Precedential Patent Case Decisions During May 2017

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I. Introduction

This paper abstracts what I believe to be the significant new points of law from the precedential decisions in patent cases this month. Cases relating to the PTAB are in red text. Cases of extraordinary importance are in blue text.

II. Abstracts of New Points of Law

Impression Products, Inc. v. Lexmark International, Inc., (5/30/2017).

Lexmark sold cartridges to third parties in the United States and abroad. Each third party signed a contract agreeing to use the cartridge only once and to refrain from transferring the empty cartridge to anyone but Lexmark. Impression acquired the cartridges from the third parties, remanufactured them, imported into the United States those cartridges it acquired overseas, and resold them in the United States. Lexmark sued Impression for patent infringement for reuse, resale, and importation of these cartridges. The Federal Circuit ruled for Lexmark, finding that Lexmark's patent rights were not exhausted. The Supreme Court reversed.

Legal issue, 35 USC 154(a), "right to exclude others from making, using, offering for sale, or selling .. or importing ... into the United States." This case deals with the scope of the patent right and the doctrine of exhaustion. The Supreme Court held that a patent right is exhausted by a sale authorized by the patent owner, no matter where the sale occurs. The Court noted that contract rights are not affected by the doctrine of exhaustion of patent rights.

> This case presents two questions about the scope of the patent exhaustion doctrine: First, whether a patentee that sells an item under an express restriction on the purchaser's right to reuse or resell the product may enforce that restriction through an infringement lawsuit. And second, whether a patentee exhausts its patent rights by selling its product outside the United States, where American patent laws do not apply. We conclude that a patentee's decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to impose or the location of the sale. [Impression Products, Inc. V. Lexmark International, Inc., (5/30/2017).]
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> We granted certiorari to consider the Federal Circuit's decisions with respect to both domestic and international exhaustion, 580 U. S. ___ (2016), and now reverse. *** First up are the Return Program cartridges that Lexmark sold in the United States. We conclude that Lexmark exhausted its patent rights in these cartridges the moment it sold them. The single-use/no-resale restrictions in Lexmark's contracts with customers may have been clear and enforceable under contract law, but they do not entitle Lexmark to retain patent rights in an item that it has elected to sell. [Impression Products, Inc. V. Lexmark International, Inc.,

(5/30/2017).]

The Federal Circuit reached a different result largely because it got off on the wrong foot. *** The misstep in this logic is that the exhaustion doctrine is not a presumption about the authority that comes along with a sale; it is instead a limit on "the scope of the patentee's rights." *United States v. General Elec. Co.*, 272 U. S. 476, 489 (1926) (emphasis added). The right to use, sell, or import an item exists independently of the Patent Act. What a patent adds—and grants exclusively to the patentee—is a limited right to prevent others from engaging in those practices. *See Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U. S. 24, 35 (1923). Exhaustion extinguishes that exclusionary power. *See Bloomer*, 14 How., at 549 (the purchaser "exercises no rights created by the act of Congress, nor does he derive title to [the item] by virtue of the . . . exclusive privilege granted to the patentee"). As a result, the sale transfers the right to use, sell, or import because those are the rights that come along with ownership, and the buyer is free and clear of an infringement lawsuit because there is no exclusionary right left to enforce. [Impression Products, Inc. V. Lexmark International, Inc., (5/30/2017).]

A patentee's authority to limit licensees does not, as the Federal Circuit thought, mean that patentees can use licenses to impose post-sale restrictions on purchasers that are enforceable through the patent laws. So long as a licensee complies with the license when selling an item, the patentee has, in effect, authorized the sale. That licensee's sale is treated, for purposes of patent exhaustion, as if the patentee made the sale itself. The result: The sale exhausts the patentee's rights in that item. *See Hobbie v. Jennison*, 149 U. S. 355, 362–363 (1893). A license may require the licensee to impose a restriction on purchasers, like the license limiting the computer manufacturer to selling for non-commercial use by individuals. But if the licensee does so—by, perhaps, having each customer sign a contract promising not to use the computers in business—the sale nonetheless exhausts all patent rights in the item sold. *See Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U. S. 502, 506–507, 516 (1917). The purchasers might not comply with the restriction, but the only recourse for the licensee is through contract law, just as if the patentee itself sold the item with a restriction. [Impression Products, Inc. V. Lexmark International, Inc., (5/30/2017).]

