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## FEDERAL CIRCUIT SUMMARIES

Contributors: Knobbe Martens

**Grammar School: District Court Erred in Departing from Claim Language to Adopt Construction that Encompassed All Disclosed Embodiments**

In *Simo Holdings Inc. v. Hong Kong Ucloudlink Network*, Appeal No.19-2411, the Federal Circuit held that a claim construction that excludes an embodiment disclosed in the specification is proper where the claim language and intrinsic evidence sufficiently indicate that the disclosed embodiment is not within the scope of the claim.

SIMO Holdings Inc. (SIMO) sued Hong Kong uCloudlink Network (uCloudlink) for patent infringement, asserting claims directed to apparatuses and methods for reducing roaming charges on cellular networks. The parties cross-moved for summary judgment on infringement. The district court granted summary judgment of infringement and denied uCloudlink's cross-motion based on its conclusion that one of the device components recited in the claims (a "non-local calls database") was not required to establish infringement. The

district court reasoned that the contrary construction advanced by uCloudlink "although grammatically appealing, would contradict the specification," which characterized the non-local calls database as an optional component of the invention. Following a jury determination that infringement had been willful, the district court entered a final judgment awarding SIMO \$8.2 million in damages. uCloudlink appealed.

The Federal Circuit reversed the summary judgment rulings, concluding that the district court erred in its claim construction. The Federal Circuit explained that the district court's construction departed from traditional principles of grammar and was based on a misunderstanding of Federal Circuit precedent. While construing claims to encompass disclosed embodiments is generally favored, the Federal Circuit emphasized that this rule is not absolute and must give way where the claim language and intrinsic evidence demonstrate that a particular embodiment is excluded from the scope of the claim. The Federal Circuit determined

**MORE INSIDE:**

District Court & PTAB Happenings—p. 12

Internet Sightings—p. 16

OCIPLA Recent & Upcoming Events—p. 16

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Andrei Iancu will be Friday, September 17, 2021*

OCIPLA Committees—p. 19

# FEDERAL CIRCUIT CASE SUMMARIES

that, under the correct claim construction, uCloudlink was entitled to summary judgment of noninfringement. The Federal Circuit rejected SIMO's request for remand, finding that SIMO had failed to identify a triable issue of fact with respect to infringement.

## **Controlling Your Own Destiny: Patent Owner Unilaterally Moots Appeal to Preserve Favorable PTAB Determination**

In [Abs Global, Inc. v. Cytonome/St, LLC](#), Appeal No. 19-205, the Federal Circuit held that in 2017, Cytonome sued ABS for infringement of U.S. Patent No. 8,529,161. In response, ABS petitioned for *inter partes* review of the '161 patent. The PTAB issued a final written decision that invalidated some, but not all, of the challenged claims. After the final written decision issued, the district court granted ABS's motion for summary judgment of non-infringement. ABS appealed the portion of the PTAB's final written decision holding some claims not unpatentable. In response, Cytonome filed a brief that included an affidavit disclaiming any appeal of the district court's judgment of non-infringement of the '161 patent, and argued ABS's appeal was moot.

The Federal Circuit applied the doctrine of voluntary cessation and agreed that Cytonome's affidavit mooted ABS's appeal. The court held Cytonome's affidavit demonstrated the Cytonome could not reasonably be expected to resume its enforcement efforts. Thus, the Federal Circuit held, there was no present injury in fact to ABS because ABS's only alleged injury was the threat of infringement in the parallel district court proceeding. Moreover, there was nothing in the record suggesting a substantial risk of future ABS infringement. The Federal Circuit ruled that it was not enough for ABS to allege that Cytonome could conceivably reassert the '161 patent against a future product without concrete evidence the product was at least in development. Because Cytonome's affidavit encompassed all of ABS's allegedly unlawful conduct, and because ABS did not rebut Cytonome's showing that the Cytonome's conduct was not reasonably likely to recur, the doctrine of voluntary cessation eliminated any case or controversy and mooted the IPR appeal.

The Federal Circuit rejected ABS's argument that *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340 (Fed. Cir. 2005), created an exception to the mootness doctrine. The court held that Fort James stood for nothing more than the principle that a district court had the power to

decide both questions posed in alternative grounds for relief when its decree was subject to review by a court of appeal. Fort James was therefore inapplicable because no determination in the IPR proceeding could provide an alternative ground for judgment in the district court proceeding.

## **No Kitchen Confusion: When Comparing Marks, The Trademark Board Can Give Less Weight To Shared Terms If The Terms Are Suggestive Or Descriptive**

In [Quiktrip West, Inc. v. Weigel Stores, Inc.](#), Appeal No. 20-1304, the Federal Circuit held that when comparing marks under the Dupont factors, the Board may give less weight to shared terms that are highly suggestive if not descriptive. Further, a party's willingness to alter its mark multiple times to prevent customer confusion demonstrates a lack of bad faith.

In 2014, Weigel Stores, Inc. began using the stylized mark W KITCHENS in connection with food and beverages sold in its stores. The mark as originally used by Weigel appeared as follows:



QuikTrip West, Inc. sent Weigel a cease and desist letter requesting that Weigel cease using the W KITCHENS mark on the basis that it was confusingly similar to QuikTrip's registered QT KITCHENS mark, shown below:



In response, Weigel modified its mark twice before applying to register the third and final iteration of its mark, shown below:



QuikTrip then filed an opposition to Weigel's mark under 15 U.S.C. § 1052(d), alleging that it would create a likelihood of confusion with its QT KITCHENS mark. The Board dismissed QuikTrip's opposition, finding that there was no likelihood of confusion under the DuPont factors. QuikTrip appealed.

On appeal, QuikTrip challenged the Board's analysis of two DuPont factors: the similarity of

# FEDERAL CIRCUIT CASE SUMMARIES

the marks and Weigel's alleged bad faith. Regarding the similarity of the marks, the Federal Circuit found that the Board properly determined that, when comparing the marks, it should give less weight to the shared term KITCHEN(S) because "kitchen" is a highly suggestive if not descriptive word. Further, the Board correctly gave more weight to the dominant, distinct portions of the marks, namely, Weigel's encircled W and QuikTrip's QT. Regarding Weigel's alleged bad faith, QuikTrip argued that the Board failed to meaningfully consider evidence of Weigel's intentional copying of elements of QuikTrip's mark, including Weigel's alleged photographing of QuikTrip's stores and its review of QuikTrip's marketing materials. In response, Weigel argued that its willingness to alter its mark multiple times to prevent customer confusion should negate any inference of bad faith. Both the Board and the Federal Circuit agreed with Weigel and the Federal Circuit affirmed the decision of the Board.

## **Evidence Supports Prior Art's Public Accessibility but Not the Board's Adoption of an Unpresented Theory of Anticipation**

By Benjamin Van Adrichem

In [\*M & K Holdings, Inc. v. Samsung Electronics Co., Ltd.\*](#), Appeal No. 20-1160, the Federal Circuit held that title-searchable publications shared on a prominent standards-setting organization's website are printed publications. The Board committed procedural error by adopting a theory of anticipation that could not be reconciled with petitioner's theory of obviousness.

Samsung requested *inter partes* review of M&K's patent related to compressing video files. Samsung's petition relied upon references "WD4-v3," "Park" and "Zhou," which were generated in connection with the work of a joint task force ("JCT-VC") of representatives from technology companies, universities and research institutions who establish industry standards for high-efficiency video coding. Rather than challenge the substance of Samsung's petition, M&K argued that these references were not printed publications under 35 U.S.C. § 102 for lack of public accessibility. The Board disagreed, finding that JCT-VC was a prominent organization, the references were discussed at JCT-VC meetings, and they were posted on the organization's public website before the priority date of the challenged patent. Consequently, the Board found all challenged claims unpatentable, including a finding that claim 3 was anticipated by WD4-v3 despite Samsung only asserting that claim 3 was obvious.

The Federal Circuit affirmed the Board's findings regarding public accessibility of the refer-

ences, but vacated the determination that claim 3 was anticipated. Regarding public accessibility, M&K only disputed whether the references could have been located by exercising reasonable diligence. The Federal Circuit, however, noted a wealth of evidence in the Board's opinion on this topic, such as the discussion of the references at conferences, the prominent status of JCT-VC, word of mouth knowledge of the JCT-VC website, and title-search functionality for locating references on this website. While M&K made much of the website's landing page lacking search functionality or even an indication of a document repository, the Federal Circuit rejected these arguments in concluding that the dispositive question was whether a user of the website could have located the references through reasonable diligence.

The Federal Circuit held that the Board committed procedural error in finding anticipation of claim 3. Samsung only asserted that claim 3 was obvious over WD4-v3, Park and Zhou—not anticipated by WD4-v3 as the Board found—and Samsung expressly stated that WD4-v3 did not disclose one of the limitations. Because M&K was not on notice that the Board might adopt an anticipation theory of unpatentability for claim 3, the Federal Circuit vacated and remanded for further analysis.

