

Brief Summary of Precedential Patent Case Decisions During February 2018

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I. Introduction

This article presents a brief summary of relevant precedential points of law during the noted time period. However, it lacks the details and nuances of a more extensive review. A more extensive review appears in my "Precedential Patent Case Decisions" monthly articles.

Captions of cases originating in the PTAB are red. Captions of cases of extraordinary importance are blue.

II. Abstracts of New Points of Law

Nalco Company v. Chem-Mod, LLC, 2017-1036 (Fed. Cir. 2/27/2018).

This is a decision on appeal from the N.D. Ill. district court case 1:14-cv-02510. The district court dismissed Nalco's fourth amended complaint of patent infringement, with prejudice, for failure to state a claim upon which relief could be granted. Nalco appeals. The Federal Circuit reversed on several claims, and remanded.

Legal issue, FRCP 12(b)(6), requirements to plead a facially plausible claim. The Federal Circuit reversed the district court because the district court failed to credit Nalco's plausible allegations as true, as required at the pleadings stage.

Mylan Pharmaceuticals Inc. v. Saint Regis Mohawk Tribe, IPR2016-01127, paper 129, (PTAB 2/23/2018)(Per curiam, by a panel consisting of APJs Snedden, Hulse, and Paulraj).

This is a decision entered into the PTAB joined cases: IPR2016-01127 (8,685,930 B2); IPR2016-01128 (8,629,111 B2); IPR2016-01129 (8,642,556 B2); IPR2016-01130 (8,633,162 B2); IPR2016-01131 (8,648,048 B2); and IPR2016-01132 (9,248,191 B2). This decision deals with the issue of sovereign immunity of Indian tribes.

When these IPRs were declared, Allergan, Inc. owned the subject patents. After Allergan filed the Patent Owner Response, Saint Regis Mohawk Tribe (the "Tribe") informed the PTAB of that it had acquired the subject patents and requested the right to file a motion to dismiss. The PTAB granted the Tribe's request to file a motion to dismiss and otherwise suspended the *inter partes* reviews. The Tribe moved to dismiss based upon the legal theory that the Tribe was immune to the *inter partes* reviews due to tribal sovereign immunity. This PTAB decision denies the motion, based upon the PTAB's determination that "the Tribe has not established that the doctrine of tribal sovereign immunity should be applied to these proceedings." Decision at 7.

Legal Issue, 35 USC 311, Indian Tribal Immunity. The PTAB concluded determined that there was no precedent controlling whether Indian tribes were immune from *inter partes* reviews and concluded that Indian tribes were not immune from *inter partes* review proceedings. Finally, the PTAB concluded that the *inter partes* reviews could continue even if the Tribe was entitled to immunity, because Allergan remained the effective patentee and because the Tribe's participation was not essential.

Arendi SARL v. Google LLC, 2016-1249 (Fed. Cir. 2/20/2018).

This is a decision on appeal from PTAB case IPR2014-00452. The PTAB held all of the claims unpatentable. Arendi appealed. The Federal Circuit affirmed, but did so "based on the PTAB's alternative claim construction."

Legal issue, 35 USC 112, claim construction, prosecution history disclaimer. The PTAB's principle claim construction did not recognize a prosecution disclaimer. On appeal, the Federal Circuit disagreed, concluding that the PTAB misapplied *Sorensen v. Int'l Trade Comm'n*, 427 F.3d 1375 (Fed. Cir. 2005), and that the prosecution history did show a prosecution disclaimer. The PTAB's final decision only considered the statement by the examiner in the "Notice of Allowance" despite that fact that Arendi had argued that the interchange between the examiner and the applicant and the corresponding claim amendment that led up to the statement by the examiner in the Notice of Allowance showed a disclaimer. The Federal Circuit cited the interchange between the examiner and the applicant and the corresponding claim amendment that led up to the statement by the examiner in the Notice of Allowance, as meeting the requirements for the applicant to have disclaimed.

[Aatrix Software, Inc. v. Green Shades Software, Inc.](#), 2017-1452 (Fed. Cir. 2/14/2018).

This is a decision on appeal from the M.D. Fla. district court case 3:15-cv-00164-HES-MCR. Judge Moore wrote the majority opinion. Judge Reyna wrote an opinion dissenting-in-part.

The district court granted an FRCP 12(b)(6) motion to dismiss upon concluding the claims to be patent ineligible under 35 US 101. The district court also denied Aatrix's motion for leave to file a second amended complaint. Aatrix appealed. The Federal Circuit majority vacated the dismissal and reversed the denial of Aatrix's motion for leave to file a second amended complaint. Judge Reyna concurred with vacating the dismissal but would have vacated and remanded, instead of reversed, the district court's denial of Aatrix's motion for leave to file a second amended complaint.