In sum, patent exhaustion is uniform and automatic. Once a patentee decides to sell—whether on its own or through a licensee—that sale exhausts its patent rights, regardless of any post-sale restrictions the patentee purports to impose, either directly or through a license. [Impression Products, Inc. V. Lexmark International, Inc., (5/30/2017).]

Applying patent exhaustion to foreign sales is just as straightforward.

Patent exhaustion, too, has its roots in the antipathy toward restraints on alienation, see *supra*, at 6–8, and nothing in the text or history of the Patent Act shows that Congress intended to confine that borderless common law principle to domestic sales. In fact, Congress has not altered patent exhaustion at all; it remains an unwritten limit on the scope of the patentee's monopoly. See *Astoria Fed. Sav. & Loan Assn. v. Solimino*, 501 U. S. 104, 108 (1991) ("[W]here a common-law principle is well established, . . . courts may take it as given that Congress has legislated with an expectation that the principle will apply except when a statutory purpose to the contrary is evident" (internal quotation marks omitted)). And differentiating the patent exhaustion and copyright first sale doctrines would make little theoretical or practical sense: The two share a "strong similarity . . . and identity of purpose," *Bauer & Cie v. O'Donnell*, 229 U. S. 1, 13 (1913), and many everyday products—"automobiles, microwaves, calculators, mobile phones, tablets, and personal computers"—are subject to both patent and copyright protections, see *Kirtsaeng*, 568 U. S., at 545; Brief for Costco Wholesale Corp. et al. as *Amici Curiae* 14–15. There is a "historic kinship between patent law and copyright law," *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U. S. 417, 439 (1984), and the bond between the two leaves no room for a rift on the question of international exhaustion. [Impression Products, Inc. V. Lexmark International, Inc., (5/30/2017).]

The territorial limit on patent rights is, however, no basis for distinguishing copyright protections; those protections "do not have any extraterritorial operation" either. 5 M. Nimmer & D. Nimmer, Copyright §17.02, p. 17–26 (2017). Nor does the territorial limit support the premise of Lexmark's argument. Exhaustion is a separate limit on the patent grant, and does not depend on the patentee receiving some undefined premium for selling the right to access the American market. A purchaser buys an item, not patent rights. And exhaustion is triggered by the patentee's decision to give that item up and receive whatever fee it decides is appropriate "for the article and the invention which it embodies." *Univis*, 316 U. S., at 251. The patentee may not be able to command the same amount for its products abroad as it does in the United States. But the Patent Act does not guarantee a particular price, much less the price from selling to American consumers. Instead, the right to exclude just ensures that the patentee receives one reward—of whatever amount the patentee deems to be "satisfactory compensation," *Keeler*, 157 U. S., at 661—for every item that passes outside the scope of the patent monopoly. [Impression Products, Inc. V. Lexmark International, Inc., (5/30/2017).]

Halo Electronics, Inc. v. Pulse Electronics, Inc., 2016-2006 (Fed. Cir. 5/26/2017). This was an appeal from the D. Nev. district court case 2:07-cv-00331-APG-PAL. Halo appealed an award of prejudgment interest. The Federal Circuit dismissed, concluding that it lacked jurisdiction. This case was the subject of a prior appeal to the Federal Circuit, then a decision by the Supreme Court, and now revisits the Federal Circuit after subsequent activity

before the district court.

Legal issue, 28 USC 1295(a)(1) jurisdiction, definition of a final judgment.

The Federal Circuit concluded that the existence of a prior appeal to it was not dispositive of whether the new appeal was from a final judgment.

> We agree with Halo that we lack jurisdiction over the instant appeal. As an initial matter, whether the prior appeal from the May 28, 2013 judgment was properly taken pursuant to § 1295(a)(1) is not dispositive of whether we have jurisdiction in this appeal. *See Pandrol*, 320 F.3d at 1362 (noting that "the first appeal to this court was from a final judgment" and analyzing whether the court had jurisdiction over the subsequent appeal at issue). Accordingly, we assess whether the appealed-from decision satisfies the requirements of either § 1295(a)(1) or § 1292(c)(2). [Halo Electronics, Inc. v. Pulse Electronics, Inc., 2016-2006 (Fed. Cir. 5/26/2017).]

