp. (“Pride Mobility”) and Permobil, Inc. (“Permobil”) compete in the market for power wheelchairs. Pride Mobility owns U.S. Patent Nos. 8,408,598 (the “‘598 patent”) and 8,408,343 (the “‘343 patent”), which describe power wheelchairs that can travel safely over uneven surfaces or traverse obstacles such as curbs. Permobil petition for instituted *inter partes* review of the ‘598 and ‘343 patents, arguing that the wheelchairs of all claims of both patents would have been obvious over prior art. The Patent Trial and Appeal Board instituted review, agreed, and cancelled all claims. To arrive at this finding, the Board also construed the language in claim 7 of the ‘343 patent—which describes a mounting plate that “is substantially planar and is oriented perpendicular to the drive wheel axis”—to include a planar mounting plate that is oriented parallel to the drive wheel axis. Pride Mobility appealed, arguing the Board misconstrued claim 7 of the ‘343 patent and erred in cancelling the remaining claims of both patents.

The Federal Circuit affirmed in part and reversed in part. It reversed the Board’s construction and cancellation of claim 7 and affirmed the Board’s cancellation of the remaining claims for obviousness. With respect to claim 7, the court held that the Board erred in failing to give the language its ordinary geometric meaning: Claim 7 “must be read to mean that the drive-wheel axis is perpendicular to the mounting plate’s substantially planar surface” and can mean nothing else “without obvious strain.” Under this proper construction, the court held claim 7 was not obvious. As for the Board’s cancellation of the remaining claims, the court found that the Board had sufficient evidence to conclude that a relevant skilled artisan would have combined earlier inventions to make Pride Mobility’s patented chairs.

Profectus Tech. LLC v. Huawei Techs. Co.,
823 F.3d 1375 (Fed. Cir. 2016)

In this litigation over tablet computer devices, the district court granted summary judgment of noninfringement because the accused devices were not “mountable,” as recited in the asserted claims. The majority affirmed, holding that the district court properly construed “mountable” and that the district court correctly determined that no genuine dispute existed over whether the accused devices met the “mountable” limitations. The dissent would have reversed as to whether the plaintiff had established a genuine dispute on infringement. Takeaway: Functional limitations may be construed to exclude elements that incidentally perform the specified function, particularly when the primary purpose of those elements is an entirely different function.

The asserted patent covered a mountable picture frame for displaying still digital images. The patent specification describes examples of the digital frame being mounted on a wall or resting on a flat surface. Each of the asserted claims recited “a mountable picture frame adapted to digitally display at least one still image thereon.” The plaintiff argued that “mountable” should be construed as “capable of being mounted.” The district court, however, construed “mountable” to mean “having a feature for mounting.” Following claim construction, the district court granted summary judgment of non-infringement because no factual dispute existed over whether the “mountable” limitation was met.



On appeal, the Federal Circuit affirmed the district court's construction. Unlike functional limitations, such as "'capable of,' 'adapted to,' or 'configured to,'" the term "mountable" specified the structure of the claimed devices. The patent specification confirms this understanding as every embodiment includes a feature for mounting the device to a wall or a tabletop. Because the intrinsic record is clear, the court did not consider the plaintiff's extrinsic evidence.

The majority further found that the plaintiff failed to proffer evidence showing that the accused devices include a "feature for mounting." The plaintiff argued that evidence regarding the communication/charging ports of the devices established a genuine dispute. The majority rejected this argument, reasoning that, under the district court's construction, the mounting feature "must be a standalone inherent feature of the device." Although a communication/charging port can "help to prop an accused device," that does not "convert the port into an inherent feature for mounting."

The dissent agreed that "mountable" should be construed as "having a feature for mounting," but would have held that the plaintiff proffered sufficient evidence to create a genuine issue over whether the communication/charging ports met this limitation. The district court's construction, the dissent argued, did not specify that the devices have a feature exclusively for mounting. Nor was it material whether the communication/charging ports were designed specifically for mounting. According to the dissent, "[i]ntent behind a product design is not an element of direct infringement for an apparatus claim."

Prolitec, Inc. v. Scentair Techs., Inc.,
807 F.3d 1353 (Fed. Cir. 2015)

In an appeal from the Patent Trial and Appeals Board ("the Board"), a majority panel of the Federal Circuit affirmed the Board's conclusion that the challenged claims were unpatentable as being anticipated and obvious. The Board also denied the patent owner's motion to amend. The Patent Owner appealed, and a majority panel affirmed. Takeaways: Claim terms are generally given their plain and ordinary meaning unless the specification clearly establishes a different meaning. Furthermore, in the context of an *inter partes* review, the patentee has the burden to distinguish any proposed substitute claims from the prior art of record, including prior art references cited during prosecution.

U.S. Patent No. 7,712,683 relates to a cartridge for use with air freshener dispensers. Scentair petitioned for *inter partes* review of two claims of the '683 patent. The Board issued a final written decision finding the challenged claims unpatentable as anticipated and obvious. The Board also denied Prolitec's motion to amend.

Prolitec challenged three constructions at issue in the proceeding. First, Prolitec argued that "mounted," in the context of the claim term "a diffusion head mounted to the reservoir," should be construed as "permanently joined." Prolitec argued that the purpose of the '683 patent is to provide one-time use cartridges in which the diffusion



head would be permanently mounted to the reservoir. The majority disagreed because the '683 patent specification only states that cartridges may be for one-time use. Second, Prolitec argued that “fixed in position,” in the context of “a conduit including . . . a second end . . . fixed in position with respect to the narrow end,” should be construed to mean “non-adjustable.” The majority rejected this argument, explaining that nothing in the '683 patent specification specifically describes allowing or preventing adjustment of the conduit head. Finally, Prolitec argued that “second/secondary chamber,” in the context of “the outlet including a second chamber through which the gas within the head space must pass to exit the cartridge,” should be construed as “secondary in reference to the head space, through which the gas must pass after the head space and before exiting the cartridge.” The majority rejected this argument, reasoning that the claims only require two chambers, the initial expansion chamber and the second/secondary chamber, and that the claims did not require the “head space” to be a chamber.

The majority also rejected Prolitec’s argument that the Board erroneously denied its motion to amend. Prolitec argued that the Board incorrectly placed the burden on it to distinguish the “prior art of record,” including prior art cited during the prosecution of the '683 patent. The majority , however, reasoned that the Board’s requirement to distinguish the prior art of record did not conflict with any statute or regulation. Placing this burden was not unreasonable as prior art references cited during prosecution will often be the closest references and will have been already reviewed by the patentee.

Judge Newman dissented from the majority’s opinion, primarily on the grounds that Prolitec complied with all the statutory and regulatory requirements necessary to amend and narrow the claims and yet the Board still refused to allow the amendment. Judge Newman argued that the Board erred in refusing to allow Prolitec to replace the term “mounted” with a narrower term. Judge Newman asserted this refusal was contrary to the language of the America Invents Act, and also asserted that the Board wrongly assigned the burden of proof for amended claims to the patentee.

***Prometheus Labs., Inc. v. Roxane Labs., Inc.*,**
805 F.3d 1092 (Fed. Cir. 2015)

The Federal Circuit unanimously affirmed the district court’s holding that a disputed patent was invalid as obvious in light of the prior art. Takeaway: In the field of personalized medicine, isolating a subset of patients for treatment may represent a new and unique invention that is patentable. However, merely isolating a subset of patients does not amount to a patentable treatment when the prior art disclosed the possible benefits of targeting that particular subgroup.

U.S. Patent No. 6,284,770 (the “‘770 patent”) claims a method of using alosetron as a treatment for diarrhea-predominant irritable bowel syndrome (IBS-D) in female patients. Prometheus Laboratieis, Inc. (“Prometheus”), which manufactured alosetron under the brand name Lotronex, owns both the '770 patent and the asserted prior art, U.S. Patent No. 5,360,800 (the “‘800 patent”). After petitioning for ex parte reexamination in October 1997, Prometheus amended the claims to add limitations



excluding patients with the constipation-predominant variety (IBS-C). These added limitations required that the patient had experienced symptoms for at least six months and that the patient had experienced at least moderate pain. Prometheus sued Roxane Laboratories, Inc. (“Roxane”) asserting that, by marketing a generic version of Prometheus’s Lotronex treatment, Roxane was encouraging doctors to prescribe generic alosetron in a way that infringed claims in the ’770 patent.

The district court held the claims of the ’770 patent to be obvious in light of prior art. The district court determined that Prometheus had not set forth evidence demonstrating unexpected outcomes resulting from the patented treatment method, and that the modest increase in commercial success of alosetron was not attributable to the ’770 patent, but rather to marketing and sales practices.

On appeal, the Federal Circuit affirmed, holding that the ’770 patent would have been obvious to a person of ordinary skill in the art. The Federal Circuit noted that, especially in the field of personalized medicine, a species may be non-obvious, such as patient subsets that exhibit unexpected responses to treatments. Such a species is patentable even when a patent exists on the genus. But in this case, however, it would have been obvious to a person of ordinary skill to treat the subsets claimed by the ’770 patent with alosetron, and any unexpected effects were attributable to factors exogenous to the ’770 patent. The limitation to treatment of female patients would have been obvious because several studies had made it clear that, in western countries, women were the majority of the group suffering with IBS-D. Studies available prior to the filing date of the ’770 patent also indicated that female patients were more responsive to alosetron treatment. As to the limitation of treatment to IBS-D patients, the Federal Circuit determined that studies on the class of drugs including alosetron indicated that alosetron could be effective in treating severe IBS-D patients, while indicating that alosetron could be harmful to patients with the constipation-predominant variety.

Addressing the ’770 patent’s six-month time limitation, the Federal Circuit noted that this practice was common at the time of the ’800 patent and rejected Prometheus’s contentions that the prior standard was only three months. Prometheus contended that it was also not obvious to administer alosetron only to patients with at least moderate pain symptoms. However, the Federal Circuit noted that pain was in fact the primary symptom of IBS, and, because the candidate for alosetron treatment would suffer from severe irritable bowel syndrome, assessing for moderate pain would be an obvious precaution.

Finally, the Federal Circuit rejected Prometheus’s contentions that secondary indicia weighed against a finding of obviousness. Although there was a demonstrated increase in revenue after the re-release of Lotronex, the increase was modest and was determined by the Federal Circuit to be attributable to improved marketing and increased price. The Federal Circuit further found that, after Roxane established a *prima facie* case of obviousness, the district court properly placed the burden on Prometheus to demonstrate that secondary considerations rebutted this obviousness case. The Federal Circuit rejected Prometheus’s arguments that the ’770 patent fulfilled



a long-felt but unmet need because Prometheus had not shown clear error in the district court’s finding that any improvement in the outcomes of alosetron treatment accrued as a result of the compound itself and from improved warning labels, rather than from the treatment methods claimed in the ’770 patent.

Purdue Pharma L.P. v. Epic Pharma, LLC,
811 F.3d 1345 (Fed. Cir. 2016)

The Federal Circuit affirmed the district court’s determination that several patent claims for Reformulated OxyContin—made purer than traditional OxyContin by a novel double hydrogenation process—were invalid as anticipated and obvious. Though the hydrogenation process was novel, the patentee only registered the product, therefore, the process was not entitled patent protection. Takeaway: The Federal Circuit will carefully distinguish between process and product and will strictly disregard discoveries of process in its obviousness analysis of a product claim. Furthermore, the court will view testing of prior art which, without exception, exhibits a certain characteristic as evidence that the prior art inherently anticipates that characteristic.

After Teva filed an Abbreviated New Drug Application (ANDA) seeking FDA approval of a generic version of Purdue’s Reformulated OxyContin, Purdue sued Teva for infringement of claims from four of its patents covering different aspects of Reformulated OxyContin. The first three patents (“low-ABUK patents”) covered Purdue’s purer formulation of OxyContin, which utilized a double hydrogenation reaction to produce an oxycodone salt with low levels of a particular impurity, 14-hydroxycodeinone (“14-hydroxy”), a type of dangerous compound called alpha, beta unsaturated ketones (“ABUKs”). The double hydrogenation process was unique because it addressed a source of 14-hydroxy, the isomer 8 α , which was a previously unknown byproduct of oxycodone salt. The second patent in dispute (the “383 patent”) covered an abuse-resistant form of OxyContin tablets that prevents users from dissolving and injecting the drug. Though the district court found infringement by Teva, it held that all of Purdue’s claims were invalid as anticipated by, or obvious over, the prior art.

The district court held that the low-ABUK patents were invalid as obvious because a skilled artisan would know that 14-hydroxy resulted from OxyContin production and that hydrogenation would remove excess 14-hydroxy, regardless of the source. Further, the district court noted that the limitation in Purdue’s low-ABUK patents dictating that the 14-hydroxy result specifically from 8 α is not important for an obviousness analysis, because such limitation is a process limitation and the patents only cover the end product.

Purdue argued clear-error in its appeal. As to the district court’s first point, Purdue argued that the district court did not properly credit the discovery of 8 α —which is a source of 14-hydroxy—as the core of its invention, and that such a discovery would render its claims non-obvious. To support this proposition, Purdue cited *Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45 (1923), which held that “where an inventor discovers a non-obvious source of a problem and then applies a remedy in



response, the invention is nonobvious and worthy of a patent . . .” 261 U.S. at 68. The Federal Circuit, however, found Purdue’s reliance on Eibel to be misplaced; it noted that Purdue did not claim the remedy to its newly discovered source of 14-hydroxy—the second hydrogenation process—but rather claimed the end product.

