

Brief Summary of Precedential Patent Case Law For the Period 1-9-2018 to 2-6-2018

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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.

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 and "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. The Federal Circuit's review noted significantly that the counterparty could binding contract by simple acceptance, and that title passed to the counterparty.

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.

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 license agreement. 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, would not resolve the parties' dispute, and therefore failed to show the existence of 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 discussed below relates to the remand.

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.)

Maxlinear, Inc. v. CF Crespe LLC, 2017-1039 (Fed. Cir. 1/25/2018).

This is a decision on appeal from the PTAB case IPR2015-00592. The PTAB upheld patentability of dependent claims of the patent owned by Crespe. Maxlinear appealed. The Federal Circuit vacated and remanded.

Legal issue, collateral-estoppel, effect on PTAB action on remand. The Federal Circuit noted that it had recently affirmed the PTAB's decision in two other IPRs on the same patent holding the independent claims unpatentable. The Federal Circuit explained, that in the IPR subject to this appeal, the PTAB's decision affirming patentability of the dependent claims rested solely on the PTAB's determination that the independent claims were not shown to be unpatentable. Consequently, the Federal Circuit vacated and remanded with instruction to the Board (1) to determine whether collateral estoppel based upon the final determination of unpatentability of the independent claims in the other IPRs barred the PTAB from finding in the dependent claims patentable and (2) to evaluate Crespe's argument and the dependent claims in light of the unpatentability of the independent claims.

Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc., 2016-2684, 2017-1922 (Fed. Cir. 1/25/2018).

This is a decision on appeal from the E.D. Tex. cases 2:14-cv-00911-JRG-RSP and 2:14-cv-00912-JRG-SP. The district court denied LG's: motion for summary judgement of 35 USC 101 ineligibility; motion for JMOL of anticipation; and motion for JMOL of no infringement. LG appealed. The Federal Circuit affirmed, with Judge Wallach writing a separate opinion but concurring on the 101 issue.

Legal issue, 35 USC 101 patent eligibility. The Federal Circuit concluded that the claims were "not directed to an abstract idea," in step 1 of the *Alice/Mayo* framework. The Federal Circuit explained that the claims were directed to an improved user interface which was a specific improvement over prior systems, for computing devices, and therefore was not an abstract idea.

Arthrex, Inc. v. Smith & Nephew, Inc., 2017-1239 (Fed. Cir. 1/24/2018).

This is a decision on appeal from PTAB case IPR2016-00917. The PTAB entered an adverse judgment against Arthrex. Arthrex appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 1295(a)(4)(A), jurisdiction over appeal of an adverse judgment pursuant to 37 CFR 42.73(b). Prior to a decision whether to institute, Arthrex disclaimed the challenged claims, stating that it was "not requesting an adverse judgment." Subsequently, the PTAB entered adverse judgement pursuant to 37 CFR 42.73(b). The Federal Circuit concluded that in this situation, it had jurisdiction, because 35 USC 319 did not exclude jurisdiction pursuant to 28 USC 1295(a)(4)(A).

Legal issue, whether 37 CFR 42.73(b) applies when a patent owner cancels all claims specified in the petition, prior to institution. The Federal Circuit made short work of Arthrex's arguments that the Board could not enter adverse judgement, noting that "the Board's interpretation of the rule is consistent with its language."

Realtime Data LLC v. Nexenta Systems, Inc., CV2:17-07690 SJO(JC_x), (C.D.Cal. 1/23/2018).

Legal issue, 35 USC 1400(b), venue in patent civil actions, "resides". In a well-reasoned decision, relying upon *Stonite Prods. v. Melvin Lloyd Co.*, 315 U.S. 561 (1942), this district court construed "resides" in the first prong of 1400(b) to be limited to the judicial district of the state of incorporation in which the defendant "maintains its principal place of

business." While only a district court decision, if this court's reasoning is broadly applied, the effect will be a further limitation on patent infringement lawsuit venue to the home court of small and medium sized businesses. Hence, this is a very significant decision.

In re Janssen, 2017-1257 (Fed. Cir. 1/23/2018).

This is a decision on appeal from PTAB case 90/012,851. The PTAB affirmed rejections of claims for obviousness-type double patenting. Janssen appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 121, CIP patents amended by reexamination to conform to division of parent application. Janssen amended a CIP patent during reexamination by deleting the new matter relative to the parent application of the application that issued into the patent. The examiner of the parent application had imposed a restriction requirement. The claims of the reexamination proceeding were rejected for OTDP over claims of related reference patents. Janssen argued that the claims of the amended reexamination patent were entitled to protection against rejections based upon the reference patents by 35 USC 121 as a result of amendment in the reexamination deleting the matter added relative to the parent application. The Federal Circuit concluded that the reexamination proceeding's claims were not entitled to the protection of 35 USC 121, at least because the application that issued into the patent under reexamination was a CIP of the parent application. The Federal Circuit incorporated its reasoning in the analogous fact pattern for reexaminations in *G.D. Searle LLC v. Lupin Pharm., Inc.*, 790 F.3d 1349, 1351 (Fed. Cir. 2015).

Flexuspine, Inc. v. Globus Medical, Inc., 2017-1188, 2017-1189 (Fed. Cir. 1/19/2018).

This is a decision on appeals from the E.D. Tex. district court case 6:15-cv-00201-JRG-KNM. Globus moved inter alia under FRCP 59(e) to have the jury's original verdict form added to the judgement. The district court denied the motion. Globus appealed. The Federal Circuit affirmed.