The Federal Circuit concluded that district court's decision was not final judgement, because the district court had not resolved at least the parameters that would lead to an amount certain for prejudgment interest.

> ... The district court never resolved the parties' dispute regarding the date from which to begin calculating prejudgment interest or set the amount of prejudgment interest to be awarded to Halo. [Footnote 3 omitted.] *** As a result, there is no final decision because the district court has not "determine[d], or specif[ied] the means for determining the amount" of prejudgment interest. *F. & M. Schaefer Brewing*, 356 U.S. at 233–34 (holding that a district court opinion setting the amount of the refund was not a final judgment where "the action also sought recovery of interest . . . from the date of payment to the date of judgment" and the district court's "opinion does not state the date or dates of payment and, hence, did not state facts necessary to compute the amount of interest to be included in the judgment"). [Footnote 4 omitted.] We therefore lack jurisdiction under § 1295(a)(1). [Halo Electronics, Inc. v. Pulse Electronics, Inc., 2016-2006 (Fed. Cir. 5/26/2017).]

Adrian Rivera v. ITC, 2016-1841 (Fed. Cir. 5/23/2017).

This is a decision on appeal from ITC investigation 337-TA-929. Solofill, LLC was the respondent. The ITC found that the asserted claims were invalid for lack of written description. The Federal Circuit affirmed.

In this case, the original claims recited a "pod adaptor assembly" with a housing or receptacle that was "adapted *to receive a beverage pod*." However, the issued patent claims were not limited to a "pod adaptor assembly"so adapted. Instead, the issued claims recited a "container . . . *adapted to hold brewing material*."

Legal issue, 35 USC 112, written description.

The question in this case was whether the specification supported claims requiring a "container . . . *adapted to hold brewing material*" in which the "container . . . *adapted to hold*

brewing material" reads on a container in which a filter is integrated into the cup, allowing the insertion of loose coffee, instead of a coffee pod, into the receptacle. The Federal Circuit concluded that the issued claims lacked written description support in the specification because they lacked a disclosure of a container that was not "adapted *to receive a beverage pod*."

The Federal Circuit stated:

> The basic issue in this case is whether the "pod adaptor assembly," "pod," and "receptacle" disclosures in the patent as filed, support Rivera's "container . . . adapted to hold brewing material," as recited in independent claim 5. *** Both parties analyze the written description issue under the assumption that the asserted claims read on Solofill's K2 and K3 cup-shaped containers. The salient feature of the K2 and K3 containers is the integration of the filter into the cup itself, allowing the insertion of loose coffee into the receptacle. [Adrian Rivera v. ITC, 2016-1841 (Fed. Cir. 5/23/2017).]

> Rivera's primary argument is that the Commission failed to apply the broad definition of a "pod" contained in the specification, and that correctly applying that definition would have provided written description support for the claimed integrated filter cartridge. *** Rivera's argument essentially requires that an ordinary artisan would read the broad definition of "pod" as encompassing anything containing a water permeable material that contains brewing material, in whatever form. Appellants's Opening Br. 25. For this, Rivera relies on *Honeywell Int'l Inc. v. United States*, 609 F.3d 1292, 1301 (Fed. Cir. 2010), in which we held that the teaching of a CRT-type monitor provided written description support for other types of monitors. Rivera argues that he was "not required to recite in the '320 patent the multitude of well-known water permeable materials." Appellants's Opening Br. 28. This argument is inapposite. The question is not whether the disclosure of one water permeable material (equivalent to the disclosure of a CRT monitor in Honeywell) supports the use of other water permeable materials. Rather, the question is whether a pod adaptor assembly intended to allow compatibility between distinct brewing systems, also supports an undisclosed configuration that eliminates a fundamental component of one of those systems (i.e., the "pod") through integration. It does not. [Adrian Rivera v. ITC, 2016-1841 (Fed. Cir. 5/23/2017).]

TC Heartland LLC v. Kraft Foods Group Brands LLC, 16–341 (5/22/2017).

This is a decision by the Supreme Court reviewing the Federal Circuit decision *In re TC Heartland LLC*, 821 F. 3d 1338 (2016). Petitioner is a corporation organized under the law of Indiana and headquartered in Indiana. The D. Del. district court had denied petitioner's motion to dismiss or transfer venue. Petitioner then filed a petition for a writ of mandamus with the Federal Circuit, which the Federal Circuit had denied. The Supreme Court reversed.