## **No Patent Eligibility Reward for Customer Loyalty Program Computer System**

In [\*Cxloyalty, Inc. v. Maritz Holdings Inc.\*](#), Appeal No. 20-1307, the Federal Circuit held that a claim implementing an abstract idea using conventional techniques is patent ineligible.

CxLoyalty petitioned for covered business method ("CBM") review of claims of Maritz's patent relating to a computerized system that permits a customer of a loyalty program to redeem loyalty points for rewards offered by vendors without the need for human interaction.

The Board concluded that the original claims were patent ineligible but that Maritz's proposed substitute claims were patent eligible. At step one of the two-step framework for evaluating patent eligibility, the Board determined that the original and substitute claims were directed toward "facilitating, or brokering, a commercial transaction" between "a purchaser using a first form of value (i.e., a rewards program participant using points in whole or in part) and a seller transacting in a second form of value (i.e., a vendor system which transacts purchases in currency," which the Board concluded was a "fundamental economic practice long prevailing in commerce" and, therefore, an abstract idea. At step two, the Board concluded that the original claims were patent ineligible because

# FEDERAL CIRCUIT CASE SUMMARIES

they merely recited “generic and conventional computer components . . . and functionality for carrying out” the abstract idea, but that the substitute claims were patent eligible because, based primarily on Maritz’s expert’s testimony, they contained an inventive concept.

On appeal, the Federal Circuit concluded that both the original and substitute claims were directed to patent ineligible subject matter. At step one, the Federal Circuit agreed with the Board, concluding that because the original and substitute claims were directed to transfers of information relating to a longstanding commercial practice, the claims were directed to an abstract idea. At step two, the Federal Circuit determined that the original and substitute claims were directed toward nothing more than applying the foregoing abstract idea using techniques, whether considered individually or as an ordered combination, that were well understood, routine, and conventional. Maritz argued that its expert’s testimony established that the invention was a technological solution to a technological problem. The Federal Circuit disagreed, reasoning that the expert testimony was conclusory and that the purportedly solved technological problem of connecting the loyalty awards system with those of third-party vendors while keeping the overall nature of the transaction hidden was not a technological problem requiring a solution that improved the performance of the computer system itself. Moreover, the claims did not recite a solution to the problem Maritz identified. Accordingly, the Federal Circuit affirmed the Board’s determination that the original claims were patent ineligible and reversed the Board’s determination that the substitute claims were patent eligible.

## **When Can the PTO Extend a Patent’s Term Due to Delay From an Appeal?**

In *Chudik v. Hirshfeld*, Appeal No. 20-1833, the Federal Circuit held that an examiner’s self-reversal may not qualify as “reversing an adverse determination.”

In 2006, Chudik applied for a patent for a shoulder surgery guide. Following the examiner’s second rejection of the pending claims in 2010, Chudik requested continued examination. In 2014, following the examiner’s final rejection of the pending claims, Chudik appealed to the Board. In response, the examiner reopened prosecution and rejected the claims on new grounds. This process was repeated in 2015 and 2016. Finally, in 2017, while Chudik’s fourth appeal was pending, the examiner withdrew some objections and, following some claim amendments, allowed

some of Chudik’s patent claims. Chudik’s patent issued on May 15, 2018, eleven and a half years after filing. The PTO awarded Chudik a patent term adjustment of 2,066 days, but rejected Chudik’s argument that he was entitled to an additional 655 days for the time his four notices of appeal were pending. 35 U.S.C. § 154(b)(1)(C) governs delay due to appellate review by the Board or a federal court (C-delay). C-delay requires that “the patent [be] issued under a decision in the review reversing an adverse determination of patentability.” The PTO concluded that the C-delay provision does not apply here because (1) the Board’s jurisdiction over the appeals never attached and (2) there was no Board reversal. Chudik then filed a complaint against the PTO in district court, alleging that he was entitled to the additional 655 days of C-delay. The district court rejected Chudik’s challenge, and Chudik appealed.

On appeal, Chudik argued that the examiner reversed an adverse determination of patentability by reopening examination and allowing patent claims after Chudik appealed to the Board. The Federal Circuit disagreed, reasoning that “appellate review,” ordinarily means that a separate party must determine the merits of the review. Therefore, the examiner’s self-reversal did not qualify as “reversing an adverse determination” under § 154(b)(1)(C) (iii). The Federal Circuit affirmed without resolving the PTO’s other grounds for its denial—when jurisdiction over an appeal to the Board attaches.

## **Contradictory Positions Render Claims Indefinite**

In *Infinity Computer Products v. Oki Data Americas, Inc.*, Appeal No. 20-1189, the Federal Circuit held that contradictory positions taken during prosecution and reexamination regarding the scope of the claims render the claims indefinite.

Infinity sued Oki Data in the District of Delaware asserting infringement of four related patents directed to using a fax machine as a printer or a scanner for a personal computer. Particularly, the claims include a connection between the computer and fax machine via a “passive link” without any intervening circuitry. The district court found that “passive link” was indefinite and entered final judgment of invalidity. Infinity appealed to the Federal Circuit.

The Federal Circuit agreed with the district court and found that Infinity’s contradictory positions during prosecution and reexamination rendered the term “passive link” indefi-

## FEDERAL CIRCUIT CASE SUMMARIES

nite. During prosecution, Infinity distinguished a prior art reference by arguing that a fax machine connected to a device housed within a computer did not constitute a “passive link” between the fax machine and computer because the computer would receive a signal processed by the intervening device, rather than an uninterrupted signal from the fax machine. Later during ex parte reexamination of a continuation-in-part of the earlier application, Infinity sought to antedate a prior art reference by claiming priority to the parent application. In contrast to its original position, Infinity argued that the parent application’s depiction of a fax machine connected to a device housed within a computer did disclose a “passive link.” The court concluded that the intrinsic evidence would leave a person of ordinary skill in the art without reasonable certainty as to the term “passive link” and thus affirmed the finding of indefiniteness.

### **If You Buy The Whole Company, You Can Fight Its Legal Battles**

In [\*Mojave Desert Holdings, LLC v. Crocs, Inc.\*](#), Appeal No. 20-1167, the Federal Circuit held that the purchaser or assignee of all assets and interests of the requester of inter partes reexamination could substitute itself at the PTAB as the real-party-in-interest and could assume the original requester’s Article III standing to appeal.

Crocs sued U.S.A. Dawgs in district court for infringement of Crocs’s design patent. U.S.A. Dawgs filed a third-party request for *inter partes* reexamination of Crocs’s patent, which led to a finding that Crocs’s patent was anticipated. Crocs appealed to the Patent Trial and Appeal Board (“PTAB”). During the PTAB appeal, U.S.A. Dawgs filed for Chapter 11 bankruptcy and sold all its assets and interests to Dawgs Holdings. U.S.A. Dawgs continued to exist for the purpose of winding up. Later, Dawgs Holdings assigned all rights and interests to Mojave, including all claims in the reexamination and the district court.

Months later, Mojave filed a petition with the PTAB to substitute itself as the real party in interest in the reexamination. The PTAB expunged and dismissed Mojave’s petition, saying the sale and assignment agreements were insufficient to establish Mojave as the real-party-in-interest, Mojave lacked standing in the reexamination, and the petition was not timely filed within the 20-day period found in 37 C.F.R. § 41.8(a). The PTAB reversed the examiner’s rejection of Crocs’s patent, and U.S.A. Dawgs appealed.

The Federal Circuit reversed the PTAB decision

on substitution, holding that the sale and assignment agreements properly transferred all of U.S.A. Dawgs’s assets, including the interest in the reexamination. The Federal Circuit also rejected Crocs’s argument that Mojave’s petition was untimely, noting 37 C.F.R. § 41.8(a) was designed to detect conflicts of interest and is not directly related to substitutions. Finally, the court rejected Crocs’s argument that Mojave lacked standing to appeal, holding that as U.S.A. Dawgs’ successor-in-interest, Mojave met the Article III requirements for standing. The court granted Mojave’s substitution on appeal without remanding to the PTAB.

### **You Missed a Spot: The PTAB Should Consider All Presented Arguments and Evidence in Obviousness Determinations**

In [\*Canfield Scientific, Inc. v. Melanoscan, LLC\*](#), Appeal No. 19-1927, the Federal Circuit held that the PTAB’s refusal to consider presented arguments and evidence can be a misapplication of the law of obviousness.

Canfield Scientific, Inc. (“Canfield”) filed an IPR petition challenging the validity of a patent owned by Melanoscan, LLC (“Melanoscan”). The patent was directed to an enclosure with cameras and lights used for body imaging to detect health and cosmetic conditions, such as skin cancer. Canfield argued that a person of skill in the art would have combined the presented references to include multiple cameras to cover more body surface area without needing to move the subject. The Board rejected Canfield’s argument, finding that the claims were patentable. The Board found that a person of ordinary skill in the art would not have been motivated to combine the references because the physical structures in the references would have blocked the cameras in the other reference. Canfield appealed.