Legal issue, FRCP 59(e) amendment of the judgement, jury verdict answers to contingent questions. Flexuspine, the plaintiff, proposed a jury instruction that made answers to invalidity questions contingent on the jury finding infringement (a "stop instruction"). Globus, the defendant, included no such contingency. The court adopted Flexuspine's form, and Globus did not timely object. However, the jury returned a verdict form in which it both found no infringement and found the claims invalid. That is, it incorrectly completed the verdict form. The judge required the jury to go back and redo and submit a corrected verdict form. The judge entered the corrected verdict form. The Federal Circuit concluded that there was no legal error in the judge failing to include the original verdict form in the judgment.

Exmark Manufacturing Company Inc. v. Briggs & Stratton Power Products Group, LLC, 2016-2197 (Fed. Cir. 1/12/2018).

This is a decision on appeal from the D. Neb. district court case 8:10-cv-00187-JFB-TDT. The district court inter alia denied motions for summary judgment that claim 1 is not anticipated or obvious, or indefinite.

Legal issue, FRCP 56(a), summary judgement, existence of a genuine issue of material fact, USPTO reexamination proceedings confirming patentability of asserted claim. The Federal Circuit held that reexamination proceedings confirming patentability of an asserted claim, per se, does not preclude the existence of a genuine issue of material fact regarding invalidity. The Federal Circuit explained that, while the district court must consider reexamination evidence, the court had a duty to reach an independent conclusion.

Legal issue, 35 USC 112, claim construction, requirement for definiteness. The Federal Circuit concluded from: (1) the corresponding disclosure in the specification of the location of the claimed “elongated and substantially straight” element; (2) the corresponding disclosure in the specification that the element was straight compared to the curved sections; and (3) the corresponding function disclosed in the specification for element that was “elongated and substantially straight” clarified what "substantially straight" meant, that the claim was not indefinite.

Legal issue, 35 USC 284, damages, apportionment, royalty base methodology, claim defining the entire product. The Federal Circuit held the royalty base methodology "particularly appropriate" when the claim defined the entire product being sold. The Federal Circuit counseled that a reliable analysis to apportion the royalty rate under a royalty base methodology to account for relative value of the patentee’s invention can be a basis for determining damages.

Legal issue, 35 USC 284, damages, admissibility of expert testimony on damages, relationship between evidence and conclusions. The Federal Circuit applied a standard akin to that which it applies for review of administrative decision to comply with the APA, to expert testimony on damages. The Federal Circuit noted that the expert failed to both identify the evidence and then explain how the evidence leads to a particular conclusion regarding damages attributable to the novel elements of the claimed invention, to the conventional elements of the claimed invention, and to account for the defendants patents on non-novel elements of the claimed invention. Because of those failings, the Federal Circuit reversed the district court and excluded the damage expert's testimony.

Legal issue, 35 USC 284, damages, relevance of non-commercialized prior art. The Federal Circuit held that the district court erred when concluding that evidence of non-commercialized prior art was not relevant to damages.

Legal issue, 35 USC 284, damages, relevance of decision to delay filing suit. The Federal Circuit held that a decision to delay filing suit for infringement, per se, is not relevant to damages.

Advanced Video Technologies LLC v. HTC Corporation, 2016-2309, 2016-2310, 2016-2311 (Fed. Cir. 1/11/2018).

The district court dismissed for lack of standing. Advanced appealed. Judge Reyna wrote a decision with which Judge O'Malley concurred, which affirmed. Judge Newman dissented. The concurrence and dissent in this case raise significant issues regarding the Federal Circuit's essential party doctrine (see the concurrence) and construction of employment agreements (see the dissent).

Legal issue, 35 USC 262, ownership and assignment, contract language, automatic assignment, quitclaim, and trust. The majority analyzed patent ownership in a mechanical piecemeal fashion, by reviewing in isolation three clauses in the inventor's employment agreement relating to (1) the doctrine of automatic assignment; (2) the impact of a beneficial trust; and (3) the impact of a quitclaim when no legal assignment document exists. The majority followed its automatic assignment precedent by finding that a future tense agreement to assign ("will assign") does not effect transfer of ownership. The majority concluded that status as a beneficial trustee of patent rights was insufficient to provide standing to sue. The majority concluded that a "quitclaim" provision did not effect transfer of ownership of unassigned patent

rights.

Legal issue, FRCP 19, joinder of an essential party. In her concurring opinion, Judge O'Malley argued that FRCP 19 entitles a patent infringement plaintiff join a recalcitrant co-owner over that co-owner's objection, despite Federal Circuit dicta to the contrary. Judge O'Malley reiterated her request that the Court address this issue en banc.

Legal issue, 35 USC 262, ownership and assignment, contract language, holistic interpretation. In her dissent, Judge Newmann stepped through each provision of the employment agreement relevant to patent ownership, the prior law of the case, and the relevant federal circuit precedent, and explained why the only reasonable interpretation of the employment agreement compelled a conclusion that Ms. Hsiun retained no ownership interest in the patent.

Finjan, Inc. v. Blue Coat Systems, Inc., 2016-2520 (Fed. Cir 1/10/2018).

This is a decision on appeal from the N.D. Cal. district court case 5:13-cv-03999-BLF. A jury found that Finjan infringed four patents and awarded damages for each patent. The district court determined that the claims of the one patent challenged under 35 USC 101 defined patent eligible subject matter. Blue Coat moved for a JMOL and new trial on all issues. The district court denied the motions. Blue Coat appealed. The Federal Circuit on the 101 issue, and remand for consideration of damages on one patent.

Legal issue, 35 USC 101 patent eligibility. The Federal Circuit found that the claims were directed to an improvement in computer functionality to detect computer viruses. Therefore the Federal Circuit concluded in *Alice* step 1 that the claims were not directed to an abstract idea.

Legal issue, 35 USC 284, damages, reasonable royalty apportionment for software. The Federal Circuit rejected an apportionment to the smallest software component and instead required apportionment to the infringing functionality of that software component.

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