This decision narrows the locations where venue is proper for a patent infringement suit. 28 USC 1391 is titled "Venue generally" and 28 USC 1391(c) reads:

(c) Residency.—For all venue purposes— (1) a natural person, including an alien lawfully admitted for permanent residence in the United States, shall be deemed to reside in the judicial district in which that person is domiciled; (2) an entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question and, if a plaintiff, only in the judicial district in which it maintains its principal place of business; and (3) a defendant not resident in the United States may be sued in any judicial district, and the joinder of such a defendant shall be disregarded in determining where the action may be brought with respect to other defendants.

28 USC 1400 is titled "Patents and copyrights, mask works, and designs" and 28 USC 1400(b) reads: "(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

Under the general venue status, 1391, an juristic legal entity, such as a corporate, if a defendant, is deemed to reside "in any judicial district in which such defendant is subject to the court's personal jurisdiction." 28 USC 1400(b) states that a defendant in a patent infringement civil action, may sued "in the judicial district where the defendant resides", or "where the defendant has committed acts of infringement and has a regular and established place of business." This case, deals with the meaning in 1400(b) of "in the judicial district where the defendant resides."

Legal issue, 28 USC 1400(b) venue in patent infringement civil actions.

The question presented in this case is where proper venue lies for a patent infringement lawsuit brought against a domestic corporation. The patent venue statute, 28 U. S. C. §1400(b), provides that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." In *Fourco Glass Co. v. Transmirra Products Corp*., 353 U. S. 222, 226 (1957), this Court concluded that for purposes of §1400(b) a domestic corporation "resides" only in its State of incorporation. [TC Heartland LLC v. Kraft Foods Group Brands LLC, 16–341 (5/22/2017).]

In reaching that conclusion, the Court rejected the argument that §1400(b) incorporates the broader definition of corporate "residence" contained in the general venue statute, 28 U. S. C. §1391(c). 353 U. S., at 228. Congress has not amended §1400(b) since this Court construed it in *Fourco*, but it has amended §1391 twice. Section 1391 now provides that, "[e]xcept as otherwise provided by law" and "[f]or all venue purposes," a corporation "shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question." §§1391(a), (c). The issue in this case is whether that definition supplants the definition

> announced in *Fourco* and allows a plaintiff to bring a patent infringement lawsuit against a corporation in any district in which the corporation is subject to personal jurisdiction. We conclude that the amendments to §1391 did not modify the meaning of §1400(b) as interpreted by *Fourco*. We therefore hold that a domestic corporation "resides" only in its State of incorporation for purposes of the patent venue statute. [TC Heartland LLC v. Kraft Foods Group Brands LLC, 16–341 (5/22/2017).]
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> We reverse the Federal Circuit. In *Fourco*, this Court definitively and unambiguously held that the word "reside[nce]" in §1400(b) has a particular meaning as applied to domestic [footnote 2 omitted] corporations: It refers only to the State of incorporation. *** As applied to domestic corporations, "reside[nce]" in§1400(b) refers only to the State of incorporation. Accordingly, we reverse the judgment of the Court of Appeals and remand the case for further proceedings consistent with this opinion. [TC Heartland LLC v. Kraft Foods Group Brands LLC, 16–341 (5/22/2017).]

Comments: As a result of *TC Heartland*, venue based upon 28 USC 1400(b) for patent infringement exists either (1) in the state of the union in which a domestic juristic legal entity defendant is incorporated or (2) where the domestic juristic legal entity has committed acts of infringement and has a regular and established place of business." 28 USC 1391(c)(3) provides venue for defendants that not domestic entities.

Mylan Institutional LLC v. Aurobindo Pharma Ltd, 2017-1645 (Fed. Cir. 5/19/2017).

This was an appeal from the E.D.Tex. in case 2:16-cv-00491-RWS-RSP. The district court had granted the Mylan's motion for a preliminary injunction. Aurobindo appealed. The Federal Circuit affirmed the injunction, but only on the asserted non-process patent.

Legal issue, 35 USC 112, claim construction, doctrine of equivalents of process patents.