The Federal Circuit reversed, holding that the independent claims were unpatentable as obvious. The Federal Circuit noted that the Board failed to mention arguments presented by the petitioner that the subject to be imaged can be placed at the center of the multi-camera system, which was disclosed in multiple references. The Federal Circuit held that the prior art disclosed placing the subject in the enclosure and placing multiple cameras and lights within the enclosure, as required by the independent claims. The Federal Circuit remanded to consider the dependent claims.

# FEDERAL CIRCUIT CASE SUMMARIES

## **It's Not All About the Benjamins: Recoupment of Monetary Investment is Not the Only Consideration for Equitable Intervening Rights**

In [\*John Bean Technologies Corp. v. Morris & Associates, Inc.\*](#), Appeal No. 20-1090, the Federal Circuit held that recoupment of monetary investment is not the sole factor a court must consider, nor a factor that must be weighed more heavily, when determining entitlement to a defense of equitable intervening rights.

In 2002, Morris and Associates, Inc. ("Morris") sent a demand letter to John Bean Technologies Corp. ("Bean"), asserting that Bean's patent was invalid and citing prior art in support. Bean did not respond. In 2014, Bean amended claims of the same patent and received a reexamination certificate. Bean filed an infringement suit against Morris six weeks later. Morris filed a motion for summary judgment asserting that Bean's patent infringement claims were barred by equitable intervening rights and the district court granted the motion. Bean appealed to the Federal Circuit, claiming the district court abused its discretion by improperly weighing the equitable intervening rights factors.

The Federal Circuit rejected Bean's argument that monetary recoupment of investments made prior to the grant of reissue should be deemed sufficient to defeat the grant of the equitable remedy and affirmed the district court's decision. The Federal Circuit noted that recoupment is not the sole objective, nor the sole factor under 35 U.S.C. §252 as it relates to protection of "investments made or business commenced," and that the equitable intervening-rights analysis is broader. The Federal Circuit agreed with the district court's finding that Bean engaged in bad faith by not disputing Morris's belief that the patent was invalid in 2002, and instead allowing Morris to build up its business for over a decade based on the accused product before requesting reexamination. The Federal Circuit also agreed that Morris's investment was more than just financial because it included research, development, promotion and good will for over a decade.

## **Inter Partes Reexam Can Trigger Issue Preclusion**

In [\*Synqor, Inc. v. Vicor Corporation\*](#), Appeal No. 19-1704, the Federal Circuit held that a finding during inter partes reexamination that two references would not be combined precluded a finding of obviousness based on the same two references in a later proceeding.

Vicor filed three reexamination ("reexam") petitions against three patents owned by SynQor. In the first two reexams, the Patent Trial and Appeal Board decided that a skilled artisan would not combine two prior art references—"Steigerwald" and "Cobos"—and therefore that SynQor's patent claims would not have been obvious. The Federal Circuit affirmed those decisions.

In the third reexam, the Board departed from its two prior decisions and combined Steigerwald with Cobos to find the challenged claims obvious. SynQor appealed to the Federal Circuit, arguing that issue preclusion barred this obviousness finding based on the previously litigated combination.

The Federal Circuit first considered whether inter partes reexam proceedings can trigger issue preclusion. Although these proceedings allow for neither compulsory process nor cross-examination, the Federal Circuit majority found that they provide adequate adversarial participation for both the requester and the patent owner. Thus, the majority held that issue preclusion may arise from such proceedings. Applying the traditional issue-preclusion factors, the majority found that the decisions in the first two reexams precluded the combination of Steigerwald and Cobos in the third reexam. Accordingly, the Federal Circuit vacated the Board's decision in the third reexam.

In dissent, Judge Dyk argued that *inter partes* reexam is inquisitorial rather than adversarial, so it cannot trigger issue preclusion. The dissent cited the patent examiner's leading role in the proceedings, along with the lack of discovery and cross-examination, to distinguish *inter partes* reexam from traditional adversarial proceedings.

## **Promises Made, Promises Not Kept: Even an Implied License Requires Compliance With Its Terms**

In [\*Bitmanagement Software GmbH v. United States\*](#), Appeal No. 20-1139, the Federal Circuit held that the U.S. Navy infringed Bitmanagement's software copyright by copying its software outside the scope of an implied license.

In 2013, the United States Navy purchased a license for the use of Bitmanagement's copyrighted software. Though the parties never signed an express contract, the parties' communications made clear that the license allowed the Navy to operate approximately 120 simultaneous copies of the software. The parties also agreed that the Navy would track the number of currently operating copies of Bitmanagement's software with third-party li-

# FEDERAL CIRCUIT CASE SUMMARIES

cense-tracking software. The Navy then installed the software on approximately 430,000 computers in the Navy Marine Corps' intranet using a mass installer provided by Bitmanagement. The Navy never tracked its usage of Bitmanagement's software. Bitmanagement sued the government for copyright infringement in the United States Court of Federal Claims. After trial, the court found that the parties' conduct created an implied-in-fact license that authorized the copying. Bitmanagement appealed that decision.

On appeal, the Federal Circuit held that the parties had created an implied-in-fact license, but that the Navy's copying was outside the scope of that license. Because the Navy never tracked its usage of Bitmanagement's software, the Federal Circuit found that the Navy had not complied with the terms of the license. The Federal Circuit then considered whether the Navy's failure was a breach of a covenant of the license, such that Bitmanagement's remedy was to sue for breach of contract, or whether the requirement to use third-party license-tracking software was a condition precedent of using Bitmanagement's software at all, such that Bitmanagement's remedy was to sue for copyright infringement. The Federal Circuit found that use of the third-party license-tracking software was a condition precedent to the Navy's copying of Bitmanagement's software because Bitmanagement would never have provided a mass installer to the Navy except for the Navy's promise to track the number of currently operating copies. Thus, the Federal Circuit remanded for consideration of copyright damages.

## **Federal Circuit Affirms \$173 Million Award**

By Brok Humbert

In [Bayer Healthcare LLC v. Baxalta Inc.](#), Appeal No. 19-2418, the Federal Circuit held that in upholding a \$173 million dollar award, the Federal Circuit permitted a damages expert to present a range of reasonable potential royalty rates and found no Seventh Amendment right to jury trial existed for supplemental damages calculated using the jury's chosen royalty rate and undisputed infringing sales data.

Bayer sued Baxalta and Nektar Therapeutics alleging willful infringement of a patent directed to human protein production. The district court held as a matter of law that any infringement was not willful. A jury later found that Baxalta infringed asserted claims, that those claims were not invalid for lack of enablement, and that Bayer was entitled to a reasonable royalty of \$155 million for infringement occurring during the damages period presented. After trial, the district court awarded Bayer an additional

\$18 million in supplemental damages for the time between the damages period presented at trial and the date of the district court's judgment. Baxalta and Bayer moved for judgment as a matter of law or a new trial on the issues of willfulness, infringement, enablement, and damages. The district court denied those motions and the parties appealed.

The Federal Circuit affirmed the district court's rulings in their entirety. It upheld the district court's claim constructions, including the district court's decision not to further construe a term appearing in a construction, finding the district court had issued rulings that resolved the parties' controversies as to that term. The Federal Circuit held substantial evidence supported the jury's verdicts regarding infringement and enablement. As to damages, the Federal Circuit upheld the jury's choice of a reasonable royalty rate, and found no error in permitting Bayer's damages expert to provide a range of proposed rates, rather than a single proposed rate. The Federal Circuit further upheld the district court's award of supplemental damages, finding there was no Seventh Amendment right to a jury trial on that award in this case, where the supplemental damages were calculated using the jury's chosen royalty rate and undisputed actual infringing sales data. Finally, the Federal Circuit affirmed the district court's ruling as a matter of law of no willful infringement, finding there was insufficient evidence to show that Baxalta's conduct was wanton, malicious, or in bad faith.

## **Vexatious and Wanton Conduct Calls for Attorney Fees**

By Bitia Kianian

In [Arunachalam v. IBM](#), Appeal No. 20-1493, the Federal Circuit held that filing RICO claims based on patent infringement and other vexatious conduct justifies sanctions.

In April 2016, Dr. Lakshmi Arunachalam filed suit against International Business Machines ("IBM") alleging infringement of her '506 patent and violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO Act"). The case was assigned to Judge Richard G. Andrews. In May 2016, Dr. Arunachalam filed an amended complaint, adding as defendants SAP America, Inc. ("SAP"), JPMorgan Chase & Co. ("JPMorgan"), and Judge Andrews (collectively, "Appellees"). The amended complaint alleged that Appellees had engaged in civil racketeering.

Appellees moved to dismiss the racketeering claims. Dr. Arunachalam opposed the motion to dismiss and filed a motion to recuse Judge Andrews from the case. The district court referred the motion to dismiss to Chief Judge Leonard P.

# FEDERAL CIRCUIT CASE SUMMARIES

Stark. Dr. Arunachalam then moved to recuse Chief Judge Stark. Chief Judge Stark denied the motion to recuse him and dismissed Judge Andrews as a defendant. In March 2017, the district court granted Appellees' motion to dismiss claims of racketeering, explaining, "[p]atent infringement is not a crime, it is 'not on the extensive list of crimes that can be a racketeering [predicate] act.'" Dr. Arunachalam filed a series of motions to vacate the dismissal, all of which were denied.