Purdue further argued that its claims were non-obvious because it performed hydrogenation after the salting step, which was a departure from previous OxyContin production methods. However, the court explained that in a product claim, a process limitation is only relevant to invalidity if it imparts structural or functional differences to the claimed product that distinguish it from products that were in the prior art or obvious in light of the prior art. The court held that because in this case the process did not impart any structural or functional differences to the end product, the district court was correct to disregard it entirely in evaluating the validity of a product claim.

In addition to the invalidity of Purdue’s low-ABUK claims, Purdue also challenged the district court’s finding that the ’383 patent claims were invalid as anticipated; however, the court affirmed the district court’s findings that a prior art reference, the “McGinity reference,” which covers drug formulations resistant to crushing, was broad enough to anticipate Purdue’s formulation of oxycodone even though the McGinity reference did not specifically identify that drug. The court found that the McGinity reference inherently disclosed a breaking strength greater than 500N, because defendants had presented evidence that one of the experts performed several breaking strength tests on tablets formed according to the McGinity reference, and “without exception they withstood forces greater than 500N.”

R+L Carriers, Inc. v. Qualcomm, Inc.,
801 F.3d 1346 (Fed. Cir. 2015)

In this litigation over methods for consolidating freight trailers, the Federal Circuit affirmed the district court’s dismissal of R+L’s infringement claim against Qualcomm due to a substantive difference between the original and amended patent claims. Takeaway: if a patent claim is amended during reexamination such that it is not substantively identical to the original patent claim, the patent owner is limited, under 35 U.S.C. § 252, to damages that occurred after the reexamination certificate issues.

R+L Carriers (“R+L”) owns a patent to an improved method of consolidating freight onto trailers to optimize delivery efficiency for each load. The claimed improvement allowed for shippers to account for unscheduled freight while in transit, while previous designs only accounted for freight scheduled at the departure location. The patent further described both a manual and computer-based entry system. In June 2009, R+L sued Qualcomm, alleging infringement of its patent. In a co-pending ex parte reexamination, the examiner rejected R+L’s patent claim as unpatentable over prior art. In response, R+L amended the original claim to cover only loading manifests for another transport vehicle instead of a manifest for the current vehicle in transit. The examiner found that this amendment distinguished the prior art and issued a reexamination certificate, concluding that the prior art only covered current transporting vehicles.



The district court determined that R+L's amended patent claim was not substantively identical to the original claim under which R+L brought suit against Qualcomm in 2009, reasoning that the amended claim was narrower than the original claim. The original claim referenced both computer- and manually-generated manifests, but the amended claim only appeared to cover computer-prepared manifests. R+L appealed the district court's determination that the amended claim is substantively different from the original claim.

The Federal Circuit unanimously affirmed, but on factual grounds differing from the district court's bases. Under 35 U.S.C. § 252, a patentee is only entitled to infringement damages for the time period between the issuance dates of the original and amended claims if the two claims are substantially identical. Where a substantive change has been made, the patentee is only entitled to infringement damages from the time after the reexamination certificate issued. The court looked not to the purpose of R+L's amendment, but to whether and how the scope of the patent claim had been narrowed. While the Federal Circuit agreed with the district court that the amended claim was narrower, the Federal Circuit disagreed on the basis for that finding. The Federal Circuit explained that the amended claim only covered manifests for another shipping vehicle, and not the current vehicle. The court concluded that this—not the computer-entry provision—substantively narrowed the amended claim from the original, and therefore R+L was not entitled to damages prior to the issuance of the narrower reexamination certificate for the amended claim. The Federal Circuit agreed that since Qualcomm sold their allegedly infringing business unit prior to the issuance of the reexamination certificate, R+L could not seek relief from Qualcomm for infringement, and thus affirmed the dismissal.

Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.,
827 F.3d 1042 (Fed. Cir. 2016)

The Federal Circuit reversed the district court's holding that a patented method for preserving the viability of hepatocytes (a type of liver cell) through multiple rounds of freezing and thawing was not patent-eligible under 35 U.S.C. § 101 because it was directed to a law of nature. Takeaways: This is the first case since *Alice* in which the Federal Circuit has held claims in the biotechnology field to be patent-eligible. Under the two-prong *Alice* framework, (1) a process is not patent-ineligible if it applies—not merely observes or identifies—a natural discovery, and (2) a process sufficiently employs an inventive concept where it uses a novel combination of steps not previously performed in the relevant field, even if each individual step, on its own, is well-understood and often used.

Appellant Rapid Litigation Management (previously Celsis In Vitro, Inc.) patented a process for preserving the viability of hepatocytes through multiple freeze-thaw cycles (the '929 patent). The prior art instructed individuals not to subject hepatocytes to multiple rounds of freezing because such a process would damage the cells. The process claimed in the '929 patent solved these problems by maintaining over 70% viability in hepatocytes after multiple freeze-thaw cycles.



Rapid Litigation Management (“RLM”) sued CellzDirect and Invitrogen Corp. (“Cellz”) for patent infringement. Cellz filed a motion for summary judgment, arguing that the patent was not patent-eligible under 35 U.S.C. §§ 101 and 112. The district court granted the motion on section 101 grounds (and did not reach the section 112 claims). The court held that the patent failed both steps of the analysis. First, the court held that the claims were “directed to an ineligible law of nature: the discovery that hepatocytes are capable of surviving multiple freeze-thaw cycles.” And second, the court held that the claims lacked an inventive concept because they simply “reapplied a well-understood freezing process” to the discovery that hepatocytes could survive multiple freeze-thaw cycles.

Reviewing the district court’s decision *de novo*, the Federal Circuit reversed. In applying the first *Alice* prong, the court recognized that, although RLM had discovered the cells’ ability to survive multiple freeze-thaw cycles, RLM did not attempt to patent this discovery. Instead, the patent applied the discovery to create a new and improved process for preserving hepatocyte cells. As such, the patented process was not “directed to” patent-ineligible subject matter, as were other patents that merely identified or observed ineligible concepts; it instead was directed to an improved method for hepatocyte preservation. The court also distinguished both *Funk Brothers v. Kalo Inoculant Co.* and *Association for Molecular Pathology v. Myriad Genetics, Inc.*, as involving product claims, not method claims.

As to the second *Alice* prong, the court held that, even if the ’929 patent were directed to a patent-ineligible concept, it contained an inventive concept. The court disagreed with the district court’s holding that the patented process simply reapplied well-understood processes. The patented process demonstrated significant improvements over the prior art and provided a new combination of steps that was neither routine nor conventional. Though individual steps of the process were well-understood in the field, the combination of steps, when viewed as a whole, had not been performed in the field before and also went against the teachings of the prior art. RLM thus achieved a “new and useful end” that rendered its process patent-eligible.

Redline Detection, LLC v. Star Envirotech, Inc.,
811 F.3d 435 (Fed. Cir. 2015)

The Federal Circuit affirmed the PTAB’s decision in an IPR denying Redline’s motion to submit supplemental information under 37 C.F.R. § 42.123 and finding U.S. Patent No. 6,526,808 (the “’808 patent”) non-obvious over the submitted prior art. Takeaway: The PTAB has discretion to deny motions to submit supplemental information under 37 C.F.R. § 42.123.

Star Envirotech, Inc. (“Star”) owns the ’808 patent, which describes methods for generating smoke to use for leak detection, such as the brake system of a car. Redline challenged the validity of the patent and filed a motion to submit supplemental information under 37 C.F.R. § 42.123(a) within 30 days of filing for *inter partes* review. The supplemental information included a sixty-page expert declaration. Redline’s motion was denied.



On appeal, Redline claimed that the PTAB must accept supplemental information that meets the timeliness requirement in § 42.123(a)(1) (“within one month of the date the trial is instituted”) and the relevance requirement in § 42.123(a)(2) (“[t]he supplemental information must be relevant to a claim for which the trial has been instituted”). The Federal Circuit granted deference to the PTAB’s interpretation of § 42.123(a), holding that the PTAB “has discretion to grant or deny motions as it sees fit,” even if a motion to supplement meets the timeliness and relevancy requirements. Redline’s original IPR Petition did not rely on an expert declaration in support of its position, and Redline’s only justification for submitting the expert declaration late was purportedly for cost-savings reasons. The PTAB, therefore, found that Redline did not establish a sufficient basis for submitting new evidence and that the expert declaration and related evidence was more than just supplemental information and therefore it should not be admitted.

Finally, the Federal Circuit affirmed the PTAB’s non-obviousness decision, finding that Redline failed to prove that one of ordinary skill in the art would have been motivated to combine the asserted prior-art references.

Romag Fasteners, Inc. v. Fossil, Inc.,
817 F.3d 782 (Fed. Cir. 2016)

The Federal Circuit affirmed the decision of the district court, holding that laches is a defense to legal relief in patent infringement cases. Takeaway: the Federal Circuit continues to hold that laches is a defense to patent infringement.

Romag Fasteners, Inc. (“Romag”) sued Fossil, Inc. (“Fossil”) for patent and trademark infringement. With respect to the patent infringement claim, the jury found in favor of Romag and awarded a reasonable royalty. After a bench trial addressing equitable defenses and equitable adjustment of the jury award, the district court reduced the reasonable royalty award for patent infringement on the ground that “Romag’s delay in bringing suit until just before ‘Black Friday’ constituted laches.” Romag appealed, arguing that laches is not a defense to relief in a patent infringement case.

Relying on its recent decision in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, the Federal Circuit held that the laches defense does apply in patent infringement cases because “Congress codified a laches defense in 35 U.S.C. § 282(b)(1).” Romag had conceded at oral argument that SCA Hygiene controlled. Thus, the Federal Circuit affirmed the decision of the district court allowing Fossil to bring a laches defense.

Rosebud LMS Inc. v. Adobe Sys. Inc.,
812 F.3d 1070 (Fed. Cir. 2016)

The Federal Circuit addressed the issue of what constitutes notice of a pending patent application sufficient to sustain pre-issuance damages under 35 U.S.C. § 154(d). The court held that “actual notice” under section 154(d) does not require affirmative notice by the patentee, but still requires more than constructive notice, and that the accused infringer here did not have actual notice simply because it had actual knowledge of a



published parent application. Takeaway: For the purposes of seeking pre-issuance damages, “actual notice” of the actual patent application at issue is required.

Rosebud sued Adobe for infringement of its patent covering techniques for allowing collaborative work over a network of computers. Adobe moved for summary judgment of no damages, arguing that Rosebud was not entitled to pre-issuance or post-issuance damages. Rosebud did not contest the issue of post-issuance damages, but argued that there existed a material issue of fact as to whether Adobe had actual notice of the publication of Rosebud’s patent application under U.S.C. § 154(d), the statutory provision that allows a patentee to collect pre-issuance damages if the alleged infringer had “actual notice” of the patent application.

The Federal Circuit reviewed the district court’s decision de novo. First, the court determined what “actual notice” meant within 35 U.S.C. § 154(d). The court rejected Adobe’s proposition that actual notice required notice affirmatively given by the patentee, but also held that it entailed more than mere constructive notice. Observing the plain meaning of the term, the court held that actual notice included “knowledge[,] obtained without an act of notification.”

The court found unconvincing Adobe’s argument that the legislative history of § 154(d) suggested otherwise. The House Report stated: “The published applicant must give actual notice of the published application to the accused infringer and explain what acts are regarded as giving rise to provisional rights.” However, because § 154(d) does not include the additional requirement of explanation by the patentee to the alleged infringer, the House Report was evidently not controlling. The court also rejected Adobe’s argument that the degree of notice required in 35 U.S.C. § 287(a)—“proof that the infringer was notified of infringement”—did not inform the interpretation of § 154(d), because the language in § 287(a) showed that Congress could have required affirmative notice in § 154(d) with such language but deliberately chose not to. Nor were Adobe’s policy arguments relevant to the court’s decision—if Congress wished to impose a heftier notice requirement for pre-issue damages, it has the ability to do so in the future.

Next, the court considered whether there was a genuine material issue of fact regarding whether Adobe had actual notice of Rosebud’s patent application, such that the district court properly granted Adobe’s motion for summary judgment. During discovery, Adobe indicated that it did not know of the patent until Rosebud threatened the infringement suit. Rosebud, on the other hand, claimed that there existed enough circumstantial evidence to indicate that Adobe had actual knowledge of the patent application.

First, Rosebud pointed to the fact that Adobe had knowledge of a previous Rosebud patent, which shared a specification with the patent of the instant case. The court rejected this claim, however, because the notice requirement is not limited to the shared specification, but rather to the entire patent. Moreover, knowledge of a related patent does not allow an alleged infringer to know the scope of the patent claim at hand, which is a requirement for pre-issuance damages.



Second, Rosebud argued that Adobe sought to emulate its product, and it proffered emails in which Adobe referred to the company as well as a single line of Adobe source code which included the word “rosebud.” The court was unconvinced. All of the proffered emails were sent over two years before the patent application, and a majority of the email chains originated from Rosebud itself. Furthermore, that the proffered source code included a mention of “rosebud” was not significant because it referred to a preexisting Microsoft product, not appellant.

Lastly, Rosebud argued that a reasonable jury would have concluded that Adobe’s counsel would have discovered the patent application while preparing for a previous infringement litigation with that company. The court disagreed because it is only standard practice to review related patents during the claim construction phase; however, the prior litigation never reached this stage. Therefore, the court, disputing Rosebud’s arguments, found that no reasonable jury could have found that Adobe had actual knowledge of the patent in the instant case.