Legal issue, FRCP 15(a)(2), entrance of an amended complaint in response to a 12(b)(6) motion that claims are patent ineligible. The majority concluded that an amended complaint containing factual allegations contradicting the district court's patent ineligibility conclusion had to be entered. This is a rather significant development, because, as Judge Reyna pointed out, in dissent "this approach would turn the utility of the 12(b)(6) procedure on its head, in particular in the context of § 101, which is primarily focused on the "allegations" in the patent—the claims and written description."

[In re Hodges](#), 2017-1434 (Fed. Cir. 2/12/2018).

This is a decision on an appeal from PTAB case 12/906,222. The PTAB affirmed an examiner's rejection of claims as anticipated or obvious. The Federal Circuit majority reversed the anticipation determinations and vacated and remanded the obviousness determinations. Judge O'Malley wrote the majority opinion. Judge Wallach wrote an opinion dissenting-in-part. The focus of the dispute is the anticipation rejection based upon Rasmussen, and the interpretation of Fig. 7 of Rasmussen.

Legal issue, substantial evidence standard of review of PTAB findings. This is a rare case in which the Federal Circuit found no basis for the PTAB's determinative finding of fact. In dissent, Judge Wallach concluded that both the majority and the PTAB's fact finding was baseless and therefore would have vacated and remanded instead of reversed.

Xitronix Corporation v. Kla-Tencor Corporation, 2016-2746 (Fed. Cir. 2/9/2018).

This is a decision on appeal from the W.D. Tex. case 1:14-cv-01113-SS. Xitronix appealed. The Federal Circuit transferred the case to the Fifth Circuit.

Legal issue, 28 USC 1295(a)(1), appellate jurisdiction of the Federal Circuit over Walker Process monopolization claims. This case deals with the impact of *Gunn v. Minton* 568 U.S. 251 (2013) in the context of antitrust claims. The Federal Circuit applied the principles of *Gunn* (requiring "importance of the issue to the federal system as a whole") to conclude it lacked jurisdiction over a claim whose only tie to federal patent laws was alleged fraudulent prosecution of a patent.

Polaris Industries, Inc. v. Arctic Cat, Inc., 2016-1807, 2016-2280 (Fed. Cir. 2/9/2018).

This is a decision on appeals from PTAB cases IPR2014-01427 and IPR2014-01428. The PTAB found claims unpatentable based upon one combination of references, but not unpatentable based upon a different combination of references. Polaris and Arctic both appealed.

The Federal Circuit affirmed the PTAB's 1428 IPR decision that the challenged claims were not shown to be unpatentable, and affirmed in part, and vacated in part and remanded the PTAB's 1427 IPR decision.

Legal issue, 35 USC 103, obviousness, evidence of teaching away must be considered. The Federal Circuit vacated the PTAB's determination that dependent claims 17-19 would have been obvious. The Federal Circuit found that the PTAB erred by failing to consider evidence of teaching away, despite the PTAB expressly crediting testimony of the petitioner's expert witness that there was a motivation to modify.

Legal issue, 35 USC 103, obviousness, improper reliance upon "subjective preferences." The PTAB's decision relied upon a "subjective preferences" of one skilled in the art to "weigh the various benefits and disadvantages" of modifications in finding claim 17 obvious. The Federal Circuit rejected this as not a legitimate basis for a conclusion of motivation to modify.

Legal issue, 35 USC 103, weight accorded conclusory evidence of secondary indicia nexus. Polaris expert testimony was conclusory, and therefore the PTAB rejected it. However, the Federal Circuit noted that the this conclusory testimony of nexus was unchallenged, and that under Federal Circuit law, conclusory testimony of nexus that is unchallenged raises a presumption of nexus.

Merck Sharp & Dohme Corp. v. Amneal Pharmaceuticals LLC, 2017-1560 (Fed. Cir. 2/9/2018).

This is a decision on appeal from D. Del. district court case 1:15-cv-00250-SLR-SRF. The district court found that Merck failed to prove that Amneal's ANDA product infringed the '353 patent. Merck appealed. The Federal Circuit affirmed.

Legal issue, abuse of discretion for denial of discovery. The Federal Circuit concluded that the district court did not abuse its discretion in failing to compel Amneal to comply with the district court's standing discovery order. The district court's standing discovery order required Amneal to "immediately make available to Merck samples of any further representative commercial batches sent to the FDA." Amneal violated the discovery order when it sent a batch to the FDA for ANDA certification, but did not provide Merck representative samples. This batch that had been subject to an additional mixing step, relative to batches Amneal had produced to

Merck. The Federal Circuit concluded that, because the district court had taken adequate steps to avoid prejudice to Merck, by allowing Merck to submit evidence at trial, that the district court had not abused its discretion. But it was admittedly a close call.