In December 2017, the PTAB issued a final written decision finding that the asserted claims of Dr. Arunachalam's '506 patent were unpatentable. In May 2018, upon a motion by IBM, the district court dismissed Dr. Arunachalam's claim of patent infringement with prejudice, finding that the PTAB decision meant there were no valid claims in the '506 patent to assert. Dr. Arunachalam filed a motion for reconsideration, which the district court denied. In July 2018, Appellees moved for sanctions in the form of attorneys' fees. The district court awarded \$57,190 to JPMorgan, \$51,772 to SAP, and \$40,000 to IBM. Dr. Arunachalam appealed.

The Federal Circuit held that the district court did not abuse its discretion in imposing sanctions. The Federal Circuit explained that it is in the court's inherent power to impose sanctions and that the record clearly demonstrated Dr. Arunachalam's "vexatious and wanton litigation conduct" and that she had forced Appellees and the district court to expend resources responding to her "repetitive and frivolous" motions. The Federal Circuit also found that the district court awarded reasonable attorneys' fees using the "lodestar" approach. Furthermore, the Federal Circuit struck all "scandalous and irrelevant statements" from Dr. Arunachalam's briefs.

## **Corresponding Structure Snafu: Lack of Algorithm Renders Claims Indefinite**

By Christopher Lewis

In [\*Rain Computing, Inc. v. Samsung Electronics Co. Ltd.\*](#), Appeal No. 20-1646, the Federal Circuit held that the structure for performing a function of a means-plus-function term may not be a general purpose computer without an algorithm for performing the function.

In 2018, Rain Computing, Inc. ("Rain") filed suit against Samsung Electronics Co. Ltd., Samsung Electronics America, Inc., and Samsung Research America, Inc. (collectively "Samsung") for patent infringement based on Samsung's provision of software applications through an app store. The claims of the patent are di-

rected to delivering software application packages to a client terminal. In February of 2020, the district court issued an order construing various terms including an "executing" term and a "user identification module" term. The district court further determined that the term "user identification module" was a means-plus-function term and was not indefinite. Following that order, the district court entered judgment, based on the parties' joint stipulation, that the asserted claims were neither infringed nor invalid for indefiniteness. Rain appealed and Samsung cross-appealed.

On appeal, Rain challenged the district court's construction of the "executing" term and Samsung challenged the district court's construction of the "user identification module" term. Specifically, Samsung challenged the court's determination that the "user identification module" term does not render the claims indefinite. Samsung argued that the "user identification module" term lacked specific structure to render the term definite. The Federal Circuit agreed with Samsung's arguments. First, the Federal Circuit concluded that, the term "user identification module" is a means-plus-function term, noting that "module" is a well-known nonce word that can substitute for "means", that the term was not commonly understood to connote a particular structure, and that the specification does not impart any structural significance to the term. Having determined that the term was a means-plus-function term, the Federal Circuit next identified the function "to control access to one or more software application packages to which the user has a subscription." The function was undisputed by both parties.

Finally, the Federal Circuit determined that the specification failed to disclose adequate corresponding structure for executing the function of the "user identification module." The Federal Circuit explained, that where, as was the case here, the corresponding structure is a general computer that is not capable of performing the controlling access function without specialized software, the specification must disclose the algorithm the computer performs to accomplish that function. Because the Federal Circuit concluded that nothing in the claim language or the written description provided an algorithm to execute the function of the "user identification module", it found the term "user identification module" lacked sufficient structure, rendering the asserted claims indefinite. Accordingly, the Federal Circuit reversed the district court's judgment that the claims are not invalid as indefinite and dismissed Rain's appeal as moot.

# FEDERAL CIRCUIT CASE SUMMARIES

## Federal Circuit Throws Out Diaper Genie Decision

By Ben Shiroma

In [\*Edgewell Pers. Care Brands, LLC v. Munchkin, Inc.\*](#), Appeal No. 20-1203, the Federal Circuit held that apparatus claims' non-functional terms should be construed to cover all of the apparatus' uses; vitiating cannot be used to shortcut the doctrine of equivalents analysis.

Edgewell Personal Care Brands, LLC and International Refills Company, Ltd. sued Munchkin, Inc. for infringement of U.S. Patent Nos. 8,899,420 and 6,974,029. These patents cover a specialized garbage can, which includes a pail and a cassette that dispenses a plastic wrapper for used diapers. The '420 patent's claims are directed to a cassette with a "clearance" in the portion of the pail that holds the cassette. The '029 patent's claims are directed to a cassette with an "annular cover" with a "tear-off section." After construing the patents' claims, the district court granted summary judgment of no literal infringement for the '420 patent and no infringement under the doctrine of equivalents for the '029 patent.

On appeal, the Federal Circuit vacated summary judgment for the '420 patent, reversed summary judgment for the '029 patent, and remanded. With respect to the '420 patent, the Federal Circuit held the district court erred in its construction of "clearance" by adding in a requirement that a space remain between the cassette and pail after installation of the cassette. The Federal Circuit explained: "it is usually improper to construe non-functional claim terms in apparatus claims in a way that makes infringement . . . turn on the way an apparatus is later put to use." Because of this error in claim construction, the Federal Circuit vacated summary judgment of non-infringement for the '420 patent. With respect to the '029 patent, the Federal Circuit affirmed the district court's claim construction, but nevertheless reversed the summary judgment of no infringement under the doctrine of equivalents because the district court incorrectly applied a claim vitiating analysis. The Federal Circuit explained vitiating applies only if the theory of infringement renders a claim element "inconsequential or ineffective." The Federal Circuit cautioned that courts should not "shortcut [the doctrine of equivalents] inquiry by identifying a 'binary' choice in which an element is either present or 'not present.'" Instead, a court must evaluate the evidence and determine whether a reasonable juror could find that the accused products perform substantially the same function, in substantially the same way, achieving substantially the same result as the claims. In view of testimony from Edgewell's expert, the Federal Cir-

cuit held there was a genuine issue of material fact sufficient to preclude summary judgment, and reversed.

## Reviewability of PTAB Estoppel Decisions

By Radhika K. Raman

In [\*Uniloc 2017 LLC v. Facebook Inc.\*](#), Appeal No. 19-1688, the Federal Circuit held that 35 U.S.C. § 314(d) does not preclude Federal Circuit review of the Patent Trial and Appeal Board's post-institution application of § 315(e)(1) estoppel

Uniloc's patent, U.S. Patent No. 9,995,433 ('433 patent) was the subject of multiple petitions for *inter partes* review ("IPR"), including two petitions filed by Facebook, and one petition filed by Apple. While Facebook's petitions were pending, the Board instituted Apple's IPR. Facebook then filed a follow-on petition substantively identical to Apple's instituted petition and moved to join Apple's IPR. The Board instituted Facebook's follow-on petition and granted the motion. In the meantime, yet another challenger, LG Electronics, filed two petitions substantively identical to the two original Facebook petitions. The Board eventually instituted Facebook's original petitions, LG's follow-on petitions, and granted LG's motion to join the Facebook IPRs.

Two months after instituting LG's follow-on IPRs, the Board issued a final written decision in the Apple IPR upholding patentability of all challenged claims. This triggered the estoppel provision of §315(e)(1) as to Facebook, and the Board estopped Facebook from maintaining its challenge for any claim upheld in the Apple IPR. §315(e)(1) estoppel prevents a petitioner in an IPR with a final written decision from later raising "any ground that the petitioner raised or reasonably could have raised during that *inter partes* review" in a subsequent USPTO action, civil action, or ITC proceeding. The Board, however, held that Facebook's estoppel did not extend to LG. The Board eventually issued a final written decision in the Facebook/LG IPRs holding all challenged claims unpatentable.

Uniloc appealed, arguing that LG was a real party in interest or privy of Facebook, and therefore should be subject to estoppel. Before reaching Uniloc's argument, the Federal Circuit first considered whether §314(d), which makes the Board's institution decision nonappealable, also precludes judicial review of the Board's post-institution application of estoppel. The Federal Circuit reasoned that because any estoppel in this case only arose post-institution, it was separate from the Board's earlier institution decision. Thus, because estoppel could not have applied at the time of institution, the Federal Circuit held §314(d) likewise does not bar appeal-

# FEDERAL CIRCUIT CASE SUMMARIES

late review of the Board's post-institution estoppel decision. Turning to the Uniloc's underlying challenge, the Federal Circuit affirmed the Board's conclusion that LG was not a real party in interest or privity of Facebook.

## Innovative Data Processing is an Ineligible Algorithm

By Atiya Myers

*In Re The Board Of Trustees*, Appeal No. 20-1012, the Federal Circuit held that a claim directed to an innovative mathematical process to generate data was a patent ineligible algorithm that lacked any improvement of a technological process under the two-step *Alice* inquiry.

The Board of Trustees of the Leland Stanford Junior University ("Stanford") filed an application having claims directed to an improved method of processing data about a person's genetic makeup in order to predict the parent from whom a gene was inherited. The Examiner rejected the claims for being directed to patent ineligible abstract mathematical algorithms and the Board affirmed under the two-step *Alice* inquiry.