As another issue, Rosebud argued that the district court should not have granted summary judgment before the completion of discovery regarding Adobe’s actual knowledge. The court did not agree, noting that Rosebud had notice of Adobe’s intent to file the motion for summary judgment, but nonetheless did not oppose this motion at the time or argue that it needed further discovery.

The court therefore affirmed the district court’s grant of summary judgment.

Ruckus Wireless, Inc. v. Innovative Wireless Sols., LLC,
824 F.3d 999 (Fed. Cir. 2016)

The Federal Circuit split on whether the record supported Appellant’s contention that the claim term “communications path” encompassed both wireless and wired communications. A majority of the divided panel held that “communications path,” as used in the patents at issue, did not include wireless communications and affirmed the district court’s claim construction order. Two-fold takeaway for patentees: broaden the description of embodiments in the specification and seek to introduce favorable extrinsic evidence as to the meaning of the disputed claim term.

Innovative Wireless Solutions (IWS) owns three patents concerning techniques for providing access to a local area network (“LAN”) from a relatively distant computer. The patents describe an approach to avoid data collisions on the LAN by connecting a dominant modem to a subservient modem to allow a computer to communicate with a LAN over long distances typically covered by telephone lines. Although the patents describe connecting the dominant and subservient modems over physical wires, the claims refer to this connection as a “communications path.”

IWS alleged that several coffee shops and hotels infringed the patents by providing wireless Internet access to customers through Ruckus and Cisco equipment. Ruckus filed for declaratory judgment of non-infringement and invalidity. As to non-



infringement, Ruckus argued that its wireless equipment did not infringe the IWS patents because the patents did not encompass wireless communications.

A majority of the panel concluded that no intrinsic or extrinsic evidence supported IWS’s assumption that “communications path” would have been understood to encompass both wired and wireless communications by a person of ordinary skill in the art. First, the court found that the intrinsic record counseled strongly against reading “communications path” to include wireless communications because (i) the title of the patents indicated that they were directed to communication “Via Telephone Lines”; (ii) the specification described the patents as “particularly concerned” with “two wires lines such as telephone subscriber lines”; and (iii) every embodiment described in the specification used a telephone wire. Second, IWS did not present any extrinsic evidence showing that “communications path” was a term of art understood to include wireless communications. Third, the court disagreed with IWS’s argument that claim differentiation required “communications path” to include wireless communications, concluding that dependent claims limiting the communications path to a “two-wire telephone subscriber line,” merely excluded other forms of wired communications. Finally, reading the term to include wireless communication risked rendering the patents invalid for lack of written description, which further counseled in favor of limiting “communications path” to wired communications.

Chief District Judge Stark of the District of Delaware, sitting by designation, dissented on procedural grounds. Judge Stark agreed with the majority that the record lacked extrinsic evidence concerning the plain and ordinary meaning of “communications path.” However, Judge Stark preferred to vacate and remand to the district court to allow IWS to introduce extrinsic evidence. Judge Stark noted that Appellees never disputed that the plain and ordinary meaning of “communications path” encompassed wireless communications; rather, in the district court Appellees argued against adopting that undisputed definition as the claim construction. In Judge Stark’s view, this explained why IWS never introduced extrinsic evidence concerning the plain and ordinary meaning of the claim term – it was never disputed.

SAS Inst., Inc. v. ComplementSoft, LLC,
825 F.3d 1341 (Fed. Cir. 2016)

SAS petitioned for IPR of all 16 claims of Complementsoft’s patent, directed to a set of software tools for allowing users to develop, edit, and debug software. The Board instituted IPR for 11 of the challenged claims. The Board issued a final written decision cancelling 10 of the challenged claims. The petitioner appealed on three grounds: (1) the Board improperly construed the term “graphical representations of data flows”; (2) the Board changed its construction for the “graphical representations of data flows term” between when it instituted the IPR and when it issued its final written decision, without allowing the parties an opportunity to respond; and (3) for failing to address the patentability of all claims SAS included in its petition. The patentee cross-appealed and argued that the Board improperly construed the “graphical representations of data flows” and another term.



The Federal Circuit affirmed the Board's constructions, relying on "the specification's consistent disjunction of the two flows." In interpreting claims under the the "broadest reasonable interpretation" standard, the claim construction must still be "reasonable" in the context of the specification and structure of the claims. Regarding the patentee's cross-appeal, the Federal Circuit held that prosecution history disclaimer did not to narrow the claims, because there "is no clear and unmistakable evidence" of disclaimer. Because the specification and prosecution history did not not conclusively resolve the constructions, the Federal Circuit agreed with the Board that it was appropriate to resort to dictionaries and expert evidence.

Although the Federal Circuit affirmed the ultimate construction set forth in the Board's final written decision, the Federal Circuit was concerned that the Board "changed theories in midstream." The Federal Circuit discussed how the PTAB relied on a different construction when it denied institution of a prior art ground. The parties did not seek a revised construction from the construction used in instituting the IPR, but the Board nonetheless construed the term in a way that varied significantly from the original construction. Under the Administrative Procedure Act ("APA"), parties are entitled to be timely informed of matters of fact and law asserted by an agency. These APA protections apply not only to the patent owner in an IPR proceeding, but also to the petitioner. The Federal Circuit reasoned that it "is difficult to imagine either party anticipating that already-interpreted terms were actually moving targets," and that given the strict page limits in an IPR, the parties would not have addressed the new construction. Accordingly, the majority remanded the case to the PTAB to allow the parties to address the rejected prior-art ground under the new construction.

Last, the majority repeated its holding from *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016), that nothing in the patent statutes requires the Board in a final written decision to address every patent claim challenged in an IPR petition.

Justice Newman concurred with the majority in affirming the Board's claim constructions, and also concurred in remanding the case on account of the Board changing constructions post-institution. As in the *Synopsys* case, Judge Newman dissented as to the Board's partial institution. Judge Newman reviewed the IPR statutes and their legislative history to argue that the "Director can still refuse to institute [IPR] review entirely, but the Director cannot choose to consider some of the challenged claims and to ignore others."

SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC,
807 F.3d 1311 (Fed. Cir. 2015)

This en banc decision by the Federal Circuit addressed whether laches is a defense to legal relief in a suit for patent infringement. Takeaway: the Patent Act codifies a laches defense that may bar legal remedies, in addition to equitable principles that apply.

SCA Hygiene ("SCA") and First Quality are both producers of adult incontinence products. In October 2003, SCA informed First Quality by letter that their Prevail® All Nites™ product, an adult absorbent diaper, infringed an SCA patent claim. First



Quality responded that SCA's patent was invalid over prior art. In 2004, SCA, without responding to or notifying First Quality, sought reexamination by the Patent and Trademark Office ("PTO") of the patent-in-suit with respect to the prior art reference identified by First Quality. In 2007, the PTO confirmed patentability, and in 2010 SCA filed suit in the Western District of Kentucky claiming infringement of SCA's patent by First Quality. Service of the complaint was the first communication between SCA and First Quality regarding the asserted patent. First Quality moved for summary judgment of laches and equitable estoppel, which was granted. On appeal, a panel of the Federal Circuit affirmed the dismissal on grounds of laches but reversed the equitable estoppel grounds. The panel explained that it was bound by *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020 (Fed. Cir. 1992) (en banc), and rejected SCA's argument that the Supreme Court's decision in *Petrella v. Metro-Goldwyn-Mayer Inc.*, 134 S. Ct. 1962 (2014) abolished laches in patent law. The panel noted that First Quality had made significant capital expenditures in the adult incontinence product market, and that SCA had not proffered a genuine issue of material fact regarding its delay in reasserting its rights against First Quality after the reexamination completed. With respect to estoppel, however, the panel found that certain disputes prevented an award of summary judgment. SCA petitioned for re-hearing en banc and the petition was granted in December 2014 with respect to two questions: (1) Whether the Supreme Court's *Petrella* decision results in the Federal Circuit's en banc decision in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.* being overruled such that the laches defense is no longer available, and (2) should a laches defense ever be available to bar damages or injunctive relief?

As to the first question, SCA argued that the Supreme Court's decision in *Petrella v. Metro-Goldwyn-Mayer* precludes laches as a defense to patent infringement within the statutory six-year damages recovery period. In *Petrella*, the Supreme Court held that a defendant cannot invoke laches to preclude adjudication of a claim for damages for copyright infringement brought within the statutory limitations time period. SCA argued that the reasoning in *Petrella* reasoning compels a similar result for patent infringement claims because 35 U.S.C. § 286, which limits damages to a six-year period, effectively operates as a statute of limitations. After analyzing both *Petrella* and *Aukerman*, the majority concluded that *Petrella* did not govern laches in patent claims; in contrast to the Copyright Act, Congress had codified a laches defense in the Patent Act in 35 U.S.C. § 282(b)(1). Relying upon the Federico Commentary and its prior case law, the court interpreted this provision broadly to confirm that the section 282 laches defense could bar legal relief while existing side-by-side with the section 286 six-year limitation on damages.

The Federal Circuit then addressed the second question on the scope of the laches defense. To determine whether laches can bar permanent injunctive relief, the court concluded that consideration of laches fits naturally into the four-factor test of *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). The court therefore rejected *Aukerman*'s bright-line rule that laches may only bar pre-suit damages. The court also concluded that, as in *Petrella*, a laches defense did not necessarily prohibit the award of an ongoing royalty. The majority ended its opinion by reinstating the panel's reversal



of the district court’s grant of summary judgment on equitable estoppel and remanded for proceedings consistent with such opinion.

In an opinion concurring-in-part and dissenting-in-part, the dissent expressed that it knows of “no precedent for inferring a congressional departure from a common-law principle recognized by the highest court based solely on aberrational lower-court decisions.” Noting that the Supreme Court cautions against special rules for patent cases, the dissent argued that section 286 acts as an explicit temporal damages limitation that functions identically to the statute of limitations at issue in *Petrella*, thereby establishing a presumption that laches should not apply. The dissent further argued that the majority presented no compelling evidence to overcome this presumption. Therefore, as a matter of statutory construction and legislative history, laches should not be available for legal patent infringement claims.

After the Federal Circuit’s en banc opinion, SCA filed a petition for certiorari on whether laches is a defense to legal relief, which was granted by the Supreme Court on May 2, 2016.

Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.
817 F.3d 1293 (Fed. Cir. 2016)

In this appeal challenging the Patent Trial and Appeal Board’s final decision in an *inter partes* review proceeding, the Federal Circuit denied the petitioner’s writ of mandamus and affirmed in part, vacated in part, and remanded the Board’s decision. Takeaways: (1) The Federal Circuit does not have jurisdiction to review the Board’s decision to institute *inter partes* review on only some of the asserted grounds; (2) Petitioners are not estopped from seeking another *inter partes* review proceeding for the grounds denied institution.

Automated Creel Systems, Inc. (“ACS”) owned a patent that claims a method of using creels for “supplying yarn and other stranded materials to a manufacturing process.” The creel supply system used creel magazines, a stationary frame, and two movable carts carrying multiple levels of spooled stranded material. Some claims, dubbed the “non-interposing claims,” recited a method of transferring stranded material across the frame. Other claims, dubbed the “interposing claims,” recited a method of transferring stranded material both across the frame and along the same side of the frame.

ACS sued Shaw Industries Group, Inc. (“Shaw”) for patent infringement in the United States District Court for the Northern District of Georgia, but voluntarily dismissed the suit without prejudice. Within one year of service of the complaint, Shaw petitioned for *inter partes* review of all patent claims. Though most of Shaw’s proposed grounds of rejection were directed to the non-interposing claims, Shaw also alleged the interposing claims were unpatentable as obvious and unpatentable as anticipated in view of prior art. The Board instituted review on all but one of the patent claims. As to the interposing claims, the Board instituted review only for obviousness, reasoning that reviewing on the other proposed grounds would be redundant. Although a year had



passed since ACS had served Shaw with the complaint, Shaw filed a second petition seeking *inter partes* review of the sole surviving claim, claim 4. The Board concluded it had the authority to institute review because ACS had dismissed its suit without prejudice, nullifying the effect of service of the complaint. The Board instituted review of claim 4 for obviousness and not on other proposed grounds, explaining it had discretion to do so under 37 C.F.R. § 42.108. The Board consolidated the *inter partes* review proceedings. In its final decision, the Board found (1) the interposing claims were not unpatentable as obvious and (2) the non-interposing claims, including claim 4, were unpatentable based on the instituted grounds. Shaw appealed as to the interposing claims and ACS appealed as to claim 4.

On appeal, Shaw argued that the Board erred in declining to consider Shaw's other proposed grounds for rejecting the interposing claims. Shaw also sought a writ of mandamus instructing the Board to reconsider its redundancy finding and institute review of the interposing claims for anticipation. The Federal Circuit held that it did not have jurisdiction to review the Board's decision to institute review on only some of the proposed grounds under 35 U.S.C. § 314(d). Shaw argued that § 314(d) was inapplicable because Shaw sought judicial review of the Board's authority to deem some of the asserted grounds redundant of instituted grounds. The court disagreed, noting that under 37 C.F.R. § 42.108(b), the Board's decision to deny review on some of the asserted grounds "is a Board decision not to institute *inter partes* review on that ground."