Legal issue, 35 USC 271(e)(2), proof of infringement, not limited to particular samples. The Federal Circuit rejected Merck's gloss on case law, and clarified it had not held that proof of ANDA infringement "must necessarily be based on any particular sample."

Berkheimer v. HP Inc., 2017-1437 (Fed. Cir. 2/8/2018).

This is a decision on an appeal from the N.D. Ill. district court case 1:12-cv-09023. The district court entered summary judgment that patent claims were ineligible under 35 USC 101 and others were indefinite. Berkheimer appealed. The Federal Circuit affirmed the indefiniteness judgement, and vacated and remanded the patent ineligibility judgement of some claims.

Legal issue, waiver, representative claim. The Federal Circuit concluded that Berkheimer's arguments below were directed to dependent claims even though Berkheimer did not name the claims. And therefore Berkheimer had not waived the argument that these dependent claims were patent eligible.

Legal issue, 35 USC 101, eligibility, underlying factual findings. The Federal Circuit found that claims 4-7 were directed to an "arguably unconventional inventive concept described in the specification" and therefore concluded that there was a genuine issue of material fact regarding whether these claims defined only "well-understood, routine, and conventional activities." Consequently, on claims 4-7, the Federal Circuit vacated and remanded.

In re Nordt Development Co., LLC, 2017-1445 (Fed. Cir. 2/8/2018).

This is a decision on appeal from PTAB case 13/241,865. The PTAB affirmed the examiner's rejection of claims 1 and 14. The Board affirmed. Nordt appealed. The Federal Circuit vacated and remanded.

Legal issue, 35 USC 112 claim construction, determining whether a limitation is a process or a structural limitation. The Federal Circuit concluded that "injection molded" was a structural limitation and therefore carried weight in the non-method claim, and that the Board erred by failing to distinguish between determining that "injection molded" was a structural limitation, and the scope of that limitation.

Macom Technology Solutions Holdings v. Infineon Technologies AG, 2017-1448 (Fed. Cir. 1/29/2018).

This is a decision on appeal from C.D. Cal. case 2:16-cv-02859-CASPLA. The district court issued a preliminary injunction against Infineon. Infineon appealed. The Federal Circuit affirmed in part, vacated in part, and remanded for further proceedings.

Legal issue, contract interpretation, implied covenant of good faith and fair dealing. The Federal Circuit concluded that a contract provision limiting a patent license to the "Field of Use only" did not suggest a promise or obligation to not infringe the patent outside the field of use, and therefore did not violate the implied covenant of good faith and fair dealing. This decision also stands for the point of law that a field of use license does not include a contractual promise to not infringe outside the field of use. (So consider adding such a contract provision expressly to a patent license.)

Elbit Systems of America, LLC v. Thales Visionix, Inc., 2017-1355 (Fed. Cir. 2/6/2018).

This is a decision on appeal from PTAB case IPR2015-01095. The PTAB found that

Elbit failed to demonstrate by the preponderance standard that the asserted claims would have been obvious based upon McFalane in combination with two other references. Elbit appealed. The Federal Circuit affirmed.

Legal issue, substantial evidence standard of review, PTAB credibility determinations supporting a PTAB conclusion of nonobviousness. This is a straightforward opinion crediting the PTAB's findings and therefore the PTAB's conclusion. The opinion indicates that the failure of an expert witness to address a relevant limitation is a sufficient factual basis for the PTAB to accord that testimony "little weight." The PTAB found that Elbit's expert "did not address or account for the recited relative angular rate signal limitation," which limitation was the critical limitation the PTAB found missing from the prior art. The Federal Circuit respected the PTAB's credibility determination based upon that finding.

[The Medicines Company v. Hospira, Inc., 2014-1469, 2014-1504 \(Fed. Cir. 2/6/2018\).](#)

This decision is on same case remanded from *Medicines Co. v. Hospira, Inc. (Medicines I)*, 827 F.3d 1363 (Fed. Cir. 2016) (en banc). The issue, of course, is what constitutes an offer for sale. This is a decision on appeals from the D. Del. case 09-CV-750-RGA. The district court found that there was no infringement, and that a contract named "Distribution Agreement" did not constitute an invalidating "offer for sale" under 35 USC 102(b). The Medicines company appealed the finding of no infringement. Hospira cross-appealed the finding of no invalidating offer for sale. The Federal Circuit affirmed the finding of no infringement. The Federal Circuit *remanded* for determination whether there was an invalidating on-sale bar.

Legal issue, 35 USC 102, what constitutes an "offer for sale," that may give rise to an on sale bar. The Federal Circuit found that the district court's conclusion that the "Distribution Agreement" was not an offer for sale, was incorrect. However, because the district court concluded that the "Distribution Agreement" was not an offer for sale, the district court failed to determine whether the "Distribution Agreement" was an offer for sale of the patented product. The Federal Circuit remanded, instructing the district court to determine whether the "Distribution Agreement" was an offer for sale, of the patented product.