The Federal Circuit led with the long-established holding that "mathematical algorithms for performing calculations, without more, are patent ineligible." The Court then characterized Stanford's innovation as being mathematical analysis and noted that the claim recited generic computer hardware and required no concrete application for using the data. In an effort to rebut the Board's *Alice* findings, Stanford argued that the claim was a novel, specific application that provided more information than previous methods and therefore was not an abstract idea. The Federal Circuit rejected this argument, holding that even if this was an improved data-generating process it was still directed to an abstract mathematical calculation that failed to improve a technological process under the *Alice* inquiry. Stanford then argued that the Board failed to assess the elements of the claim as an ordered combination. Again, the Federal Circuit rejected this argument reasoning that Standard failed to explain how the ordered combination of data processing elements moved the claimed subject matter from an abstract idea into a practical application. Thus, the claims were drawn to patent ineligible subject matter and the Board's decision was affirmed.

## Federal Circuit Cannot Review Denial of Institution of IPR, Unless Extraordinary Circumstances Are Shown

By Benjamin Van Adrichem

In *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, Appeal No. 21-1071, the Federal Circuit lacks jurisdiction over appeals from decisions denying institution of an IPR. However, the Federal Circuit has jurisdiction over mandamus petitions challenging decisions denying institution, but mandamus relief is an extraordinary remedy.

Janssen sued Mylan in district court for patent infringement. Mylan subsequently petitioned for IPR of the asserted patent. The Board denied institution and concluded it would be an inefficient use of resources to institute the IPR due to the quickly approaching trial dates in co-pending litigation which had substantial overlap with the issues raised in the IPR petition. Mylan was not a party to one of the co-pending lawsuits considered by the Board. Mylan appealed to the Federal Circuit claiming that (1) the denial of institution based on timing of a separate district court litigation to which Mylan was not a party violates Mylan's constitutional and due-process rights; and (2) "the Board's continued adoption and application of non-statutory institution standards through ad hoc proceedings lie in contrast to congressional intent." Mylan further requested mandamus relief on the same grounds. Janssen moved to dismiss Mylan's appeal for lack of jurisdiction.

The Federal Circuit reasoned that no statute grants it jurisdiction over appeals from decisions denying institution and therefore Mylan's appeal was dismissed pursuant to 28 U.S.C. § 1295(a)(4) and 35 U.S.C. § 314(d). Specifically, 35 U.S.C. § 314(d) states "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and **non-appealable**." The Federal Circuit recognized the Supreme Court's strong presumption in favor of judicial review, but maintained that § 314 bars appeal from a decision denying institution.

The Federal Circuit concluded that judicial review is available for decisions denying institution in extraordinary circumstances by petition for mandamus. The Federal Circuit reasoned that the All Writs Act is especially important when the Board denies institution because this decision defeats the Federal Circuit's prospective jurisdiction. While the Federal Circuit determined that it had jurisdiction to consider Mylan's request for mandamus on the merits, it ultimately denied the request for mandamus relief. Mandamus is an extraordinary remedy

# FEDERAL CIRCUIT CASE SUMMARIES

and the petitioner must show: (1) it has clear and indisputable legal right; (2) it does not have another adequate method for relief; and (3) the writ is appropriate under the circumstances. The Federal Circuit made clear that the Director is permitted, but never compelled to institute an IPR, and the petitioner has no right to an institution. Mylan needed to identify a colorable constitutional claim to obtain relief – and Mylan failed to do so. Therefore, Mylan failed to show a clear right to relief and was not granted mandamus relief.

## What's Enough to Show Information is "Trade Secret" for Filing Under Seal?

By Marissa M. Rosenbaum

In [Depuy Synthes Products, Inc. v. Veterinary Orthopedic Implant, Inc.](#), Appeal No. 20-1514, the Federal Circuit held that internal efforts to maintain confidentiality are not enough to establish a confidential relationship with a third party and to warrant denying the public's right to access information on a public docket.

Depuy Synthes Products ("Depuy") and Veterinary Orthopedic Implants ("VOI") are competitors in the market for veterinary orthopedic implants. Depuy sued VOI for patent infringement. Depuy filed under seal an unopposed motion for leave to amend its complaint. The amended complaint joined as a defendant the manufacturer of VOI's accused products, disclosed the identity of the manufacturer, and information about the business relationship between VOI and the manufacturer. VOI argued that the manufacturer's identity and related information should be redacted from the amended complaint, on the basis that it constituted trade secret information. Depuy argued that the manufacturer's identity was already publicly known and did not warrant publicly filing a redacted amended complaint.

The district court found that the identity of VOI's manufacturer was not a trade secret because VOI failed to take reasonable measures to protect the manufacturer's identity, the parties did not have any confidentiality agreement, and there was an email that suggested VOI's relationship with the manufacturer was known within the relevant community. Thus, the district court ordered the amended complaint to be publicly filed without redaction. VOI appealed the district court's order.

The Federal Circuit affirmed the district court's order, and held that the district court did not clearly err by finding that VOI did not take reasonable measures to protect its manufacturer's identity. The Federal Circuit also acknowledged that VOI did not have an express confidentiality

agreement, nor did it produce any evidence to show it established a confidential relationship with the manufacturer by way of custom or course of dealing. Thus, the Federal Circuit confirmed that VOI's "internal efforts" to keep the manufacturer's identity confidential were not sufficient, in and of themselves, to constitute "reasonable efforts" to maintain secrecy under the Uniform Trade Secrets Act. The Federal Circuit also affirmed the district court's decision to publicly release business information related to VOI and the manufacturer, given VOI produced no evidence to demonstrate how it would be harmed by the public filing of this information.

## Stanford's Computer Models – Inventive for Parents, But Not for Patents

By Ryan McBride

In [Re: Board of Trustees of the Leland Stanford Junior University](#), Appeal No. 20-1288, the Federal Circuit held that the specific combination of purely mathematical steps in a claim are not inventive enough to transform patent ineligible mathematical algorithms and mental processes.

Stanford University filed a patent for a computerized statistical model for determining Haplotype phases, which can help predict which parent gave a child a certain gene. The examiner rejected the claims on the grounds that they involve patent ineligible subject matter. Stanford appealed to the Patent Trial and Appeal Board ("PTAB") arguing that their use of a particular statistical tool as well as the specific ordered combination of steps in the claims, improves on existing statistical models. Stanford argued these improvements transform the claim into patent eligible material. The PTAB disagreed and found that the claims consisted entirely of patent ineligible mathematical algorithms and mental processes under an *Alice* analysis. The PTAB also held that the claims do not introduce additional limitations that provide an inventive concept under *Alice*, and affirmed the rejection of the Claim.

The Federal Circuit affirmed the Board's decision. The Federal Circuit analyzed Stanford's argument that the ordered combination of the steps is important to the improved efficiency and accuracy of the model, but found that the claims were merely abstract mental processes under *Alice* that did not require computer functionality. Thus, because the claims were found to be directed entirely to mathematical concepts, and the ordered combination did not introduce additional limitations, all claims were patent ineligible under *Alice*.



## DISTRICT COURT & PTAB HAPPENINGS

Contributors: Akin Gump  
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### **PTAB: Petitioner Not Obligated to Address Evidence of Object Indicia That is Neither Tethered to the Claim nor Previously Found Persuasive**

by Jonathan James Underwood & Rubén H. Muñoz

Patent Trial and Appeal Board, Inter Partes Review, Non-Obviousness, America Invents Act

March 5, 2021

The Patent Trial and Appeal Board recently denied a patent owner's request for rehearing of an institution decision, rejecting arguments that previously raised evidence of objective indicia should have been addressed in a petition for inter partes review (IPR).

The petitioner challenged claims of a patent whose parent had been challenged previously in an IPR by a third party. In that earlier proceeding, the board found that all of the parent patent's claims were unpatentable for obviousness, despite the patent owner's attempt to show nonobviousness by submitting evidence of objective indicia.

In the IPR challenging the claims of the child patent, the patent owner argued in its preliminary response that the petitioner should have addressed objective indicia evidence that was present in the specification. The board's institution decision "did not expressly address" that argument. Following institution, the patent owner sought rehearing, arguing in part that the board had erred by overlooking the objective indicia evidence, and that the petition was "facially deficient" because it did not address the evidence present in the specification and original prosecution history.

The board rejected the patent owner's contention that the board had erred. First, the board explained that the child patent did "not have an extensive litigation record of objective indicia supporting nonobviousness" and so case law requiring a petitioner to address such evidence was inapposite. Rather, in the IPR proceeding challenging the parent patent, the board had found that patent owner's objective indicia evidence did not establish nonobviousness. Second, the board explained that the objective indicia evidence concerned a limitation that was not present in the challenged claims. As such, for either of those reasons, the petitioner did not have to address the evidence in the petition. The board further explained that to the extent the patent owner had sub-

mitted additional evidence on this issue, the petitioner had not yet had an opportunity to respond, and so the record could be developed during trial.