As to Shaw's second argument, the Federal Circuit held that mandamus relief was not appropriate because Shaw was not estopped from raising its anticipation grounds in a subsequent petition before the Board. Shaw argued that under 35 U.S.C. § 315(e), Shaw would be estopped from seeking another *inter partes* review on claims Shaw raised or reasonably could have raised during the initial *inter partes* review proceeding. The court rejected this argument because Shaw neither raised nor could have raised its anticipation grounds during the review proceedings because the Board denied review for anticipation. Thus, the denied grounds never became part of the *inter partes* review proceeding and Shaw remained free to petition the Board as to its anticipation argument.

Shaw also argued the Board erred in finding the interposing claims not invalid as obvious. The Federal Circuit vacated in part and remanded. The court explained that the Board's language in its decision was ambiguous with respect to the existence of a key component in the prior art. Because clarifying the existence of that component required extensive factual findings, the court remanded.

ACS's cross appeal challenged the Board's decision to institute review on claim because Shaw had waited too long to petition for review. ACS argued that 35 U.S.C. § 315(b) prevents petitioners from seeking *inter partes* review more than a year after being served with a patent infringement suit. Because Shaw had petitioned the Board more than a year after receiving ACS's complaint, ACS contended the Board erred in instituting review on claim 4. The Federal Circuit held it lacked the jurisdiction to review the Board's decision to institute *inter partes* review based on its interpretation



of the time-bar in § 315(b), relying on the court’s recent decision in *Achates Reference Publishing, Inc. v. Apple Inc.* On the merits, the Federal Circuit affirmed the Board’s determination that claim 4 was unpatentable as obvious, holding the Board’s findings were supported by substantial evidence.

Judge Reyna concurred and fully joined the court’s opinion. He wrote separately to express his “deep[] concern[] about the broader impact that the Redundancy Doctrine may have on the integrity of the patent system.” Though the Board had denied the existence of such a doctrine at oral argument, Judge Reyna noted a prior order by the Board discussing substantive redundancies between grounds. Judge Reyna explained that the Board’s failure in its final written decision to articulate its reasoning for finding redundancy is an example of the kind of “black box decisionmaking process” that is “antithetical to the requirements of the Administrative Procedures Act” and that leaves lower courts without guidance when deciding whether a petitioner is estopped from re-asserting the denied grounds in a new *inter partes* review proceeding.

Shire LLC v. Amneal Pharm., LLC,

802 F.3d 1301 (Fed. Cir. 2015)

In this consolidated Hatch-Waxman Act litigation, the Federal Circuit affirmed the district court’s ruling that Shire LLC’s (“Shire”) asserted claims were not invalid for obviousness, affirmed infringement of Shire’s claims, and reversed the district court’s finding of indirect infringement by the manufacturer of Shire’s amphetamine compounds. Takeaway: The Federal Circuit clarified the scope of the safe-harbor provision under 35 U.S.C. § 271(e), finding that a producer of active ingredients for patented pharmaceuticals is not liable for indirect infringement where those active ingredients are provided to non-licensed drug applicants for use solely in Food and Drug Administration (“FDA”) applications.

Shire’s patents-in-suit are directed to derivative compounds of amphetamine, a drug used to treat a variety of disorders, including attention deficit hyperactivity disorder. The goal of these patents is to decrease the risk for potential overdose or abuse by modifying the compounds such that the amphetamine’s activity is decreased when consumed in high doses—such as during abuse or accidental overdose—but maintains activity similar to unmodified amphetamines when taken at prescribed or lower doses. Several defendants filed Abbreviated New Drug Applications (the “ANDA defendants”) for a generic version of Shire’s Vyvance® product, simultaneously asserting that Shire’s patents over Vyvance® are invalid for obviousness over prior art and/or not infringed by the ANDA applications. Shire sued each defendant individually in the District Court of New Jersey claiming infringement, and also alleged that the compound’s supplier, Johnson Matthey, had directly and indirectly infringed Shire’s patents by providing the compound to the ANDA applicants for their FDA applications.

The district court consolidated the suits and commenced discovery. After discovery, the district court denied defendants’ motion to amend their invalidity claim to add an on-sale bar based on untimeliness, a lack of good cause, and prejudice against Shire. The



district court granted Shire's motion for summary judgment of direct and induced infringement by the ANDA defendants, indirect infringement by Johnson Matthey, and that the asserted patent claims were not invalid as anticipated or obvious. Defendants appealed.

The Federal Circuit affirmed in-part and reversed in-part. Rejecting the ANDA defendants' claims of invalidity on grounds of anticipation and obviousness, the court first considered an Australian patent raised by defendants during discovery. Noting that a patent examiner had previously declared the patents-in-suit not obvious in view of this reference, the court determined that while the reference contained hundreds of compound possibilities, nothing in the prior art suggested the combination of compounds found in Shire's claims. Explaining that the combination Shire used was only obvious in hindsight, the Federal Circuit affirmed the district court's findings of non-invalidity. The court also found that the district court did not abuse its discretion by denying the ANDA defendants' motion to amend their invalidity contentions to assert an on-sale bar. The district court found that the magistrate judge properly denied the motion, because the initial round of discovery produced the information necessary to raise an on-sale bar argument, and defendants did not ask permission from Shire to supplement their claim until over a year later. The Federal Circuit affirmed this decision, holding that the district court did not abuse its discretion in denying the ANDA defendants leave to amend their contentions.

Turning to the claim against Johnson Matthey, the Federal Circuit reversed the lower court's finding of indirect infringement. While Congress made it an act of infringement to submit an ANDA application for an already patented drug under 35 U.S.C. § 271(e)(2), it also included a safe-harbor provision under § 271(e)(1) for manufacturers of compounds to provide patented inventions for uses reasonably related to the development and submission of information in circumstances like an ANDA submission. The court reasoned that, because Johnson Matthey is not seeking approval to sell a generic version of Vyvance® and is merely a supplier, it falls within this safe-harbor provision. Therefore, the district court erred in finding that Johnson Matthey indirectly infringed Shire's claim.

Shukh v. Seagate Tech., LLC,
803 F.3d 659 (Fed. Cir. 2015)

For the first time, a unanimous Federal Circuit panel held that concrete and particularized reputational injury can supply Article III standing. In vacating and remanding the district court's finding of summary judgment for Seagate Technology, LLC ("Seagate"), the Federal Circuit held that there was a question of material fact as to whether Dr. Alexander Shukh ("Shukh") suffered reputational harm when Seagate omitted him as a named inventor on several of its patents. Takeaway: reputational injury that results from improperly omitting inventors from patents may give rise to Article III standing, particularly if the claimed inventor is employed or wants to be employed in the field of the claimed invention.



This litigation began when Shukh, an inventor who was formerly employed at Seagate, sued Seagate for, among other purported wrongs, omitting him as an inventor from six patents and four patent applications. Seeking a remedy, Shukh asserted claims for correction of inventorship under 35 U.S.C. § 265. To establish standing, Shukh alleged an ownership interest, a financial interest, and a reputational interest in the patents. Seagate moved to dismiss the claims for lack of standing, and the district court agreed that Shukh had no ownership or financial interest because he automatically assigned all his inventions to Seagate as part of his employment agreement. But the district court withheld judgment on the reputational interest claim. Later, Seagate moved for summary judgment on the § 265 claim, again asserting that Shukh had no reputational interest in the patents. The district court held there was no genuine dispute of material fact as to whether Shukh suffered reputational harm, and thus granted summary judgment on this claim.

On appeal, Shukh made two arguments. First, he challenged the district court's decision that he lacked standing on ownership or financial interest grounds. The Federal Circuit affirmed the district court, because under *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568 (Fed. Cir. 1991) Shukh's assignment in the employment agreement of his ownership and financial interests in his inventions conveyed legal title to Seagate, and the Federal Circuit could not overrule that holding (as Shukh requested it do) without en banc action.

Shukh next argued that because a trier of fact could conclude his reputation was damaged by Seagate's actions the district court erred in granting Seagate summary judgment on his § 256 claims. The Federal Circuit agreed. It first held that concrete and particularized reputational injury can give rise to Article III standing because pecuniary consequences may flow from being designated as an inventor. The court noted that being considered an inventor of important work is a mark of success in a given field, and is comparable to being recognized as the author of a major scientific paper. It said the consequences of such recognition—or the lack of it—may be particularly severe when the claimed inventor seeks to be employed or is employed in the field of his claimed invention, and if the claimed inventor can show that being named an inventor on a patent would affect employment, the alleged reputational injury probably had enough economic impact to establish Article III standing.

The Federal Circuit then held that there was a question of material fact as to whether Shukh's omission as a named inventor caused him reputational injury. The court found that Shukh presented evidence that he suffered reputational injury in two ways. First, there was evidence that the omission harmed his reputation as an inventor in his field. Second, there was evidence that the omission contributed to his reputation for poor teamwork, a reputation in part due to his regular accusations that others were stealing his work. Finally, the court said that Shukh had presented evidence that the reputational harms led to economic consequences. Accordingly, it vacated and remanded the district court's summary judgment order.



SightSound Techs., LLC v. Apple Inc.,
809 F.3d 1307 (Fed. Cir. 2015)

Considering the Federal Circuit's jurisdiction as well as the proper construction of patent claims relating to the transfer of digital audio in exchange for money, the Federal Circuit unanimously affirmed the Patent Trial and Appeal Board's ("PTAB") determination of the scope of the claims in favor of the defendants-appellees. Takeaway: although the Federal Circuit has jurisdiction to review whether a patent claims a covered business method ("CBM"), it lacks jurisdiction to review the PTAB's initiation of CBM review.

SightSound Technologies, LLC owns U.S. Patents Nos. 5,191,573 (the "'573 patent") and 5,966,440 (the "'440 patent"). Apple Inc. petitioned the United States Patent and Trademark Office ("PTO") for CBM review of claims 1, 2, 4, and 5 of the '573 patent and claims 1, 64, and 95 of the '440 patent. The PTO granted Apple's petition and instituted a CBM review; the PTAB found that all the challenged claims would have been obvious, even though Apple never explicitly raised obviousness in its petitions to the PTAB. SightSound appealed to the Federal Circuit, arguing that the PTAB improperly initiated CBM review on obviousness under 35 U.S.C. § 324(e). SightSound further argued that the challenged patents were not CBM patents even if CBM review had been properly initiated.

The Federal Circuit held that § 324(e) does not limit the PTAB's authority in a final decision to grounds alleged in the CBM complaints. In particular, the court held that under the statute, it lacked jurisdiction to review the PTAB's decision to initiate CBM review, thus reaffirming the reasoning behind *In re Cuozzo*, which related to 35 U.S.C. § 314(d) (a similar statute) in *inter partes* review. The PTO and Apple argued that the court is barred from reviewing whether the '573 and '440 patents are CBM patents by the same logic, but the Federal Circuit turned to *Versata II* and reaffirmed it: the question of whether a patent falls within the scope of the PTAB's authority as a CBM patent is a limitation on the PTAB's authority to issue a final decision and may be reviewed on appeal from a final written decision of the PTAB.

The Federal Circuit reviewed the PTAB's determination that the patents at issue were CBM patents using an arbitrary and capricious standard for the PTAB's reasoning, and a substantial evidence standard for its factual determinations. SightSound argued that the patents at issue were outside the statutory definition because they were not directed to the management of money, banking investment or credit. However, the Federal Circuit found that the claims at issue fell within the broad definition of a CBM patent under *Versata II*: financial activity not directed to money management or banking can constitute a "financial product or service" under the statute. The electronic sale of digital audio is a "financial activity" and allowing or facilitating this activity is "providing a financial service." SightSound further argued that the patents at issue were directed to technological inventions and thus specifically exempt from CBM review; the Federal Circuit, relying on *Versata II* again, rejected this argument as well. It noted that claiming generic computer components to facilitate operations does not remove a patent from CBM status under the technological inventions



exception. The claims were determined to be directed to nothing more than a combination of known technologies. The Federal Circuit implied a different result might have been possible if the claims recited “specific, unconventional software, computer equipment, tools or processing capabilities.”

The Federal Circuit also upheld the PTAB’s obviousness determination. The court determined that the prior art publications themselves expressly provided a reason for their combination. Because the patentee conceded that the prior art publications described elements working according to their established functions in a predictable manner, the court found an express reason to combine the references—rendering claimed inventions obvious to one of ordinary skill in the art. Similarly, the court found no proof of a nexus between the claimed invention and the success of the alleged commercial embodiment; the success of petitioners’ products was due to unclaimed and unrelated features, so it affirmed a finding of no commercial success.

SimpleAir, Inc. v. Sony Ericsson Mobile Commc’ns AB,
820 F.3d 419 (Fed. Cir. 2016)

In this patent infringement suit, the Federal Circuit reversed the district court’s claim construction, vacated the jury verdicts and judgments of the court based upon incorrect claim constructions, and remanded to enter judgment of non-infringement. Takeaway: In construing claims, the Federal Circuit will give great weight to the purpose of the invention.

SimpleAir, Inc. (“SimpleAir”) sued Google, Inc. (“Google”), alleging Google’s cloud-based messenger services infringed SimpleAir’s patented method of transmitting information to a remote computer, regardless of whether the computer is “online or offline from a data channel” associated with the computer. the district court construed “data channel” as one or more communication pathways for accessing information over a communications network, rather than a device’s connection to the Internet. It reasoned that limiting “data channel” to a connection to the Internet would render some of the language in the claim redundant. A jury found Google infringed each of the asserted claims as construed and awarded \$85 million in damages. The district court denied Google’s motions for judgment as a matter of law, and Google appealed.

