

## Brief Summary of Precedential Patent Case Decisions During July 2018

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### I. Introduction

This paper provides a brief summary of what I believe to be the significant new points of law from the precedential decisions in patent cases this month. Cases captions relating to the PTAB are in **red** text. Case captions of extraordinary importance are in **blue** text.

### II. Abstracts of New Points of Law

#### **Biodelivery Sciences International, Inc. v. Aquestive Therapeutics, Inc., 2017-1265, 2017-1266, 2017-1268 (Fed. Cir. 7/31/2018).**

This is a decision in appeals from PTAB cases IPR2015-00165, IPR2015-00168, and IPR2015-00169. BioDelivery petitioned for IPRs. The PTAB instituted on less than all asserted claims and grounds, and then affirmed patentability of all instituted claims.

BioDelivery moved to remand for consideration of non-instituted claims and noninstituted grounds. Aquestive and the PTO opposed. The Federal Circuit granted the motion, remanding.

#### **Legal Issue, 35 USC 314(a), institution decision, extend of right to remand pursuant to SAS Institute Inc. v. Iancu, 16-969 (4/24/2018).**

The Federal Circuit shot down various arguments why it should not remand, upon the petitioner's request for remand in this case, finding waiver inapplicable and short delays in requesting remand not untimely.

#### **Legal issue, 35 USC 314(a) right to decision on appealed from a partial institution decision, prior to remand, in view of *SAS Institute*.**

The Federal Circuit declined deciding the pending appeals to (1) avoid piecemeal litigation and (2) discounted the existence of a stay of corresponding district court litigation, indicating that stay was not a relevant factor.

#### **GoPro, Inc. v. Contour IP Holding LLC, 2017-1894, 2017-1936 (Fed. Cir. 7/27/2018).**

This is a decision on appeals from PTAB cases IPR2015-01078, IPR2015-01080. The PTAB held that GoPro had not shown the challenged claims to be obvious. GoPro appealed. The Federal Circuit vacated and remanded.

#### **Legal issue: 35 USC 102, printed publication, accessibility requirement.**

The Federal Circuit concluded that the PTAB erred in concluding the GoPro Catalog was not sufficiently accessible to qualify as a printed publication prior art document. The Catalog was distributed at a trade show, and then posted on a corresponding website. The Federal Circuit stated that the test for availability was whether "reasonable diligence" by "members of the relevant public" would result in access to the document, and factors to be considered included (1) the nature of the conference; (2) any restrictions on public disclosure; (3) expectations of confidentiality; and (4) expectations the information would be shared. The Federal Circuit identified the relevant facts and applied its test to those facts, to find the Board erred.

**Nantkwest, Inc. v. Iancu, 2016-1794 (Fed. Cir. 7/27/2018)(en banc).**

This is an en banc decision of the court rehearing its early decision in which it directed the district court to award attorneys' fees to the PTO on the theory that proper construction of 35 USC 145 specifies that the PTO is entitled to attorneys' fees. The en banc court reversed the panel decision, holding that 145 does not specify that the PTO is entitled to its attorneys' fees in 145 actions.

**Applications in Internet Time, LLC v. RPX Corporation, 2017-1698; 2017-1699; and 2017-1701 (Fed. Cir. decision rendered 7/9/2018, but apparently released to the public 7/24/2018).**

This is a decision on appeals from PTAB cases IPR2015-01750; IPR2015-01751; and IPR2015-01752. AIT appealed. The Federal Circuit vacated and remanded.

**Legal issue: 35 USC 315(b), time bar, test for real party in interest or privity of the petitioner.**

The Federal Circuit reviewed the statute, the common law, and the legislative history concluding that "real party in interest" and "privity of the petitioner" in § 315(b) covered more than a single entity and included entities that were "proxies or privies [that] would benefit from an instituted IPR, even where the petitioning party might separately have its own interest in initiating an IPR." However, more than that is not clear from the Court's explanation. The Federal Circuit explained that the PTAB erred by focusing on RPX's interest in the IPR and not whether Salesforce, the party involved in the prior litigation, was "interest in and will benefit from" having RPX file the IPRs.