The board completed its analysis by turning to the merits of the patent owner's evidence at the institution stage. The board found that the patent owner had made only "generalized arguments" and had not presented "sufficient factual evidence" to establish its allegations of unexpected results in support of nonobviousness. In conclusion, the board denied the request for rehearing for failing to show the board had abused its discretion in instituting the IPR.

**Practice Tip:** Both sides in America Invents Act (AIA) proceedings should carefully consider whether evidence of objective indicia that is relevant to the challenged claims has been fully developed in prior proceedings, such as during prosecution, reexamination, an AIA trial, an International Trade Commission (ITC) investigation or a district court litigation. A petitioner may need to address objective evidence of nonobviousness or risk denial of institution if the patent owner successfully argues that the evidence ought to have been addressed in the petition. Conversely, in the absence of a fully developed record of objective indicia evidence, a petitioner may not be obliged to address that evidence, and a patent owner may be better served by attacking the petition in other ways.

*Liquidia Techs., Inc. v. United Therapeutics Corp.*, IPR2020-00770, Paper 14 (PTAB Mar. 1, 2021)

### **Patentability Challenges Not Raised in Prior Interference Foreclosed in Subsequent IPR**

by Matthew George Hartman & Rubén H. Muñoz

Patent Trial and Appeal Board, Inter Partes Review, Patentability, 35 U.S.C. § 315(e)(2) estoppel

April 1, 2021

A panel at the Patent Trial and Appeal Board recently considered whether a petitioner was estopped from bringing an inter partes review (IPR) based on a judgment in a previous interference proceeding.

Patent owner Mexichem Amanco Holdings owns U.S. Patent No. 8,633,340, which covers processes for preparing chlorinated and fluorinated hydrocarbons. In September 2020, The Chemours Company (petitioner) filed a petition for IPR seeking review of certain claims of the '340 patent.

This was not the first time that petitioner had challenged the '340 patent at the board. In 2018, the '340 patent was involved in an interference with one of petitioner's reissue applications. Pursuant to the board's instruction, each party in the inter-

## DISTRICT COURT & PTAB HAPPENINGS

ference submitted a list of motions they intended to file. Notably, while patent owner sought permission to file motions challenging **both** priority and patentability of petitioner's reissue claims, petitioner only included a single motion for judgment on the basis of priority on its motions list. After authorizing the motions, the board noted that petitioner did not include any responsive motion challenging patentability and invited petitioner to seek authorization if it wanted to do so. Ultimately, petitioner never sought authorization to file a responsive motion. After reviewing the parties' papers, the board held that petitioner's reissue claims were unpatentable for failing to comply with the written description requirement and entered judgment against petitioner. The board's decision was affirmed by the Federal Circuit.

Later, in the IPR, patent owner argued that petitioner was estopped from asserting its grounds of unpatentability because petitioner could have, but did not, raise those grounds in the previous interference. Patent owner based its "interference estoppel" argument on 37 C.F.R. § 41.127(a), which provides that a judgment in an interference "disposes of all issues that were, or by motion could have properly been raised and decided." The board agreed with patent owner and denied institution of the IPR.

In reaching its conclusion, the board first explained that "for more than 35 years" it has been deciding patentability challenges in interferences, including those based on anticipation and obviousness, and further noted there is "complete identity" between the '340 patent claims challenged in the interference count and the IPR. Thus, it was "beyond dispute" that the patentability of the challenged claims could have been raised in the interference. The board also noted that despite having "repeated opportunity" in the interference to file a patentability motion—including an explicit invitation from the board for a conference call to seek authorization to file a patentability motion—petitioner declined to do so. The board also found that petitioner was "well-acquainted" with the asserted prior art at the time of the interference because that prior art was discussed in the interference and was considered during prosecution of the '340 patent. Thus, there was no reason for petitioner not to raise the IPR grounds in the interference.

In arguing against estoppel, petitioner maintained that § 41.127(a) should be interpreted such that **if** a party chooses to challenge patentability, it is incumbent on the party to raise all known patentability arguments. But where, as petitioner did here, a party chooses to **only** challenge priority, its patentability challenges are not prohibited. The board found petitioner's interpretation unpersuasive for several rea-

sons. First, it is inconsistent with the text of the regulation because allowing a losing party to raise patentability issues in a subsequent IPR would mean that the prior interference judgment did not dispose of "all issues" that could have been raised in the interference. Second, petitioner's interpretation improperly conflates the board's discretion to decide patentability in an interference with a party's obligation to preserve those issues. On this point, the board explained that "estoppel . . . depends on whether the losing party sought to raise the issue when it had the opportunity to do so and not whether the Board exercised its discretion to reach it." Finally, the board found that petitioner's interpretation was contrary to the purpose of § 41.127(a), which is to "encourage the parties to raise issues pertaining to the interfering subject matter, whether they be questions of priority or patentability, so that the Board can assess how best to resolve those questions within the full context of all the issues raised."

**Practice Tip:** When deciding what challenges to make in an interference proceeding, a party should be aware of, and take into consideration, the possibility that it may be estopped from later challenging patentability in an IPR. A party involved in an interference should consider raising all patentability challenges of which it is aware, or risk the possibility of being foreclosed from raising them in a subsequent proceeding.

*The Chemours Co. FC, LLC v. Mexichem Amanco Holdings SA de CV*, IPR2020-01667, Paper 10 (P.T.A.B. March 25, 2021)

### **Knowledge of a Complaint May Be Insufficient to Support Claims of Indirect Infringement and Willfulness**

by Andrew Schreiber, Jason Weil & Rachel J. Elsbj

District Court, District of Delaware, Willful Infringement

April 7, 2021

A judge in the District of Delaware recently dismissed a plaintiff's claims for indirect patent infringement and willfulness-based enhanced damages because the complaint alleged knowledge of the patents based solely on the complaint itself.

In that case, the plaintiff sought damages for post-suit indirect infringement and willfulness for the first time in its second amended complaint, alleging that the defendant possessed knowledge of the patent "since at least the filing" of the original complaint. The defendant moved to dismiss, arguing that the plaintiff could not rely on the original complaint to establish

## DISTRICT COURT & PTAB HAPPENINGS

knowledge of the patent.

In granting the defendant's motion to dismiss, the district court first pointed out that there is no binding authority on the question of whether a defendant must have the knowledge necessary to satisfy a claim for indirect infringement or willfulness **before** a lawsuit is filed. District courts across the country have disagreed on the issue, including different judges within the District of Delaware, and neither the Supreme Court nor the Federal Circuit have ruled on the issue. Against that backdrop, the district court reasoned that no other area of tort law permits a plaintiff to establish an element of a legal claim simply with evidence it filed a complaint.

Thus, the district court held that the plaintiff's complaint failed to state a claim for indirect or willful infringement where the defendant's alleged knowledge of the asserted patents is based **solely** on the filing of a prior version of the complaint in the same lawsuit. The district court explained that "[i]t seems to me neither wise nor consistent with the principles of judicial economy to allow court dockets to serve as notice boards for future legal claims." And with respect to enhanced damages under 35 U.S.C. § 284, that remedy is punitive and should be reserved for extraordinary cases. Enhanced damages do not exist to provide an incentive to sue innocent actors who have no knowledge of the patent. Finally, the court stressed the efficiency gained when a plaintiff provides a pre-suit notice letter, allowing the parties to potentially avoid an expensive patent infringement lawsuit.

Notwithstanding its decision here, the district court explained that pleadings that allege other facts from which it is plausible to infer that defendants had sufficient pre-suit knowledge may adequately plead such claims because, in those instances, the knowledge is not based solely on the filing of a complaint. Similarly, the district court noted that its decision does not prevent a plaintiff from filing a second lawsuit alleging that a defendant had the requisite knowledge based on the defendant's awareness of the first lawsuit.

**Practice Tip:** To the extent possible, a plaintiff should include in its complaint all factual allegations that show or support an inference that the defendant knew of potential infringement of the asserted patent(s) prior to suit. If such facts do not exist, a potential plaintiff should consider whether a pre-suit notice letter might bolster its allegations of indirect or willful infringement.

*ZapFraud, Inc. v. Barracuda Networks, Inc.*, No. 19-1687-CFC-CJB (D. Del. Mar. 24, 2021) (J. Connolly)

### PTAB: Discovery Requests Targeting Objective Evidence of Nonobviousness Denied Under *Garmin* Framework

by Anthony David Sierra & Rubén H. Muñoz

Patent Trial and Appeal Board, Non-Obviousness, 37 C.F.R. § 42.51(b)(2), Inter Partes Review

April 26, 2021

The Patent Trial and Appeal Board denied a patent owner's motion for additional discovery of documents—from petitioners, real parties-in-interest, and third parties—because patent owner failed to show that such discovery would support a showing of nonobviousness. In an *inter partes* review (IPR), under 37 C.F.R. § 42.51(b)(2), absent agreement of the parties, a moving party must establish that additional discovery is justified in the "interests of justice." In making such a determination, the PTAB considers the five factors articulated in *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR 2012-00001, Paper 26 at 6-7 (PTAB Mar. 5, 2013): (1) whether the moving party possesses evidence tending to show beyond speculation that something useful will be uncovered; (2) whether the moving party is requesting the other party's litigation positions and the underlying basis for those positions; (3) whether the moving party has the ability to generate the requested or equivalent information without discovery; (4) whether the moving party's discovery requests are easily understandable; and (5) whether the requests are not overly burdensome to answer.