The Federal Court expressly attempted to "provide more clarity" to "the paucity of chemical equivalence [sic; equivalents?] case law." The Federal Circuit suggested, strongly, to the District Court, that the insubstantial differences test for infringement under the doctrine of equivalents was more appropriate for process patents, along with reversing the injunction insofar as it was based upon the process patents. The Federal Circuit provided this guidance:

> The district court here applied the FWR test in evaluating the equivalence [sic; equivalents?] issue. [Footnote 4 omitted.] We will therefore review its decision first in that light. In doing so, we conclude that the district court's analysis of the process claims under FWR was flawed by being unduly truncated and hence incomplete. [Mylan Institutional LLC v. Aurobindo Pharma Ltd, 2017-1645 (Fed. Cir. 5/19/2017); interpolation added.]

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> The "result" of using a claimed compound may be more easily evaluated, as the structure and uses of one compound may be directly compared with those of another. But, as indicated above, that is not how infringement under FWR is determined. It must be determined on a limitation-by-limitation basis. *See id.* Similarly, in the case of a chemical process claim, as in this case, the "result" of a process producing a chemical compound may be clear [footnote 5 omitted]—why else would a claim for infringement of a process claim be brought if the claimed result is not obtained? But the "function" and "way" of a particular limitation of a chemical process claim may remain vague and often overlap. In some cases, "way" and "function" may be synonymous. [Mylan Institutional LLC v. Aurobindo Pharma Ltd, 2017-1645 (Fed. Cir. 5/19/2017).]

The Federal Circuit's guidance extended to its explanation why the district court erred in the FWR analysis, in this case.

> ... In fact, the court appeared to consider the relative oxidation strengths of silver oxide and manganese dioxide as a consideration for claim construction, rather than its equivalents analysis. *Id*. at *10–12 (stating that the relative oxidation strengths are "irrelevant" for both the FWR and insubstantial differences tests and that Aurobindo had not argued for a "narrow[er]" claim construction that would read an oxidation strength limitation into the claims, but noting that a "more fully-developed factual record and claim construction proceeding could change things" (emphases added)).
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> Thus, either the district court did not address the "way" prong of the FWR analysis—having considered the relative oxidation strengths to be an issue for claim construction, and rejecting Aurobindo's arguments about oxidation strength because it had not argued for a narrow claim construction—or it performed a "way" analysis without considering critical factors under that prong, namely, the relative oxidation strengths of silver oxide and manganese dioxide, as well as the use of an acid in the accused process. Either characterization constitutes error in the court's equivalents analysis. [Mylan Institutional LLC v. Aurobindo Pharma Ltd, 2017-1645 (Fed. Cir. 5/19/2017).]

As to the "same way" requirements of the FWR test, on the facts in this case, the Federal Circuit stated:

> The district court correctly evaluated the "function" aspect of the FWR test—deciding, in effect, that the function of the silver oxide was to oxidize the precursor isoleuco compound to ISB acid. [Footnote 6 omitted.] But that is not considering the "way" the oxidation works. Manganese dioxide and silver oxide may have the same function, but the question is whether they operate in the same way. Critical facts that might be considered in an equivalents analysis include the relative oxidation strengths of the two oxidizing agents, as argued by Aurobindo, and the fact that manganese dioxide requires the use of an acid for oxidation, but

silver dioxide does not, and results in a different yield. All of this in fact may at trial indicate a different "way." Thus, there is room for sufficient doubt as to whether silver oxide and manganese dioxide oxidize isoleuco acid in the same way so as to satisfy the "way" prong of the FWR test.

Accordingly, the district court erred in its equivalents analysis under FWR and we reverse its determination. When the case goes back to the district court for a full trial on the merits, the court may wish to consider whether the substantiality of the differences test may be more applicable in this case. Even if evaluating the "function" and "way" prongs is feasible, the FWR test may be less appropriate for evaluating equivalence in chemical compounds if it cannot capture substantial differences between a claimed and accused compound. [Mylan Institutional LLC v. Aurobindo Pharma Ltd, 2017-1645 (Fed. Cir. 5/19/2017).]

Arcelormittal v. AK Steel Corporation, 2016-1357 (Fed. Cir. 5/16/2017).

This was a decision on appeal from the D. Del. district court case 1:10-cv-00050-SLR. The district court invalidated claims 24 and 25 of U.S. Patent No. RE44,153, the reissue of the '805 patent. The Federal Circuit affirmed. This case deals with the mootness doctrine for case or controversy.