On appeal, Google argued, among other things, that the term “data channel” is invalid for indefiniteness and that, under a proper construction of “data channel,” Google did not infringe. Google argued that the “data channel” is a dedicated wired or wireless connection, and that it must be a different communication path than used to receive notifications while the device is online. SimpleAir argued that “data channel,” as used in context, should be understood as analogous to a television channel, which users can tune into specialized software. The Federal Circuit agreed with Google, focusing in part on the specification’s description of “the present invention” as enabling a “remote computer . . . to receive information instantly—even while it is off-line (i.e., not connected to the Internet or some other on-line service).” In order to achieve this objective, the court found, “the invention contemplates the use of two distinct paths, such the data channel from which the device is offline must be different from the



communication path used to receive notifications.” Thus, the Federal Circuit concluded that “data channel” could mean any path between a remote computing device and an information service that does not include the attached receiver.

Having agreed with Google regarding the construction of “data channel,” the Federal Circuit also held that Google did not infringe the patent because Google’s communication system exclusively uses the same pathway as the receiver, and not a separate data channel. Thus, the court remanded with instructions to enter judgment of no infringement. As for Google’s argument on indefiniteness, the court concluded that a person of ordinary skill in the art “would be reasonably certain as to the scope of invention.” Accordingly, the court held the claim language was sufficiently definite.

SkyHawke Techs., LLC v. Deca Int’l Corp.

828 F.3d 1373 (Fed. Cir. 2016)

In *SkyHawke Techs., LLC v. Deca Int’l Corp.*, the Federal Circuit considered the ability of a party to appeal claim construction issues upon which it had prevailed, in an *inter partes* reexamination.

SkyHawke, the patentee, agreed with the ultimate result of the PTAB confirming patentability of all claims challenged in an *inter partes* reexamination, but sought to appeal the PTAB’s claim construction. SkyHawke was concerned that the narrow means-plus-function construction applied by the PTAB would detrimentally impact the patentee’s ability to sue others for infringement. Deca International moved to dismiss SkyHawke’s appeal for lack of jurisdiction.

The Federal Circuit granted Deca’s motion to dismiss. It determined that SkyHawke had prevailed at the PTAB, and that appellate courts “employ a prudential rule that the prevailing party in a lower tribunal cannot ordinarily seek relief in the appellate court.” The Federal Circuit reasoned that in a future district court action, judicial estoppel does not apply to the patentee because the patentee did not advocate the claim construction. Accordingly, if the district court later adopts the PTAB’s construction, the patentee can appeal at that time. The court further explained that the claim construction used in the PTAB’s opinion is not the “decision” of the Board for purposes of 35 U.S.C. § 141, and that appellate courts “review judgments, not statements in opinions.” The patentee was not “dissatisfied with the Board’s judgment, only with its opinion explaining that judgment.”

S. Ala. Med. Sci. Found. v. Gnosis S.P.A.,

808 F.3d 823 (Fed. Cir. 2015)

In this companion case decided the same day as *Gnosis I*, 808 F.3d 829, the Federal Circuit affirmed another decision by the PTAB, finding that the contested claims of the patent-at-issue were obvious.

South Alabama Medical Science Foundation (SAMSF) owns U.S. Patent Nos. 5,997,915, 6,673,381 and 7,172,778, all relating to the administration of L-5-MTHF and other vitamins to treat symptoms associated with folate deficiency. At



Gnosis' request, the PTAB instituted *inter partes* review on a number of the claims of the three patents. Like Merck in *Gnosis I*, SAMSF also argued that the prior art taught away from the patent's claimed use, and that objective indicia of non-obviousness further demonstrated the validity of its patents. The PTAB found that all of the contested claims were obvious, relying on the same prior art at issue in *Gnosis I*.

The same panel majority of the Federal Circuit reviewed the claims under the substantial evidence standard. For the same reasons discussed in *Gnosis I*, the court affirmed the PTAB's factual findings of a motivation to combine the prior art references. The court further stated that the PTAB properly determined the lack of adequate nexus to the claimed invention with respect to the objective indicia of non-obviousness. In particular, the PTAB determined that the commercially successful products were not reasonably commensurate in scope with the claims. However, the Federal Circuit held that the PTAB erred in rejecting SAMSF's licensing evidence. The relevant inquiry should have been whether a nexus existed between the claimed invention and the licensing activity itself, and the PTAB should not have required the patentee to establish an independent nexus between the claimed invention and the licensee's products (even if such evidence would be probative). Nonetheless, the court held that the error was harmless because the licensing evidence was not enough to overcome the strong evidence of obviousness found in the prior art and expert testimony.

Dissenting, Judge Newman argued that the PTAB failed to establish a motivation to combine the prior-art references, in that none of the references suggest a likelihood of success.

***Spectrum Pharm., Inc. v. Sandoz Inc.*,**
802 F.3d 1326 (Fed. Cir. 2015)

In this litigation over claims to a substantially pure form of levoleucovorin—an isomer used in compositions to treat cancer and folate deficiency—the Federal Circuit affirmed the district court's ruling that products Sandoz Inc. (“Sandoz”) planned to sell did not infringe claims 5 through 9 because they failed to meet a dosage claim limitation in the patent, and, in addition, Spectrum was estopped from using the doctrine of equivalents to claim that Sandoz's product met the dosage limitation in the aggregate. The Federal Circuit also agreed with the district court that claims 1 and 2 were obvious because the prior art taught both a 50/50 isometric mixture and a pure form of the compound. Takeaway: In the typical case, the Federal Circuit considers whether a pure compound would have been obvious over a related mixture. This case presented the atypical question of whether a substantially pure compound would have been obvious when both the 50/50 mixture and the pure compound were known; in this case, the Federal Circuit found that it would be.

Spectrum Pharmaceuticals, Inc. (“Spectrum”) is the exclusive licensee of a patent claiming a substantially pure form of levoleucovorin. After Sandoz submitted an Approved New Drug Application (“ADNA”) for a drug product incorporating levoleucovorin, Spectrum sued Sandoz for patent infringement. On summary judgment,



the district court found non-infringement of claims 5 through 9. After a bench trial, the district court held that claims 1 and 2 were *prima facie* obvious in light of prior art, and that Spectrum failed to rebut the *prima facie* case of obviousness. The court thus found in favor of Sandoz.

On appeal, the Federal Circuit affirmed the district court's decisions on noninfringement of claims 5 through 9 and invalidity of claims 1 and 2. As to noninfringement, the court agreed with the district court that claims 5 through 9 did not infringe because those claims contained a dose limitation of at least 2000 mg per dose, and Sandoz's ADNA product, sold in vials of 175 mg or 250 mg of levoleucovorin, would not meet the limitation. Additionally, the Federal Circuit found that Spectrum was estopped from invoking the doctrine of equivalents to prove infringement, because during prosecution, Spectrum repeatedly emphasized the importance of the dose limitation it distinguishes the claims from the prior art; those statements expressed Spectrum's intent to surrender coverage of lower doses, the court said.

As to validity, the Federal Circuit agreed with the district court that claims 1 and 2 were obvious. First, the Federal Circuit held that the district court did not err in finding that one skilled in the art would have been motivated to modify the prior art 50/50 mixture to make the substantially pure mixture at issue. Second, the court agreed that the "spectrum of prior art available" would have enabled one of skill to make and use the substantially pure compound, because multiple teams were independently developing and teaching methods to do so. Finally, the Federal Circuit held that the district court did not clearly err in finding there was no long-felt but unmet need, and that Spectrum thus failed to rebut the *prima facie* obviousness of claims 1 and 2."

Sport Dimension, Inc. v. Coleman Co.,
820 F.3d 1316 (Fed. Cir. 2016)

The Federal Circuit reviewed the district court's claim construction and found that the district court improperly eliminated several features of the claimed design. The court thus vacated the district court's stipulated judgment of noninfringement and remanded for proceedings consistent with the proper claim construction. The Federal Circuit also affirmed the district court's exclusion of Coleman's expert witness. Takeaway: When construing claims, courts should eliminate functional aspects of the design while permitting coverage of the design's ornamental features. If features of a design serve both ornamental and functional purposes, courts should not eliminate those features entirely, but rather should construe the claim "in order to identify the non-functional aspects of the design." *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1405 (Fed. Cir. 1997).

Coleman Company, Inc. ("Coleman") holds patent D623,714 ("the D'714 patent") which claims "[t]he ornamental design for a personal flotation device." Sport Dimension, Inc. ("Sport Dimension") sells a comparable floatation device, the Body Glove 325, which features similar design elements. Sport Dimension filed a declaratory judgment motion seeking a determination that its BodyGlove 325 did not infringe the D'714 patent. Sport Dimension also requested a judgment that D'714 patent was



invalid. In ruling on these motions, the district court excluded Coleman’s expert witness and adopted Sport Dimension’s proposed claim construction, which excluded certain features of the flotation device as “functional and not ornamental.” In response to these rulings, Coleman moved for entry of judgment of noninfringement in favor of Sport Dimension and appealed the court’s claim construction to the Federal Circuit.

The Federal Circuit reviewed the district court’s claim construction de novo. The court noted that design patents “cannot claim a purely functional design” but explained that, “as long as the design claims are not primarily functional, the design claim is not invalid, even if certain elements have functional purposes.” The court further noted that, in instances where a design element serves both functional and ornamental purposes, courts should construe claims to exclude functional features but protect ornamental elements. The Federal Circuit found that the district court had violated this “principle of design patent claim construction” by excluding features that served both ornamental and functional purposes. The Federal Circuit thus rejected the district court’s claim construction.

The Federal Circuit proposed a new claim construction for Coleman’s personal flotation device and noted that, “because of the design’s many functional elements and its minimal ornamentation, the overall [...] scope of the claim is accordingly narrow.” The court then vacated the district court’s judgment of noninfringement and remanded for proceedings consistent with the new, narrower construction. Finally, the Federal Circuit affirmed the district court’s exclusion of Coleman’s expert witness. The court noted that the witness had testified to having no relevant experience and had admitted that he was “not an expert on personal flotation devices.” Because of this, the Federal Circuit found that the district court had not abused its discretion in excluding the witness’s testimony.

Straight Path IP Grp., Inc. v. Sipnet EU S.R.O.,

806 F.3d 1356 (Fed. Cir. 2015)

In this appeal of an *inter partes* review decision from the Patent Trial and Appeal Board (the “Board”), the court rejected the PTAB’s claim construction based on a plain reading of the claim. The court further reversed the Board’s cancellation of the challenged claims. Takeaway: When there is no reasonable basis for contradicting the plain meaning of a claim term, the plain and ordinary meaning of the term controls. While a patent specification has an important role in resolving genuine uncertainties about claim language, when a claim term is clear on its face, the specification generally cannot establish a meaning of the term that differs from the term’s plain meaning.

U.S. Patent No. 6,108,704, owned by Straight Path IP, describes a point-to-point Internet Protocol (“IP”) that logs dynamic IP addresses, email addresses, and their respective time stamps into a database. Sipnet petitioned for *inter partes* review of claims 1-7 and 32-42 of the ’704 patent. During the proceeding before the Board, the parties disputed the following limitation of claim 1: “transmitting, to the server, a query as to whether the second process is connected to the computer network.” Sipnet argued



that the claim term “is connected to the computer network” encompasses a processing unit that is “active and on-line at registration.” The Board agreed with Sipnet’s construction, and concluded that the challenged claims were invalid as either anticipated or obvious.

The Federal Circuit held that the meaning of the disputed claim term—particularly the word “is”—was plain on its face. The court found that the term “is connected to the computer network” plainly requires the query to be transmitted to determine whether the second server is connected at that time, i.e., at the time the query is sent. The court further reasoned that, in addition to the plain meaning of “is,” ’704 patent specification presupposes this reading of the claim term because it acknowledges that registration can become false over time and it distinguishes between a server being online and being registered.

Dissenting in part, Judge Dyk disagreed with the majority’s construction that “is” requires “absolute currency.” Instead, Judge Dyk argued that the plain meaning of “is” encompasses characteristics that are not necessarily current. In addition, the ’704 patent specification explains that “is connected” does not require a real-time check.

Summit 6, LLC v. Samsung Elecs. Co.,
802 F.3d 1283 (Fed. Cir. 2015)

In this litigation concerning technology for sending images, the Federal Circuit affirmed conclusions reached by the jury and the trial court in favor of plaintiff Summit 6, LLC (“Summit”) regarding claim construction, infringement, validity, and damages against defendant Samsung Electronics Co. (“Samsung”). Takeaway: The Federal Circuit recognized that estimating a reasonable royalty is not an exact science. The admissibility inquiry for evidence regarding the reasonable royalty centers on whether the proffered evidence incorporates a reliable methodology.

Summit filed suit against Samsung in February 2011 in the Northern District of Texas, alleging that Samsung’s process of sending photos over a multimedia messaging infringed Summit’s patent for a “Web-based Media Submission Tool.” The patent-in-suit was directed to a method to submit or upload photos to a website and described software that pre-processed images to established parameters on a client’s device prior to upload onto a server. At trial, arguments were presented by both parties specific to whether Samsung’s product processed images “in preparation for publication,” as recited in the patent’s claims, instead of merely to meet the transmission requirements of the carriers. Samsung also argued that Summit’s patent was invalid over prior art references. A jury ultimately found Summit’s patent valid and infringed, and awarded Summit \$15 million in damages based on direct infringement. Samsung moved for JMOL of non-infringement and invalidity, which was denied by the district court.