Patent owner requested documents relating to a marketing video, U.S. and worldwide sales of a petitioner's purportedly infringing systems, and first release dates of those systems. Patent owner also requested technical documents that had been largely produced by other petitioners, real parties-in-interest, and third parties in a co-pending district court litigation.

In support of the first *Garmin* factor, patent owner argued that it had viewed public documents that indicated petitioners' use of its systems in an infringing manner, and that petitioners had experienced commercial success as a result of selling the systems. Furthermore, patent owner argued that the requested documents would confirm the extent of commercial success attributable to patent owner's invention. Patent owner also argued that its counsel had firsthand knowledge that the evidence was highly relevant to commercial success and to copying of the claimed invention, and that this knowledge was based on review of the requested documents in a co-pending district court litigation.

## DISTRICT COURT & PTAB HAPPENINGS

Petitioners responded by arguing that patent owner did not show how the requested documents showed infringement, commercial success, or a nexus between the claims and commercial success. Instead, petitioners argued that the products in question were not infringing, that the alleged commercial success related to a feature that was within the scope of claims previously invalidated by the PTAB and found in the prior art, and that patent owner failed to show how dates of first release would help establish commercial success. As for the technical documents subject to the discovery requests, petitioners stated that a mere review by patent owner's counsel, a general description of the documents, and a statement that the documents were relevant was insufficient, particularly because the description indicated that some of the documents were technical in nature and thus not helpful in assessing commercial success.

For the second *Garmin* factor, patent owner argued that the documents had already been produced in co-pending district court litigation, and those that had not related to secondary considerations of nonobviousness, not the parties' litigation positions or the basis for any litigation position.

Regarding the third *Garmin* factor, patent owner emphasized that it could not independently obtain the information because it related to information internal to petitioners. In response to the request for the technical documents, petitioners noted that patent owner could have obtained the requested information without discovery by asking the district court for permission to use the documents or using procedures in the court's protective order to use the requested documents in the current proceedings.

For the fourth factor, patent owner argued that its requests identified document types in sufficient detail to explain the scope of discovery. Patent owner added that, for certain documents, it had provided specific Bates numbers as well. For their part, petitioners argued that the requests were unclear because certain terms were vague in what they required.

Finally, patent owner argued that it met the fifth factor because its requests included only information that petitioners necessarily possessed and that was necessary to support patent owner's commercial success arguments, and that patent owner would work to keep all confidential information protected. Petitioners responded that the requests were unduly burdensome because patent owner agreed that the products did not themselves infringe, petitioners did not have the requested documents, and that in any event, the requested documents would be volu-

minous.

The PTAB concluded that patent owner had not met its burden of showing that the additional discovery was in the interests of justice, focusing primarily on the first, third and fifth *Garmin* factors. The video touting the benefits of one of petitioners' products did not provide any technical details that could be compared to the challenged claims nor suggested a nexus between the challenged claims and the systems discussed in the video. In the same vein, sales figures for some of petitioners' systems or dates of first release did not support a showing of required nexus or that petitioner copied the claimed invention. Regarding technical documents, the PTAB agreed that patent owner's own description of the documents indicated that they related to technical information, and so would not be likely to support a showing of nexus, commercial success, or copying. It was also unconvinced that patent owner could not generate equivalent information by other means, and emphasized that the number of documents it was requesting was overly burdensome in light of the expedited nature of the proceedings. Therefore, the motion was denied.

**Practice Tip:** To establish "beyond speculation" that useful objective indicia evidence will be uncovered from discovery, the moving party should demonstrate with specificity how the requested documents and information are relevant to the ultimate question of nonobviousness. Mere assertions that the documents are relevant or short descriptions of the contents will not meet this threshold, particularly where the requested documents do not clearly align with the elements supporting nonobviousness (e.g., technical documents that would not at first glance establish commercial success).

*Atlas Copco Tools and Assembly Systems LLC v. Wildcat Licensing WI LLC*; IPR2020-00891/IPR2020-00892, Paper 37 (PTAB Mar. 18, 2021)



## INTERNET SIGHTINGS

by Frederic M. Douglas and James E. Hawes

This column highlights some of the more notable recent online notices, newsletters, and blogs dealing with IP prosecution issues.

**Patently-O** – a patent law blog – [Patentlyo.com](http://Patentlyo.com)

- On April 30, 2021, Prof. Dennis Crouch discussed [Bio-Rad Laboratories, Inc. v. ITC](#), slip opinion, 2020-1785, (Fed. Cir., Apr. 29, 2021) which found that a former employer was not entitled to pre-conception ownership of inventors who later invented with a later company. One key aspect was that the duty to assign as stated in the contract with the former employer specifically extended to “All inventions . . . which I may solely or jointly conceive, develop, or reduce to practice during the period of my employment by Bio-Rad.” The interpretation was that the agreement only extended to intellectual property, but not “ideas.” (<https://patentlyo.com/patent/2021/04/invention-innovations-employment.html>).

**Holland & Knight Section 101 Blog** – a blog providing news and analysis on eligibility issues involving 35 U.S.C. § 101 – <https://www.hklaw.com/en/insights/blogs/section-101-blog>

- On May 4, 2021, Allison M. Lucier discussed a recent decision, [Whitserve LLC v. Drop-box, Inc.](#), slip opinion, 2019-2334 (Fed. Cir., Apr. 26, 2021), in which the Federal Circuit affirmed the district court’s finding claims being directed to an abstract idea. The opinion noted that there was no inventive step because the claims “recite generic computer components performing routine conventional functions.” And that the specification did not explain the technological processes supporting the technological improvements. (<https://www.hklaw.com/en/insights/publications/2021/05/federal-circuit-requesting-transmitting-receiving-copying-data#page=1>).

**U.S. Patent and Trademark Office** – [uspto.gov](http://uspto.gov)

- On March 23, 2021, the USPTO issued a Federal Register notice seeking public comments on administrative updates to the General Requirements Bulletin for admission to practice before the USPTO in patent

proceedings. There are three categories of proposed changes for determining whether an applicant is eligible to take the patent bar exam:

1. Expand the list of “Category A” bachelor’s degrees that are accepted as *prima facie* evidence of the requisite technical and scientific qualifications;
2. Expand “Category A” to include advanced degrees (master’s and doctoral degrees); and
3. Revise the coursework requirements of “Category B” to be more flexible, but still require at least one core science course that has a lab component.

(<https://www.federalregister.gov/documents/2021/03/23/2021-05940/administrative-updates-to-the-general-requirements-bulletin-for-admission-to-the-examination-for>).

**AIPLA** – the profession’s national organization – see [AIPLA.org](http://AIPLA.org)

- AIPLA’s 2021 Annual Meeting will be virtual, scheduled for October 28-30, 2021. More information is available at <https://www.aipla.org/detail/event/2021/10/28/default-calendar/2021-annual-meeting>.
- The Chisum Patent Academy was scheduled to hold one seminar in 2020, in Boston, Massachusetts on October 1-2, 2020. Instead, the Boston seminar is to be scheduled for a time in 2021, due to you-know-what. More information available at <https://chisum-patent-academy.com/>.

For more information about any of the patent topics mentioned consult *Patent Application Practice*. Trademark topics are discussed in *Trademark Registration Practice*. Both are published by West and updated twice a year.

For patent prosecution or litigation questions, contact Fred Douglas at 949/293-0442 or by email at [fdouglas@cox.net](mailto:fdouglas@cox.net).



## OCIPLA RECENT & UPCOMING EVENTS

### **March 18, 2021 Luncheon—IP Assignments in Employment & Contractor Agreements**

*Amy Chun, Knobbe Martens*

*Christy Lea, Knobbe Martens*

*Jen Dibble, Edwards Lifesciences*



The graphic features a blue background on the right and a blurred image of three speakers on the left. Three circular headshots are arranged in a 2x2 grid. The top-left headshot is of Amy Chun, the top-right is of Christy Lea, and the bottom-left is of Jen Dibble. The bottom-right position is an orange square with the word 'ONLINE' in white. To the right of the headshots, the text reads: 'OCIPLA MARCH LUNCHEON THURSDAY, MARCH 18, 2021 NOON - 1:00 P.M. ONLINE ONLY THIS MONTH: IP ASSIGNMENTS IN EMPLOYMENT & CONTRACTOR AGREEMENTS'.