The Federal Circuit then (1) restated its framework for determining whether there is an offer for sale; (2) applied that framework to show the "Distribution Agreement" was an offer for sale; and (3) compared and contrasted the facts of this case to prior decisions. Because of the significance of this decision. See the my non-"Brief Summary" article for details on item (1)!

[Actelion Pharmaceuticals, Ltd. v. Matal, 2017-1238 \(Fed. Cir. 2/6/2018\).](#)

This is a decision on appeal from the E.D. Va. district court case 1:16-cv-00304-LO-TCB. The district court granted summary judgement in favor of the USPTO that Actelion was not entitled to a correction to Patent Term Adjustment (PTA) on the subject patent. Actelion appealed. The Federal Circuit affirmed.

Legal Issues: 35 USC 371 national stage commencement and 35 USC 154(b)(1)(A)(i)(II)'s PTA "A" delay determination. The Federal Circuit concluded that early national stage commencement can only occur if the applicant complies with 35 USC 371(f) (the "express request" requirement); that 371(f) compliance requires the applicant to make its intent to comply clear; that the 371 national stage commences on the next business day after the 30 month period when the 30 month period falls on a federal holiday; and that "A" delay can only accrue from a time prior to the 30 month period if the applicant complies with 371(f). The Federal Circuit held that Actelion was not entitled to additional PTA due to its failure to comply

371(f) prior to the end of the 30 month period.

The Federal Circuit held that early national stage commencement requires compliance with 371(f). The Federal Circuit held that 371(f) compliance requires the applicant to make its intent to request 371(f) early processing clear. The Federal Circuit held that the 371 national stage commences on the next business day after the 30 month period when the 30 month period falls on a federal holiday. The Federal Circuit held that 35 USC 154(b)(1)(A)(i)(II) always required compliance with all of 371 to start the time period for "A" delay.

Abbvie Inc., v. Medimmune Limited, 2017-1689 (Fed. Cir. 2/5/2018).

This is a decision on appeal from E.D. VA case 2:16-cv-00322-AWA-DEM. The district court dismissed Abbvie' civil action for a declaratory judgement of patent invalidity. Abbvie appealed. The Federal Circuit affirmed.

Legal issue, 28 USC 2201 declaratory judgement, rule against piecemeal litigation of defenses. Abbvie was liable under a license agreement until the expiration of the subject patent. Abbvie's complaint requested a DJ of patent invalidity. Abbvie argued that a DJ of invalidity would constitute expiration of the subject patent within the meaning of the license agreement. However, Abbvie did not seek a DJ regarding interpretation of the contract. The Federal Circuit concluded that the complaint plead a cause of action (declaration of invalidity) that was not separate from the underlying dispute regarding liability under the patent license, and therefore would fail to resolve the dispute. And therefore the court lacked DJ jurisdiction.

Paice LLC v. Ford Motor Company, 2017-1387; 2017-1388; 2017-1390; 2017-1457; 2017-1458; and 2017-1406 (Fed. Cir. 2/1/2018).

This is a decision on appeals from PTAB cases IPR2015-00606; IPR2015-00758; IPR2015-00785; IPR2015-00799; IPR2015-00801; and IPR2015-00792. The Board held certain claims unpatentable. Paice appealed. The Federal Circuit affirmed-in-part, vacated-in-part, and remanded. The precedential point of law relates to the doctrine of incorporation-by-reference.

Legal issue, 35 USC 112, incorporation by reference. The PTAB concluded that the '455 PCT publication in view of Severinsky rendered certain claims obvious. The Federal Circuit disagreed, finding that Severinsky was incorporated by reference into Paice's earlier application, thereby providing an earlier priority date for the challenged claims. The Federal Circuit gave two reasons why Severinsky was incorporated by reference into Paice's earlier application. First, the Federal Circuit explained that, in context, the second sentence of the incorporation statement did not limit the unlimited incorporation in the first sentence. Second, the Federal Circuit explained that even if the second sentence did limit the unlimited incorporation in the first sentence, that would not count, in view of the Federal Circuit's prior holding in *Harari v. Lee*, 656 F.3d 1331, 1334 (Fed. Cir. 2011)(holding that a broad incorporation is not limited by another narrower incorporation in the same document.)

The Federal Circuit then explained the significance of the second sentence ("Where differences are not mentioned, it is to be understood that the specifics of the vehicle design shown in the '970 patent are applicable to the vehicles shown herein as well.") on the extent of incorporation by reference. The Federal Circuit distinguished "applicability of a document's disclosed features and the incorporation of the document."

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