**Trustees of Boston University v. Everlight Electronics Co., Ltd., 2016-2576; 2016-2577; 2016-2578; 2016-2579; 2016-2580; 2016-2581; 2016-2582; 2016-2591; 2016-2592; 2016-2593; 2016-2594; and 2016-2595 (Fed. Cir. 7/25/2018).**

This is a decision on appeals from the D. Mass district court cases 1:12-cv-11935-PBS, 1:12-cv-12326-PBS and 1:12-cv-12330-PBS. A jury found that Defendants infringed the '738 patent and failed to prove the patent's invalidity. The district court denied Defendants' motion for JMOL due to lack of enablement. Defendants appealed. The Federal Circuit panel consisting of Chief Judge Prost and Judges Moore and Reyna, reversed.

**Legal issue: 35 USC 112, enablement of the full scope of the claim, as construed.**

This is a strange case because the patentee pressed for an overbroad claim construction that led to its defeat on appeal, for lack of enablement of the full scope of the claim. The appeal does not indicate that the non-enabled scope of the claim was relevant to infringement; it is silent on that issue.

Comment: The moral of this story is to be careful what you ask for!

**Zup, LLC v. Nash Manufacturing, Inc., 2017-1601 (Fed. Cir. 7/25/2018).**

This is an appeal from the E.D. VA. case 3:16-cv-00125-HEH. The Federal Circuit panel split, with Chief Judge Prost and Judge Lourie constituting the majority. Judge Newman dissented, concluding that summary judgement of invalidity was improper.

**Legal issue: 35 USC 103, obviousness, motivation to combine.**

In sum, this case provides a couple of factors to consider in secondary indicia analysis (weakness of long felt need evidence when all that is lacking is a motivation to combine; and strength of evidence controverting copying in the form of instructions cautioning a user against configuring components of a device so that they or their use infringes the patent). But as the

dissent (Judge Newman) notes, those factors are of dubious value.

**Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals Inc., 2018-1638, 2018-1639, 2018-1640, 2018-1641, 2018-1642, 2018-1643 (Fed. Cir. 7/20/2018).**

This is a decision on appeals from PTAB cases: IPR2016-01127; IPR2016-01128; IPR2016-01129; IPR2016-01130; IPR2016-01131, IPR2016-01132; IPR2017-00599; IPR2017-00576; IPR2017-00578; IPR2017-00579; IPR2017-00583, IPR2017-00585; IPR2017-00586; IPR2017-00594; IPR2017-00596; IPR2017-00598; IPR2017-00600; and IPR2017-00601. Judge Dyk filed a concurring opinion. The PTAB "Board denied the Tribe's motion to terminate on the basis of sovereign immunity and Allergan's motion to withdraw from the proceedings." Allergan and the Tribe appealed. The Federal Circuit affirmed.

**Legal issue: Tribal Sovereign immunity to IPR.**

The Federal Circuit held that tribal sovereign immunity did not exist in IPRs. ("We hold that tribal sovereign immunity cannot be asserted in IPRs.")

**Interval Licensing LLC v. AOL, Inc., 2016-2502, 2016-2505, 2016-2506, 2016-2507 (Fed. Cir. 7/20/2018).**

This is a decision on appeals from the W.D. Wash. district court cases 2:13-cv-00263-MJP, 2:13-cv-00264-MJP, 2:13-cv-00265-MJP, 2:13-cv-00266-MJP. The majority opinion is by Judges Chen and Taranto. Judge Plager concurred on the result, but dissented "from our court's continued application of this incoherent body of doctrine" relating to the abstract idea analysis for patent eligibility determination.

Interval appealed from the district court's grant of judgement on the pleadings that claims 15-18 were patent ineligible under 35 USC 101.

**Legal issue, sustainability of the abstract idea line of case law.**

This case is a plain vanilla *Alice* two step analysis case. However, it is very notable for Judge Plager's separate opinion impugning the entire line of "abstract idea" case law, suggesting it be tossed into the dust bin of historically bad ideas ("The 'abstract ideas' idea, when used for denying a claimed invention's patent eligibility either before or after a patent is issued, cannot thus function as a valid rule of law.")