On appeal, Samsung argued that the district court erred in its claim construction, that Summit had not presented evidence of infringement or validity of the patent-in-suit sufficient to sustain a jury verdict, and that Summit’s damages expert did not meet the standards for admissibility under Daubert. Addressing claim construction, the Federal



Circuit held that the claim term “being provided to” operated as a descriptive phrase rather than a verb, merely describing how parameters reached the client’s device from a second device, and therefore did not outline a timeline for transmission. The court concluded that, since the phrase was merely descriptive and not temporally limiting, the district court did not err when it declined to construe “being provided to” as a step of Summit’s patent method.

The Federal Circuit then addressed the admissibility of the testimony of Summit’s damages expert. Summit’s expert first determined the amount of revenue earned from carriers by Samsung based on cameras built into each phone. After estimating the percentage of users that utilize those cameras in a manner that would infringe Summit’s patent, the expert determined a percentage of Samsung’s profit per phone based on the infringing activity. Applying this profit percentage to a hypothetical negotiation, Summit’s expert concluded that a hypothetical negotiation would have resulted in a reasonable royalty of \$29 million. Noting that royalty and damages calculations are not precise measurements, the Federal Circuit held that the district court did not abuse its discretion when it determined Summit’s expert satisfied the *Daubert* requirements, and further found that the fact-specific inquiry required for damages calculation did not require peer review on the calculations at issue.

Turning to damages, the Federal Circuit found legally sufficient evidence for the jury’s lump sum award of \$15 million to Summit. Summit’s damages expert used Samsung’s own financial data and reports and presented a license with a competing phone manufacturer that presented sufficient evidence to a jury to support their verdict. On cross-appeal, Summit challenged the district court’s determination that the jury verdict represented a lump-sum license compensating Summit for both past and future infringement, arguing that it was entitled to recover additional damages for future infringement. The Federal Circuit found that the district court did not abuse its discretion when it instructed the jury that a lump sum award was proper for both past and future damages, noting that Summit’s own expert admitted a lump sum award would compensate Summit through the life of the patent. The Federal Circuit thus affirmed the jury’s lump sum damages award.

Suprema, Inc. v. Int’l Trade Comm’n,

796 F.3d 1338 (Fed. Cir. 2015)

Sitting en banc, the Federal Circuit addressed the issue of whether infringement must be addressed at the time of importation in order to determine whether the International Trade Commission (“ITC”) has authority under Section 337 of the Tariff Act of 1930 (“Section 337”) to issue an exclusion order. The ITC had found that devices that do not infringe at the time of importation, but that are later used by the importer to directly infringe, can fall under Section 337’s statutory definition of “articles that infringe.” A divided 3-judge Federal Circuit panel vacated that finding, reasoning that infringement must be measured at the time of importation. On review, however, a majority of the en banc panel upheld the ITC’s interpretation of the statute, holding that it was entitled to *Chevron* deference and was reasonable. The two dissenting opinions argued that the present case could be distinguished from prior ITC situations of induced infringement



and that Section 337 unambiguously limits “articles that infringe” to products that infringe at the time of importation. Takeaways: The ITC has jurisdiction over products that may not infringe at the time of importation, but are later used to directly infringe at the inducement of their seller.

U.S. Patent No. 7,203,344 (the “‘344 patent”), owned by Cross Match Technologies, Inc. (“Patentee”), claims a method for finger printing scanning that requires both hardware and software components. Cross Match asserted that the ‘344 patent was infringed by Respondents Suprema, Inc. (“Suprema”), a Korean company that makes fingerprint scanning hardware, and Mentalix, Inc. (“Mentalix”), an American company that purchases Suprema’s scanner hardware, imports them into the U.S., and then resells Suprema’s scanners in a bundle with Mentalix’s own custom fingerprting scanning software. The ITC found both direct infringement by Mentalix and indirect, induced infringement by Suprema, and entered a limited exclusion order covering infringing scanners, associated software, and products containing the same that were manufactured overseas by or imported into the U.S. by Suprema and Mentalix.

In its en banc opinion, the majority explained that it would analyze the decision of the ITC, a federal agency, under the framework established in *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), as the ITC had interpreted Section 337 through formal adjudicative procedures. First, the majority found that the language of Section 337 does not give an unambiguous answer to the issue at hand and therefore fails the first *Chevron* question. Instead, the issue is muddled by the fact Section 337 does not refer to acts that infringe, as are defined by the Patent Acts, but instead to “articles that infringe.” The majority, relying on an amicus brief filed by the United States, accounted for the disparities in language between the two section by reference to the in rem nature of Section 337 versus the in personam nature of 35 U.S.C. § 271. Such disparities, even if reconcilable, create enough ambiguity to allow the ITC a range of plausible interpretations. Second, the majority held the ITC’s interpretation to be reasonable, on the grounds that Section 337 contemplates that infringement may occur after importation; in this case, the imported article itself may be described as “infringing” at the time of importation if the article is in fact later used to infringe. Furthermore, an expansive definition of what is an infringing article is consistent with the broad authority Congress has delegated to the ITC in order to prevent unfair trade practices. Accordingly, the en banc majority upheld the ITC’s conclusion that Section 337 provides the ITC authority over “the importation of articles used to infringe by the importer at the inducement of the articles’ seller.”

Judge O’Malley, joined by Chief Judge Prost, Judge Lourie, and Judge Dyk, stating that the the language of Section 337 unambiguously “identif[ies] the point of importation as the cornerstone of liability” and, further, that the ITC’s statutory interpretation was not entitled to deference. In their opinion, the statute imposes a temporal requirement that limits “articles that infringe” to tangible objects incorporating each and every element of a valid U.S. patent at the time of importation. The dissenters further argued that Section 337 is limited to a “sale” after importation, rendering the majority’s focus on post-importation infringement was



unwarranted because the asserted method claim at issue could be infringed only by unauthorized use. The dissent concluded by noting the concern that the majority's willingness to find ambiguity in an unambiguous statute would open a Pandora's Box and erode the separation of powers.

In addition to joining Judge O'Malley's dissent, Judge Dyk wrote separately to identify the distinctions between the present case and previous ITC findings of induced infringement. Judge Dyk noted that the ITC had relied solely upon an alleged intent to induce in order to find induced infringement, whereas prior cases had relied upon evidence that inducing instructions were imported with the articles that were ultimately used to directly infringe.

Synopsys, Inc. v. Lee,
812 F.3d 1076 (Fed. Cir. 2016)

The Federal Circuit addressed whether 37 C.F.R. § 42.108, which allows for the Patent Trial and Appeal Board to institute *inter partes* review "on all or some of the challenged claims" is valid. Because the companion case, *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016), addressed all of the substantive issues presented in the case, a divided panel vacated and dismissed this case as moot. Takeaway: Resolving a case on the merits in a separate appeal will moot a parallel APA challenge to that same decision.

In an effort to bring an end to the PTO's practice of instituting *inter partes* review on "all or some of the challenged claims," Synopsys brought suit in the district court under the Administrative Procedure Act ("APA"). Similarly, Synopsys challenged the PTO practice of issuing final decisions on fewer than all of the claims raised in an *inter partes* review. The district court dismissed the suit, reasoning that "Congress intended to preclude this court from reviewing *inter partes* proceedings under the APA." The court also found that the appellate process from an *inter partes* proceeding provides an adequate remedy. In the companion case, which addressed the substantive issue, the Federal Circuit upheld the validity of the PTO regulation and practice. Thus, the present case no longer presented "a sufficient prospect that the decision will have an impact on the parties," and was therefore dismissed as moot.

Judge Newman dissented, arguing that the district court was correct to dismiss the case for lack of jurisdiction. Under the America Invents Act ("AIA"), Judge Newman reasoned, patent appeals are to be consolidated under the Federal Circuit and thus not subject to the APA. Accordingly, she stated that the case should have been affirmed rather than dismissed as moot as the "absence of jurisdiction does not render a case moot . . . for there is nothing to moot."

Synopsys, Inc. v. Mentor Graphics Corp.,
814 F.3d 1309 (Fed. Cir. 2016)

In this appeal and cross-appeal from an *inter partes* examination, the Federal Circuit affirmed the PTAB's decision not to address every claim raised by the petitioner for



review. It further affirmed the PTAB’s finding of anticipation for several claims as well as its finding that the patentee did not meet its burden to show patentability of substitute claims when seeking a motion to amend. Takeaway: The Federal Circuit held the PTAB is not required to address claims challenged in a petition for *inter partes* review for which review was not instituted in its final written decision.

Synopsys appealed the PTAB’s final *inter partes* review decision invalidating some of the instituted claims, arguing that the PTAB erred in failing to address all of the claims it raised in its petition. Mentor cross-appealed, challenging the PTAB’s decision on other grounds, which the Federal Circuit rejected.

The Federal Circuit found that it was not improper for the PTAB not to address every claim Synopsys challenged in its petition. Synopsys argued that the language of 35 U.S.C. § 318(a) requires the PTAB to issue a final written decision regarding “any patent claim challenged by the petitioner,” and therefore directs the PTAB to address every claim raised in the petition. However, the court noted that the statute distinguishes between claims “challenged by the petitioner” and claims “challenged in the petition”—language found in § 314(a). Thus, in light of Congress’s deliberate use of each term, the court found § 318(a) does not require the PTAB to address every claim challenged in the petition. Furthermore, because § 318(a) includes the conditional phrase “if an *inter partes* review is instituted,” the claims “challenged by the petitioner” are the claims for which *inter partes* review were instituted, not all the claims raised in the petition. The court also noted that it would not make sense for the PTAB to issue final decisions for patent claims for which it had not instituted *inter partes* review. Lastly, the court held that § 314 implies that the PTAB can make initiation decisions on a claim-by-claim basis, and that this proposition is supported by a PTO regulation that allows the PTAB to initiate review on all or some of the challenged claims.

Synopsis argued that the legislative history of the statute supported the finding that *inter partes* review was meant to substitute for infringement litigation, and allowing the PTAB to issue final decisions addressing only some claims in a petition would undermine the estoppel provisions of the American Invents Act by not forcing a party to bring all of its claims in one forum. The court disagreed with Synopsys, noting that *inter partes* review cannot replace district court proceedings in all instances.

In partial dissent, Judge Newman had several objections to the majority’s decision, centered on the purposes of the America Invents Act of 2011. First, Judge Newman argued that the court’s allowance of only some claims to be decided by the PTAB undermines the statutory provision requiring a final written decision as to “any patent claim challenged by the petitioner,” as well as the purpose of PTAB review to serve as a complete substitute for some types of infringement litigation. Second, Judge Newman noted that *Chevron* deference does not apply in this instance because the majority’s interpretation of the statute does not give effect to the intent of Congress. Third, Judge Newman argued that the legislative history reflected concerns about the efficiency of allowing *inter partes* review as a substitute for district court litigation and that legislators agreed that PTAB validity determinations should be complete substitutes for such litigation.



Finally, Judge Newman argued that the stay and estoppel provisions of the AIA would be undermined by partial decisions of validity. She noted that district courts have already declined to stay parallel litigation because judges are less certain that the PTAB will invalidate all of the claims at hand, and that staying the litigation is no longer useful. Furthermore, Judge Newman noted that estoppel is undermined because estoppel is only effective when the Board resolves the validity of a patent and that under the majority's position, the benefit of estoppel is partially lost.

TransWeb, LLC v. 3M Innovative Props. Co.,
812 F.3d 1295 (Fed. Cir. 2016)

The Federal Circuit addressed whether treble attorneys' fees are an appropriate antitrust remedy for 3M's Walker Process violation. The Federal Circuit unanimously affirmed the district court's decision that attorneys' fees were an appropriate basis for antitrust damages because they "flow directly from this unlawful aspect of 3M's act." Key Takeaway: Treble attorneys' fees are an appropriate antitrust remedy for costs associated with defending against an infringement suit based on a patent known to be fraudulently obtained.

3M sued TransWeb for patent infringement. TransWeb counterclaimed, seeking a declaratory judgment of invalidity and antitrust damages. Independently of each other, 3M and TransWeb developed a technique for improving those respirator filters through plasma fluorination which creates a "nonwoven fibrous web." The parties disagreed as to whether, in mid-1997, TransWeb's founder had handed out samples of specific filter material which 3M eventually patented in July 1998. The district court determined that such distribution constituted prior public use, and therefore rendered the asserted patents invalid. The court also held that the patents were unenforceable due to inequitable conduct. Finally, the court found 3M liable for a Walker Process violation, and awarded approximately \$26,000,000 in antitrust damages by trebling the cost to TransWeb in defending against the infringement claims. 3M appealed all of these determinations.

The Federal Circuit affirmed. As to prior public use, the court noted that oral testimony of an interested party typically does not constitute clear and convincing evidence of invalidity, but held that there was sufficient circumstantial evidence to support that TransWeb's founder did in fact publicly distribute the material prior to 3M's patenting. As to inequitable conduct, the court found no clear error in the district court's determination that 3M engaged in a purposeful scheme to defraud the patent office by delaying disclosure of TransWeb's prior public use and by intentionally making inaccurate disclosures regarding that material. Finally, as to the Walker Process violation, the court concluded that there was a sufficient basis on which a reasonable jury could conclude that 3M's actions created a dangerous probability of achieving monopoly power. The court also upheld the \$23 million in attorney fees, finding that the "competition-reducing aspect" of 3M's behavior was the attempt at achieving a monopoly through a fraudulently-obtained patent infringement lawsuit.