**OCIPLA**  
**MARCH LUNCHEON**  
THURSDAY, MARCH 18, 2021  
NOON - 1:00 P.M.  
ONLINE ONLY

THIS MONTH:  
IP ASSIGNMENTS IN  
EMPLOYMENT &  
CONTRACTOR AGREEMENTS

### **April 15, 2021 Luncheon—Recent Developments in Court Decisions Impacting Patent Damages**

*Kevin McElroy, Stout Risius Ross, LLC*



The graphic features an orange background on the right and a blurred image of a speaker on the left. A circular headshot of Kevin McElroy is centered on the left. To its left, a dark grey box contains the text: 'Kevin McElroy, Stout'. To the right of the headshot, the text reads: 'OCIPLA VIRTUAL LUNCHEON THURSDAY, APRIL 15, 2021 12:00 PM - 1:00 PM ONLINE THIS MONTH: RECENT DEVELOPMENTS IN COURT DECISIONS IMPACTING PATENT DAMAGES'.

**OCIPLA**  
**VIRTUAL LUNCHEON**  
THURSDAY, APRIL 15, 2021  
12:00 PM - 1:00 PM  
ONLINE

THIS MONTH: RECENT  
DEVELOPMENTS IN COURT  
DECISIONS IMPACTING  
PATENT DAMAGES

## OCIPLA RECENT & UPCOMING EVENTS

### **May 20, 2021 Luncheon—Recent Developments in Copyright Law**

*Professor Tyler T. Ochoa, Santa Clara University School of Law*



A promotional graphic for an OCIPLA virtual luncheon. On the left, there is a portrait of Tyler Ochoa, a man with glasses and a suit, with his name "Tyler Ochoa" written in a black box below it. To the right of the portrait, the OCIPLA logo is displayed in white on a dark background. Below the logo, the text reads "VIRTUAL LUNCHEON", "THURSDAY, MAY 20, 2021", "12:00 PM - 1:00 PM", and "ONLINE". At the bottom right, it says "THIS MONTH: RECENT DEVELOPMENTS IN COPYRIGHT LAW".

### **Save the Date! September 17, 2021—OCIPLA Welcomes Back Former USPTO Director Andrei Iancu**

*Andrei Iancu, Former USPTO Director and Undersecretary of Commerce for Intellectual Property, Irell & Manella LLP*



A promotional graphic for an OCIPLA event. On the left, there is a portrait of Andrei Iancu, a man in a dark suit, with a white border around the photo. To the right of the portrait, the OCIPLA logo is displayed in white on a dark background. Below the logo, the text reads "Save the Date!" in a large, bold font, followed by "September 17, 2021" in a slightly smaller bold font. Below this, it says "OCIPLA welcomes back Director Andrei Iancu", "11:30am Luncheon", and "12-1:00pm Presentation".

OCIPLA looks forward to hosting Andrei Iancu for another in-person and/or virtual discussion (depending on COVID conditions) on Friday, September 17, 2021. Please save the date and keep an eye out for OCIPLA's formal event announcement with registration information.

# JOIN AN OCIPLA COMMITTEE!

## **AMICUS COMMITTEE**

This committee shall: a) scrutinize judicial decisions which involve significant issues of law or practice which affect intellectual property, (b) recommend to the Board of Directors that amicus curiae briefs be filed in appropriate cases, and (c) draft OCIPLA amicus curiae briefs.

## **PROFESSIONAL PROGRAMS COMMITTEE**

This committee shall identify and recommend curricula to the Board of Directors and assist in coordinating educational programs to be conducted during regular monthly meetings or at other times on topics which: (1) are of interest and benefit to the OCIPLA members; or (2) pertain to the professional activities of OCIPLA members and are of interest to others. The Committee will also assist the Board of Directors in obtaining speakers and otherwise preparing for the presentation of approved educational programs. The Professional Programs Committee shall include a litigation and prosecution subcommittees.

## **CORPORATE PRACTICE COMMITTEE**

This committee shall develop and disseminate information that is particularly useful to in-house attorneys, and promote efficient exchanges of best practices among in-house attorneys. *Co-chairs:*

- **MICHAEL KLINE**,  
*michaelkline@clevelandgolf.com*
- **MARK KERTZ**, *mark.kertz@medtronic.com*

## **MEMBERSHIP COMMITTEE**

This committee shall focus on expanding and diversifying the membership of OCIPLA, and shall work closely with other Committees and the Board of Directors to provide insights as to what IP practitioners in our IP community want from a legal organization and how OCIPLA can better the local IP community.

## **NEW LAWYERS COMMITTEE**

This committee shall focus on members in their first ten years of practice. The Committee shall provide educational and networking opportunities to new lawyers at OCIPLA. In addition, the Committee shall work closely with other Committees to provide new lawyers with opportunities to become more involved in the association, including participating in planning for OCIPLA meetings, coordinating networking events and other social activities for OCIPLA, assisting in research & writing projects, and developing educational materials.

***OCIPLA seeks volunteers to serve on Association Committees, whose respective missions are set forth on this page. If you have a few hours a month, we invite you to contact a member of our Board of Directors or the Committee Chairs (identified below) to discuss opportunities to help strengthen the OCIPLA community.***

# MAKE OCIPLA EVEN BETTER!

## **LAW STUDENT COMMITTEE**

This committee shall serve the law students in the local community, with particular focus on communicating their concerns to the Board of Directors and to welcome more law students to join the association as active members. The Committee shall also work closely with other Committees to provide law students with opportunities to become more involved in the association, including participating in planning for OCIPLA meetings, coordinating networking events and other social activities for OCIPLA, assisting in research & writing projects, and developing educational materials.

## **NEWSLETTER COMMITTEE**

This committee shall identify, recommend to the Board of Directors and prepare high quality, educational material for the OCIPLA Newsletter. Co-Chairs:

- **BROCK WILSON**, [bfwilson@akingump.com](mailto:bfwilson@akingump.com)
- **CLARK GORDON**, [cgordon@akingump.com](mailto:cgordon@akingump.com)

## **TRADEMARK PRACTICE COMMITTEE**

This committee shall consider all aspects of the practice of trademark law before the United States Patent and Trademark Office, aid in the institution of improvements in the administration of the trademark laws by the USPTO; monitor proposed changes in the USPTO Rules of Practice relating to trademark law and, with the advice and consent of the Board of Directors, inform the USPTO as to the position of the Association regarding such proposed changes; receive and coordinate views of members in connection with any existing problems or suggestions for improvements in the USPTO administration, and with the advice and consent of the Board of Directors, forward these views to the USPTO, and make recommendations to the Board of Directors regarding these duties.

## **COPYRIGHT PRACTICE COMMITTEE**

This committee shall consider all aspects of the practice of copyright law before the Copyright Office of the Library of Congress, and to make recommendations to the Board of Directors regarding same.

## **FORMER PRESIDENT'S COMMITTEE**

- **EHAB SAMUEL**,  
[esamuel@mannatt.com](mailto:esamuel@mannatt.com)
- **MATT LAPPLE**,  
[matt@lappellubell.com](mailto:matt@lappellubell.com)
- **LAUREN KELLER KATZENELLENBOGEN**, [lauren.katzenellenbogen@knobbe.com](mailto:lauren.katzenellenbogen@knobbe.com)
- **NATE CAMUTI**,  
[nate@camutilaw.com](mailto:nate@camutilaw.com)

## **WOMEN IN IP COMMITTEE**

This committee shall promote the role of women in IP law practice in and around Orange County. Membership and participation are open to men as well.

All committees shall consist of members appointed by the Board of Directors for a two-year term.



**OCIPLA seeks volunteers to serve on Association Committees, whose respective missions are set forth on this page. If you have a few hours a month, we invite you to contact a member of our Board of Directors or the Committee Chairs (identified below) to discuss opportunities to help strengthen the OCIPLA community.**

# OCIPLA 2021 Board of Directors

|                                 |                   |                |  |
|---------------------------------|-------------------|----------------|--|
| <b>President</b>                | Mark Kertz        | (949) 680-1313 | <a href="mailto:mark.kertz@medtronic.com">mark.kertz@medtronic.com</a> |
| <b>Vice President</b>           | Marin Cionca      | (949) 334-3036 | <a href="mailto:marin@cioncaip.com">marin@cioncaip.com</a>             |
| <b>Secretary</b>                | Sarah Bro         | (949) 757-6001 | <a href="mailto:sbro@mwe.com">sbro@mwe.com</a>                         |
| <b>Treasurer</b>                | Nicole Townes     | (949) 721-5261 | <a href="mailto:nicole.townes@knobbe.com">nicole.townes@knobbe.com</a> |
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| <b>Second Year Director</b>     | Brock Wilson      | (949) 885-4266 | <a href="mailto:bfwilson@akingump.com">bfwilson@akingump.com</a>       |
| <b>First Year Director</b>      | Clark Gordon      | (949) 885-4216 | <a href="mailto:cgordon@akingump.com">cgordon@akingump.com</a>         |
| <b>Immediate Past President</b> | Nate Camuti       | (949) 275-7852 | <a href="mailto:nate@camutilaw.com">nate@camutilaw.com</a>             |

## OCIPLA Newsletter

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We hope that the Newsletter is informative, entertaining, and interesting. Comments, ideas, announcements, proposed articles, suggestions and any other communications concerning the content, form or other aspect of this Newsletter may be directed to:

Meredith Williams  
2021 OCIPLA Newsletter Editor