**Endo Pharmaceuticals Solutions, Inc. v. Custopharm Inc., 2017-1719 (Fed. Cir. 7/13/2018).**

This is a decision on an appeal from the D. Del district court case 1:14-cv-01422-SLR-SRF. The district court concluded that Custopharm had not proven that the claims were invalid under 103. Custopharm appealed. The Federal Circuit affirmed.

**Legal issue: 35 USC 103, burden of proof of accused infringer to show motivation to modify.**

The Federal Circuit noted that, under the clear and convincing burden, Custopharm had to "affirmatively demonstrate that a skilled artisan would have been motivated to" make the modification.

**Legal issue: 35 USC 102, inherency.**

The Federal Circuit concluded that an ingredient was not inherently disclosed by a reference, merely because the ingredient was in fact actually used in the corresponding formulation.

**Legal issue: 35 USC 103, obviousness, reasonable expectation of success.**

The Federal Circuit noted that the reasonable expectation of success analysis takes into

account the goal contemplated by the inventor, which in this case was a "a commercially viable" therapy.

**TF3 Limited v. Tre Milano, LLC, 2016-2285 (Fed. Cir. 7/13/2018).**

This is an appeal from PTAB case IPR2015-00649. The PTAB found challenged claims unpatentable for anticipation. TF3 appealed. The Federal Circuit reversed.

**Legal issue: 35 USC 112 claim construction, meaning of "i.e." used in the specification.**

The Federal Circuit found the PTAB erred by misunderstanding "i.e." in the specification to not signal an intent to define the words to which it referred ("to pass out of the secondary opening 50, i.e., to slide along the elongate member 20 towards and subsequently off its free end.").

**Jazz Pharmaceuticals, Inc. v. Amneal Pharmaceuticals, LLC, 2017-1671, 2017-1673, 2017-1674, 2017-1675, 2017-1676, 2017-1677, 2017-2075 (Fed. Cir. 7/13/2018).**

This is a decision on appeals from PTAB cases IPR2015-00545; IPR2015-00546; IPR2015-00547; IPR2015-00548; IPR2015-00551; IPR2015-00554; and IPR2015-01903. The PTAB held claims of Jazz unpatentable for obviousness. Jazz appealed. The Federal Circuit affirmed.

**Legal issue: 35 USC 102, whether materials posted by the FDA were "sufficiently accessible to the public" to constitute prior art.**

The Federal Circuit note that "accessibility" was the relevant issue in determining if the material was a prior art printed publication. The significant point of this decision is that "disclosure through public domain sources such as the Federal Register and a public federal agency website plainly indicates that there was no reasonable expectation that the ACA materials would remain confidential."

**Raytheon Company v. Indigo Systems Corporation, 2016-1945, 2016-2050 (Fed. Cir. 7/12/2018).**

This is a decision on appeals from the E.D. Tex. district court case 4:07-cv-00109-RAS. A jury entered a verdict that Indigo did not misappropriate Raytheon's trade secrets. The district court denied Raytheon's motions for JMOL and a new trial on trade secret misappropriation, and denied Indigo's motion for attorneys fees. Raytheon appealed denial of its JMOL and motion for a new trial on trade secrets misappropriation. Indigo cross-appealed the district court's denial of its motion for attorneys fees. The Federal Circuit affirmed.

**Legal issue: Attorney fees under the Texas Theft Liability Act (TTLA), prevailing party status on dismissed claim; showing claim dismissal was in order to avoid an adverse ruling on the merits.**

The question in this case was whether Raytheon's decision to pursue its trade secret misappropriation California law claims, rather than its trade secret misappropriation Texas law claim, qualified Indigo as a prevailing party within the meaning of the TTLA. Damages under the TTLA are awarded to a prevailing party. The Federal Circuit concluded that Indigo failed to show or explain why California law was more favorable than Texas law to Raytheon's trade secret misappropriation claim. Accordingly, Indigo failed to show that Raytheon's dismissal of its Texas law trade secret misappropriate claim in favor of its California law trade secret misappropriate claim was in order to avoid an adverse ruling on the merits of the Texas claim. (Therefore, Indigo had not shown it was a prevailing party entitled to damages under the TTLA.)

**Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Electronics America, Inc., 2016-2121, 2016-2208, 2016-2235 (Fed. Cir. 7/9/2018; on rehearing modifying the 5/1/2018 opinion).**

This is a decision on appeals from the E.D. Tex. district court case 4:08-cv-00451-RAS. A jury returned a verdict for Texas Advanced Optoelectronic Solutions (TAOS) and awarded damages for claims for patent infringement, trade secret misappropriation, breach of contract, and tortious interference. Both parties appealed. The Federal Circuit inter alia affirmed liability for trade secret misappropriation on a more limited basis than TAOS presented to the jury, affirmed liability for patent infringement, but vacated the monetary awards and remanded.

**Legal issue: Contract construction, terms defining limited right to use confidential information.**

The Federal Circuit held that use of confidential information to make a “Build vs. Buy” analysis obtained under an agreement providing for the limited purpose of enabling the recipient of such information to investigate and evaluate the business and financial condition of the other” was not misappropriation.

**Legal issue: Constitution, Seventh Amendment, jury trial, remedies for trade secret misappropriation, disgorgement of profits unavailable.**

The Federal Circuit concluded, by analogy to patent, trademark, and copyright law, that disgorgement of profits for trade secret misappropriation was not available as a remedy, at law, in 1791, and therefore the plaintiff had no seventh amendment right to have the jury determine an amount for disgorgement. So this case stands for the general proposition that a judge, not a jury, must determine the facts and law and amount for the remedy of disgorgement for trade secret misappropriate.

**Power Integrations, Inc. v. Fairchild Semiconductor International, Inc., 2016-2691, 2017-1875 (Fed. Cir. 7/3/2018).**

This is a decision on appeals from the N.D. Cal. case 3:09-cv-05235-MMC

A jury found some claims literally infringed and others infringed under the doctrine of equivalents, found that the entire market value rule applied, and awarded damages accordingly. The district court denied Fairchild's motion for JMOL. Fairchild appealed. The Federal Circuit affirmed infringement, and vacated the damages award and remanded.

**Legal issue: 35 USC 284, reasonable royalty, entire market value rule for a multi-component product.**

Evidence showed that the infringing product contained valuable features other than the patented feature. The Federal Circuit held that, “[w]hen the product contains other valuable features, the patentee must prove that those other features did not influence purchasing decisions,” to prove entitlement to damages based upon the entire market value.

**Adidas AG v. Nike, Inc., 2018-1180, 2018-1181 (Fed. Cir. 7/2/2018).**

This is a decision on appeals from PTAB cases IPR2016-00921 and IPR2016-00922. Adidas moved to remand. Nike opposed. The Federal Circuit granted the motion.

**Legal issue: Standing in view of *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018) to review a decision trying all challenged claims but not on all asserted grounds.**

The Federal Circuit held that *SAS* required the Director, if deciding to institute an IPR trial, had to do so on all grounds (in addition to all claims) specified by the petition. The Director had not instituted the IPR trial on all grounds in the petition, warranting remand.

**Impax Laboratories Inc. v. Lannett Holdings Inc., 2017-2020 (Fed. Cir. 6/28/2018).**

This is a decision on appeal from the D. Del. district court cases 1:14-cv-00984-RGA and 1:14-cv-00999-RGA. The district court concluded that certain patent claims were not shown to be invalid, and entered an injunction against Lanett, pursuant to 35 USC 271(e)(4)(injunction pursuant to artificial infringement). The Federal Circuit affirmed.

**Legal issue, 35 USC 103, impact of a formulation whose mode of administration delays metabolism and which has reduced efficacy compared to its metabolite on an obviousness analysis.**

The evidence showed that a PHOSITA would have expected that the therapeutic effect of the intended intranasal administration of the claimed zolmitriptan formulations would have been "delayed or lower" than that of the active metabolite. Credited expert testimony noted that it would have been "absolutely counterintuitive to make a nasal spray when you have an active metabolite which is more potent . . . than the drug itself." The Federal Circuit concluded that the record as a whole did not lead the Federal Circuit to conclude that the district court clearly erred.

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