Tireme Med., LLC v. AngioScore, Inc.,
812 F.3d 1050 (Fed. Cir. 2016)

In this appeal from a motion to dismiss a change of inventorship action, the Federal Circuit remanded the case to the district court to consider whether there was enough evidence to show that a consultant performed significant work for the appellee such that the consultant's inventive rights would have been assigned to the appellee under a consultant agreement and not to the purported licensee appellant. Takeaway: The Federal Circuit will not read an assignment of inventive rights into a contract absent language providing for such assignment, and any factual ambiguity regarding assignment should not be resolved on a motion to dismiss.

TriReme is a competitor of AngioScore, which sells angioplasty balloon catheters. In order to avoid an infringement suit, TriReme acquired an exclusive license to the rights a consultant of AngioScore, Dr. Lotan, held in AngioScore's patents for the catheters. AngioScore, however, claimed that Dr. Lotan was not an inventor of the patented product, because he assigned his rights to AngioScore in a consulting agreement, and therefore could not grant the license to TriReme. TriReme brought a suit for correction of inventorship, seeking to have Dr. Lotan named as an inventor. The district court dismissed the suit because it determined that TriReme did not have standing, because Dr. Lotan did not have any rights to assign to TriReme such that TriReme could bring a correction of inventorship action.

The Federal Circuit reviewed the consulting agreement to determine whether Dr. Lotan assigned his inventive rights to AngioScore. AngioScore claimed that assignment occurred based on two provisions in the agreement: § 9(a) and § 9(b). First, § 9(a) required Dr. Lotan to disclose his prior inventions. Though Dr. Lotan participated in a study of AngioScore's catheters prior to the agreement and recommended an improvement to the product, he did not disclose this as an invention. AngioScore argued that his failure to disclose resulted in an assignment of his rights to the catheter to AngioScore. AngioScore further argued that estoppel by contract bound TriReme to Dr. Lotan's representation that he had no prior inventions relevant to AngioScore's products and therefore, did not own any rights. The Federal Circuit disagreed on both points. The court found that nothing in § 9(a) suggested that any inventions not listed would be assigned. At most, the provision would grant AngioScore a nonexclusive license over prior inventions that the consultant incorporates into an AngioScore product. The court also found that estoppel by contract did not apply because the contract was not the basis of the cause of action.

Second, AngioScore argued that Dr. Lotan assigned his rights in § 9(b), in which he would give all rights to inventions he "conceived or developed or reduced to practice" after the signing of the agreement. AngioScore claims that the consulting work he performed amounted to development or reduction to practice under that section; however, the court found the significance of Dr. Lotan's work to be a question of fact that the district court could not have resolved on a motion to dismiss. The court thus reversed the district court's dismissal and remanded the case.



Trivascular, Inc. v. Samuels,
812 F.3d 1056 (Fed. Cir. 2016)

In this appeal from an *inter partes* review of a patent for a intraluminal stent, the Federal Circuit affirmed the PTAB's reliance on the plain meaning of a term in its claim construction, as well as the Board's finding that the challenged claims were non-obvious. Takeaway: The PTAB is not bound by any findings made in its institution decision.

The challenged patent claims recited a stent design which utilized inflatable "circumferential ridges" around the outside of the stent cuff to prevent the stent from moving longitudinally within the vessel. TriVascular argued that Samuels' claims were unpatentable over a combination of two patents—one whose design included an inflatable cuff surrounded by penetrable spikes to prevent longitudinal movement, and another that included non-inflatable ridges to supply friction.

TriVascular first argued that the Board erred by narrowly construing "circumferential ridges" to mean a "raised strip disposed circumferentially about the outer surface of the inflatable cuff." TriVascular argued that the definition should have been broad enough to include both continuous and discontinuous protrusions. The Federal Circuit held that the broadest reasonable interpretation of the term "ridge" did not include discontinuous protrusions, affirming the Board's construction based on the specification and a general-purpose dictionary.

TriVascular next argued that the Board erred by declining to apply prosecution history disclaimer. During prosecution, the patentee amended the claims to add the word "continuously," but then canceled the claims and presented claims without the word "continuously." Because the examiner never adopted the amendment with "continuously" as a reason for allowing the claims over the prior art, and because the inventor offered several other amendments to distinguish the prior art, prosecution history disclaimer did not apply.

In affirming the non-obviousness finding of the Board, the Federal Circuit held that there was insufficient motivation to combine the references. One of skill in the art would not have substituted the inflatable barbs from one design for the non-inflatable ridges from the other, because the two components perform different functions. The Federal Circuit further held that the references taught away from the proposed combination, because the barbs were the primary objective of the reference.

Finally, Trivascular argued that having decided to institute *inter partes* review, the Board was obliged to explain its "inconsistent" decision that the claims were not obvious. The Federal Circuit explained that the Board is not bound by any findings made in its institution decision, where the Board is considering the matter preliminarily with the benefit of a full record. Thus, the court held that "[t]he Board is free to change its view of the merits after further development of the record, and should do so if convinced its initial inclinations were wrong."



Trs. of Columbia Univ. in City of N.Y. v. Symantec Corp.,
811 F.3d 1359 (Fed. Cir. 2016)

In this appeal from an infringement suit, the patentee challenged the district court's claim constructions of three terms used in its computer security program patents, which served as the basis for the district court's findings of non-infringement and invalidation. The Federal Circuit agreed with the district court's construction of two of the terms, and thus affirmed its finding of non-infringement with respect to one of the claims, and invalidation of the other and invalidity. However, the Federal Circuit disagreed with the district court's construction of another term, and vacated the finding of non-infringement with respect to those claims and remanded for further proceedings. Takeaway: The Federal Circuit will construe claim terms in the context of the claims and prosecution history; there need not be an express definition or an express disavowal in order to overcome the presumption of plain meaning.

The Trustees of Columbia University brought an infringement action against software company, Symantec, regarding its data analytics techniques used to detect and prevent malware. The district court offered claim constructions upon which both parties stipulated to findings of non-infringement. Columbia, however, appealed the district court's constructions of three terms and asserted that the court erred in departing from the plain meanings of the terms. Columbia argued that a presumption of plain and ordinary meaning applies, and a court can only overcome this presumption if the patentee expressly defined the term or disavowed the scope of the claim in the patent or its prosecution history.

The Federal Circuit rejected Columbia's argument that the presumption that a claim term carries its accustomed meaning in the relevant community can only be "overcome in only two circumstances: the patentee has expressly defined a term or has expressly disavowed the full scope of the claim." Instead, the court noted that courts should derive meaning from the context of the patent—they need not rely on explicit redefinitions of terms or disclaimers.

The first term that Columbia challenged was "byte sequence feature," which the district court construed to solely include machine code instructions. Columbia argued that, based on the plain meaning of the language, the term was more expansive and should cover all pieces of information, not just machine code. The Federal Circuit disagreed and affirmed the district court's construction, because in both the patent specifications as well as in the provisional patent application, the patentee notes that the byte sequence feature "represents the machine code." That the patentee provided a more expansive description of "byte sequence feature" once elsewhere in the specification did not overcome the fact that the other mentions of the term limited its definition to represent solely machine code. Because the court affirmed the district court's construction of this term, it affirmed the parties' stipulated finding of non-infringement. Furthermore, because under the district court's construction, the patentee used the term "byte sequence feature" inconsistently, it affirmed the district court's finding that the claims are indefinite.



The second term in dispute was “probabilistic model of normal computer system usage,” which the district court construed to mean a model generated with only “attack-free” data, that is, data of system usage not influenced by malware. Columbia argued that this construction was improperly limited. However, the Federal Circuit affirmed this construction because the patent specifications noted that the model is built using data from usage that is “free of attacks.” The court also looked to the prosecution history, during which the patentee distinguished its program from prior art in that the patentee’s program could detect malware using only normal data. Based on the district court’s construction, the court affirmed the stipulated judgment of non-infringement.

The third term in dispute was “anomalous” which was used in an independent claim putting forth the method for “detecting anomalous program executions.” The district court construed the term to mean program executions deviating from attack-free computer system usage. The Federal Circuit rejected the court’s construction, because the district court derived the limitation that the system usage be “attack-free” from other, dependent claims; the claims that utilize the language in dispute do not dictate that the model is built solely on attack-free data. The Federal Circuit also looked to the prosecution history of the patents, which stated that the model considered both attack-free and malicious program data. Because the Federal Circuit rejected the district court’s construction of “anomalous,” it vacated the stipulated judgment of infringement and remanded the case.

UltimatePointer, L.L.C. v. Nintendo Co.,

816 F.3d 816 (Fed. Cir. 2016)

This case concerns U.S. Patent No. 8,049,729, which describes a handheld pointing device that can be used to control a cursor on a projected image. Patentee UltimatePointer appealed the district court’s construction of a critical claim term, finding of non-infringement, and conclusion that the asserted claims of the ’729 patent are invalid as indefinite. The Federal Circuit agreed with the district court’s construction of “handheld device” and grant of summary judgment of noninfringement based on that construction, but reversed the district court’s determination that the asserted claims are invalid. Takeaways: (1) When considering intrinsic evidence supporting claim construction, elements that are repeatedly criticized in a patent’s specification are not within the claims scope; and (2) apparatus claims including functional language describing the recited structure’s capability of performing the recited functions, rather than directed to user activities, are not invalid as indefinite.

The ’729 patent, entitled “Easily Deployable Interactive Direct-Pointing System and Presentation Control System and Calibration Method Therefor,” discloses technology that improves a user’s ability to control a cursor on a projected computer screen with a handheld pointing device. The specification distinguishes between direct-pointing and indirect-pointing devices, promoting the former and denigrating the latter.

The accused product is Nintendo’s Wii video game system, comprised of a handheld Wii remote, a Wii console, and a sensor bar, among other things. The remote is used to control an on-screen cursor through the interaction of the remote and the sensor bar, the



information of which is transmitted to the console. The console displays the cursor on a screen based on the received information.

The District Court for the Eastern District of Texas, where the suit was originally filed, construed “handheld device” to mean “handheld direct pointing device.” This construction was applied by a court in the Western District of Washington after the action was transferred. The Washington court determined that the Wii remote was an indirect pointing device because it interacted with the sensor bar rather than the screen to determine the cursor’s placement, and decided it did not infringe the asserted claims which required a direct interaction between the handheld device and projected image. The Federal Circuit found that the patent specification’s repeated description of the invention as a direct-pointing system and of its virtues as such, together with the repeated criticism of indirect pointing, clearly limit the claims to a direct-pointing device. The Federal Circuit also found no error in the district court’s granting summary judgment of noninfringement.

The dispute regarding indefiniteness focused on the claim of “a handheld device including: an image sensor, said image sensor generating data.” While the data generating limitation was functional, it simply reflected the capability of the claimed apparatus. The limitation did not require that any data be generated by the user. The Federal Circuit held that the claims do not reflect an attempt to claim both an apparatus and a method, but instead claim an apparatus with particular capabilities. Accordingly, the district court’s determination that the asserted claims are invalid as indefinite was reversed.

Unwired Planet, LLC v. Apple Inc.,
829 F.3d 1353 (Fed. Cir. 2016)

In this appeal from a grant of summary judgment of non-infringement, the Federal Circuit affirmed-in-part, vacated-in-part, and remanded. Takeaway: The objective strength of a parties’ non-infringement position is insufficient to avoid liability for inducement.

The Federal Circuit vacated the district court’s grant of summary judgment of no inducement or contributory infringement as to one of the claims. The district court had held that Apple did not possess the requisite intent on account of the strength of Apple’s non-infringement argument. The Federal Circuit agreed with Apple that indirect infringement requires knowledge of the underlying direct infringement—not merely the knowledge of the existence of the patent, cited to the Supreme Court’s decisions in *Global-Tech Appliances* and *Commil*. However, ultimately the Federal Circuit found that the district court’s reliance on the objective strength of Apple’s non-infringement arguments as precluding a finding of induced or contributory infringement was erroneous, and as such vacated for further consideration.

With respect to claim construction, the district court relied on “present invention” language to construe the term “voice input” to be limited to a voice input transmitted over a particular type of channel, a voice channel, as opposed to a data channel. The



Federal Circuit reversed, holding that the claims require “a voice input,” regardless of the manner in which the voice signal is transmitted. The court found disclaimer to not apply and noted that the sentence with the “present invention” language does not mention a voice channel. “It is not true that because one sentence in the paragraph begins with the ‘present invention’ language that everything that follows in the same paragraph limits all subsequent claims.” The court added that the foregoing is not a “hard rule” and that each “claim construction, and each potential disclaimer, has to be considered in the context of each individual patent.”

The Federal Circuit also found that there was an issue of material fact, and reversed the grant of summary judgment, regarding whether hashing a username and password constituted sending “the user information” as recited in the claim. The court held that the hashed username and password contains the same “information” as the original username and password, and that nothing in the claims requires “the user information” to be sent in the same format.

Vermont v. MPHJ Tech. Invs., LLC,
803 F.3d 635 (Fed. Cir. 2015)

The Federal Circuit affirmed the district court’s finding that MPHJ Technology Investments, LLC (“MPHJ”) presented no grounds for removal to federal court. Takeaway: The Federal Circuit held that, based on amendments under the America Invents Act and the “Holmes Group fix,” jurisdiction is established in federal court where a compulsory counterclaim arises under federal law or raises a substantial federal issue under Gunn.

MPHJ is a non-practicing Delaware corporation that acts primarily through subsidiary licensees. MPHJ sent out multiple letters to businesses located in Vermont alleging potential infringement of MPHJ’s patents. Specifically, MPHJ asserted ownership of a method in which networked computers connected to a scanner, which sends documents directly from the scanning device to the client’s email address in PDF format. The letters requested businesses conduct an investigation of their infringing activities and either enter a licensing agreement with MPHJ, or assert that the businesses were not infringing on the alleged patents. If a business failed to respond, MPHJ’s outside counsel would send another letter suggesting legal action if the infringing business did not reply and that continued silence was admission of infringement. Several businesses notified the State of Vermont (“Vermont”), which sued in state court under the Vermont Consumer Protection Act (“VCPA”) alleging unfair and deceptive trade practices. This complaint alleged that, within the VCPA, MPHJ’s threatening letters targeting of small businesses and placing a burden on each recipient to investigate MPHJ’s allegations constituted unfair trade practices. Additionally, the complaint alleged that MPHJ’s counsel’s letters threatening legal action, suggestions about complying businesses, and licensing costs constituted deceptive trade practices. The state sought permanent injunctions to 1) prevent MPHJ from engaging in any business activity in Vermont which violated Vermont law, and 2) prohibit MPHJ from threatening Vermont businesses with patent infringement lawsuits.



MPHJ immediately removed the case to federal court, claiming diversity jurisdiction and that the complaint raised a federal question since it implicated the validity and infringement of MPHJ's patents. The case was eventually remanded to the state court, stating that Vermont's claims did not necessarily raise a federal question, and that there was no substantial federal issue or diversity jurisdiction. MPHJ appealed the remand, which the Federal Circuit denied for lack of jurisdiction.

In state court, MPHJ filed an answer and counterclaims to Vermont's amended complaint. Between the initial complaint and amended complaints, the Vermont legislature enacted the Bad Faith Assertions of Patent Infringement Act ("BFAPIA"), and MPHJ asserted that Vermont's permanent injunction—which required compliance with "Vermont law"—also required compliance with the newly-enacted BFAPIA. MPHJ counterclaimed that federal law preempts the BFAPIA as applied, citing Federal Circuit case law. Based on this preemption, MPHJ again sought removal to federal court under 28 U.S.C. §§ 1442(a)(2), 1443, and 1454. The district court denied removal, reasoning that MPHJ's first request for removal failed to include the BFAPIA and that, regardless, Vermont's amended complaint did not require compliance with BFAPIA; thus there were no grounds for removal under 28 U.S.C. § 1442(a)(2) (the "federal officer removal" statute). The court also rejected each of MPHJ's other grounds for removal. MPHJ appealed the district court's denial.

The Federal Circuit affirmed. The court outlined the scope of both the America Invents Act ("AIA") and the "Holmes Group fix," which broadened the court's appellate jurisdiction over claims arising under the federal patent laws. Specifically, the court noted that 28 U.S.C. § 1295(a)(1) as amended authorizes jurisdiction in the Federal Circuit where a federal question is raised within a compulsory counterclaim. The court further held that at least one counterclaim was so logically connected to Vermont's complaint as to be compulsory. While the counterclaim did not directly assert a cause of action under federal law, the court determined that it did raise a substantial federal issue, finding that resolution of the issue had broad significance to the validity of federal laws beyond the case at hand and that to allow state courts to resolve the issues piecemeal would disrupt the federal-state balance on patent law.

With jurisdiction established, the court then turned to MPHJ's removal under 28 U.S.C. § 1442(a)(2). First, the court determined that BFAPIA was the only statute that could allegedly be preempted by federal patent laws. The Federal Circuit found that Vermont limited the scope of their amended complaint to the VCPA, included no language in the complaint present in the BFAPIA statute, and that their Attorney General stated during oral argument and in public interviews that BFAPIA was not a part of Vermont's suit against MPHJ. Therefore, the court held that Vermont's claims did not allege a violation of the BFAPIA and thus did not "affect" the validity of any federal law—a requirement for removal under § 1442(a)(2)—affirming the district court's ruling that there was no basis for removal.

**Warsaw Orthopedic, Inc. v. Nuvasive, Inc.,**

824 F.3d 1344 (Fed. Cir. 2016)

The Federal Circuit affirmed a district court judgment that there was substantial evidence for the jury to find the requisite intent for induced infringement, after a grant-vacate-remand (GVR) from the Supreme Court for further consideration in light of the Supreme Court's ruling in *Commil USA, LLC v. Cisco Systems, Inc.* Takeaway: There is substantial evidence to support a finding of induced infringement where a reasonable jury could have concluded that the defendant's non-infringement position was objectively unreasonable.

The Federal Circuit previously held that surgeons using defendant Medtronic's accused device infringed NuVasive's patent, a finding that was not altered by *Commil*. The question on remand was whether substantial evidence supported the jury's conclusion that the defendant knew, or was willfully blind to, the fact that it was instructing surgeons to use the device in an infringing manner. It was undisputed that the defendant had knowledge of the patent, and that defendant taught surgeons to use the product in an infringing manner. The Federal Circuit held that the defendant's construction of a claim term, which formed the basis for its non-infringement position, was objectively unreasonable; the construction was inconsistent with the plain language of the claims and not supported by the prosecution history. The knowledge of the patent and instruction in an infringing manner, coupled with the unreasonable non-infringement position, is sufficient to support the jury's verdict that the defendant possessed the requisite intent for induced infringement. In a footnote, the Federal Circuit stated, "To show the intent to induce infringement, it is sufficient that the plaintiff establish that a defendant's asserted belief in non-infringement was unreasonable."

Writing in concurrence, Judge Reyna expressed concerns with the majority's reasoning. Judge Reyna noted that the defendant had actually proposed no construction for the claim term at issue, and instead argued that the term has a plain meaning to one of skill in the art. Judge Reyna criticized the panel for "speculating to determine what the defendant's reading of the claims is," a reading which was not presented to the jury, instead of just resolving the case based upon the plain and ordinary meaning of the term. Judge Reyna also criticized the majority for suggesting that a finding of direct infringement is sufficient for the patentee to establish that a defendant intended to induce infringement.

WBIP, LLC v. Kohler Co.,

829 F.3d 1317 (Fed. Cir. 2016)

In this infringement case, the accused infringer, Kohler, appealed from the district court's denial of judgment as a matter of law that the asserted claims would have been obvious and lack sufficient written description and the determination that Kohler willfully infringed. The patentee, WBIP, cross-appealed the district court's denial of its post-trial motion for a permanent injunction. The Federal Circuit affirmed denial of JMOL on all issues raised by Kohler, vacates the district court's denial of a permanent



injunction, and remanded for further consideration. Takeaway: The appropriate time frame for assessing culpability for willful infringement is the accused infringer's knowledge at the time of the challenged conduct.

With respect to obviousness, the parties agreed that a combination of prior-art reference discloses all elements of the asserted claims, but disputed that there was a motivation to combine these references. On this issue, the court granted deference to the jury's findings. The Federal Circuit looked to objective considerations of non-obviousness; such objective considerations "must be considered in every case" because "the strength of each of the *Graham* factors must be weight." The court found that there was a nexus between the considerations of non-obviousness and the asserted claims, because of a "presumption of nexus for objective considerations when the patentee shows that the asserted objective evidence is tied to a specific product and that product 'is the invention disclosed and claimed in the patent.'" The court rejected Kohler's argument that patentees must tie the objective evidence to a specific claim element, because an obviousness analysis involves determining whether "the claimed invention as a whole would have been obvious."

With respect to written description, the court found the accused infringer's testimony to be "general and conclusory." Because the evidence failed the substantial evidence standard, it also failed to rise to the level of clear and convincing evidence.

With respect to willful infringement, the Federal Circuit noted that the accused infringer had pre-suit notice of the patent-in-suit. The court rejected the accused infringer's argument that its defenses were objectively reasonable in light of the Supreme Court's *Halo* decision. The obviousness defense was created during litigation, years after the culpable conduct, but the "appropriate time frame for considering culpability is by assessing the infringer's knowledge at the time of the challenged conduct."

The patentee cross-appealed the district court's denial of a permanent injunction based on the public-interest factor alone. The district court noted that there were only two competitors in the marketplace for electrical generators on boats with reduced emissions of noxious carbon monoxide, and having more manufacturers on the market for safety goods was better for the public interest. The Federal Circuit explained that this reasoning is true in nearly every patent case involving lifesaving goods, such as pharmaceutical products, and that the district court should not have created a categorical rule denying injunctions for life-saving goods."

Wi-Lan, Inc. v. Apple Inc.,
811 F.3d 455 (Fed. Cir. 2016)

In this patent infringement suit regarding a wireless communication technique, the Federal Circuit affirmed the district court's denial of JMOL as to non-infringement and reversed the district court's grant of JMOL of no invalidity. Takeaway: A district court's post-verdict claim construction that goes beyond either elaborating a meaning



inherent in the previous construction or making plain what should have been obvious to the jury, is impermissible.

Wi-Lan is the assignee of U.S. Patent No. RE37,802 (the “’802 patent”) which concerns a wireless communication technique embodied in several modern wireless communications standards. Wi-Lan claimed that Apple infringed claims 1 and 10 of the ’802 patent. The district court construed the claims and using those constructions, a jury found that Apple did not infringe and that the claims were invalid. The district court upheld the jury’s non-infringement verdict; however, the court granted Wi-Lan’s motion for JMOL of no invalidity.

The Federal Circuit affirmed the district court’s denial of JMOL as to infringement because there was substantial evidence that Apple products did not infringe. Claim 1 of the ’802 patent requires producing randomized symbols and then combining those randomized symbols, and both parties agreed that Apple’s products do not randomize symbols before combining them. Wi-Lan argued that under the doctrine of equivalents, infringement occurred regardless of the order of combining and randomizing because the result is the same mathematically. The Federal Circuit held that, while this argument has merit, it was insufficient to disturb the jury’s verdict on substantial evidence review because it was reasonable for the jury to determine that the order difference between Apple’s products and the claimed invention was not insubstantial based on the expert testimony presented.

The Federal Circuit reversed the district court’s grant of JMOL of no invalidity. The district court vacated the jury’s verdict of invalidity because it determined that a reasonable jury should have understood that the claimed invention must randomize the symbols using “complex multipliers” as opposed to “real multipliers.” The district court’s construction, however, did not provide for a complex multiplier. The district court instead determined that throughout the trial both Wi-Lan and Apple took the position that the “complex multiplier” was included in the court’s construction, and therefore a “complex multiplier” component was required. On appeal, Apple argued that this post-verdict addition of a “complex multiplier” requirement was a new claim construction which the district court may not issue at the judgment as a matter of law stage. The Federal Circuit agreed, and thus reversed the district court’s grant of JMOL because the district court’s post-verdict claim modification went beyond elaborating on a meaning inherent in the previous construction or making plain what should have been obvious to the jury. The post-verdict claim modification was therefore impermissible and altered the scope of the original construction.

Zoltek Corp. v. United States,
815 F.3d 1302 (Fed. Cir. 2016)

In this appeal from the Court of Federal Claims, the Federal Circuit held that a patent for carbon fiber production technology was not invalid for obviousness or inadequate written description. Takeaway: A patent’s written description need not include information that is already known and available to the experienced public.



Zoltek Corp. (“Zoltek”) sued the United States, alleging that the process used to produce carbon fiber sheet materials for the B-2 Bomber and the F-22 Fighter military aircrafts infringed its patent. The patent covered a method of manufacturing carbon fiber sheets with value-controlled electrical resistivity. The Court of Federal Claims determined that during reissue prosecution of the manufacturing process claims, Zoltek deleted an initial step of “oxidizing and stabilizing the carbonizable fiber starting material at an elevated temperature.” The court reasoned that “the preparation of the known starting material must be included in the claim” even if known in the prior art, and held that the scope of the reissued claims went beyond the original written description, thus rendering the claim invalid. With respect to obviousness, the Court of Federal Claims relied on the government’s expert to hold that the patented method was invalid for obviousness. Zoltek appealed.

On appeal, the Federal Circuit reversed, disagreeing with the lower court’s written description analysis and holding that “the question of who performs steps of a fully described invention, including preparation of a known starting material, is not a matter of the written description requirement.” The court reasoned that the purpose of the written description requirement is “to assure that the public receives sufficient knowledge of the patented technology, and to demonstrate that the patentee is in possession of the invention claimed.” As such, the written description “need not include information that is already known and available to the experienced public.”

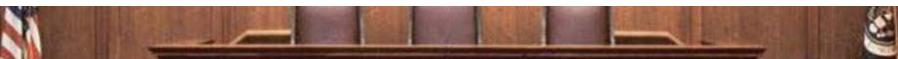
Regarding obviousness, the Federal Circuit relied on Zoltek’s expert to identify several substantial errors in the government expert’s analysis. It also noted the admitted novelty of the fiber sheets created by the inventors. As such, The Federal Circuit held that there was no clear and convincing evidence of obviousness of the discovery and its use to produce carbon fiber sheets.

In light of the lower court’s errors, the Federal Circuit reversed the judgment of invalidity and remanded for a new trial.

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