Legal issue, subject matter jurisdiction, and mootness. A majority found that the a cover letter, which asserted that the filed executed covenant not to sue was conditional, resulted in an ongoing justiciable controversy, whereas the minority concluded that the Court let a party dictate jurisdiction without following precedent requiring independent review. The majority stated:

> Next, ArcelorMittal argues that its dispute with Defendants became moot when ArcelorMittal conditionally tendered its covenant to Defendants. We hold that it did not. [Arcelormittal v. AK Steel Corporation, 2016-1357 (Fed. Cir. 5/16/2017).]

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> "A case becomes moot—and therefore no longer a 'Case' or 'Controversy' for purposes of Article III—'when the issues presented are no longer live or the parties lack a legally cognizable interest in the outcome.'" *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721, 726 (2013) (quoting *Murphy v. Hunt*, 455 U.S. 478, 481 (1982) (per curiam)) (some internal quotation marks omitted). Although a patentee's grant of a covenant not to sue a potential infringer can sometimes deprive a court of subject matter jurisdiction, *see Arris Grp., Inc. v. British Telecomm. PLC*, 639 F.3d 1368, 1380 (Fed. Cir. 2011), the patentee "bears the formidable burden of showing" "that it 'could not reasonably be expected' to resume its enforcement efforts against" the covenanted, accused infringer, Already, 133 S. Ct. at 727 (quoting *Friends of the Earth, Inc. v. Laidlaw Envtl. Servs. (TOC), Inc.*, 528 U.S. 167, 190 (2000)). In this context, that requires ArcelorMittal to show that it actually granted a covenant not to sue to Defendants, and that the covenant enforceably extinguished any real controversy

between the parties related to infringement of the RE'153 patent. *** Finally, the letter and executed covenant ArcelorMittal filed with the court on November 18, 2015, taken together, were also qualified. ArcelorMittal tendered the covenant "conditioned on resolution of its motion to amend (D.I. 31) in the 685 case." *** Accordingly, the letter's condition remained unsatisfied, and no unconditional covenant was ever unconditionally delivered to Defendants before the court resolved the merits of the validity of claims 24 and 25 of the RE'153 patent. *** Therefore, taking into account not solely the covenant's terms but also the circumstances of its delivery, we find no error in the district court's retention of subject matter jurisdiction. [Arcelormittal v. AK Steel Corporation, 2016-1357 (Fed. Cir. 5/16/2017).]

In dissent, Judge Wallach concluded that the letter was a procedural gimmick which should not be accorded respect.

> In the end, the majority treats as dispositive Appellants' characterization of the manner in which they submitted the Covenant to the District Court. *See* Maj. Op. 9–11. That approach elevates a procedural gimmick over substance and permits a party to dictate whether a case has become moot. Precedent demands that we independently examine mootness, *cf. Bender v. Williamsport Area Sch. Dist.*, 475 U.S. 534, 541 (1986) ("[E]very federal appellate court has a special obligation to satisfy itself . . . of its own jurisdiction, . . . even though the parties are prepared to concede it." (internal quotation marks and citation omitted)), and that we do so by assessing the relevant terms of a covenant not to sue, *see Already*, 133 S. Ct. at 727–28. For the reasons provided above, I conclude that the Covenant, even when read together with the cover letter, extinguished all live disputes between the parties. [Arcelormittal v. AK Steel Corporation, 2016-1357 (Fed. Cir. 5/16/2017)(Judge Wallach, dissenting).]

Cascades Projection LLC v. Epson America, 2017-1517, 2017-1518 (Fed. Cir. 5/11/2017)(en banc).

The en banc Court denied the petition. Judges Reyna and O'Malley dissented. Judge O'Malley's dissent frames the issue for which en banc review was denied:

> The Supreme Court has stated that "[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent." *McCormick Harvesting Mach. Co. v. Aultman*, 169 U.S. 606, 609 (1898). As Judge Reyna points out, McCormick may suggest that the PTO does not have the authority to invalidate issued patents through IPR proceedings and that Article III adjudication is required. See also Michael I. Rothwell, After *MCM*, A Second Look: Article I Invalidation of Issued Patents for Intellectual Property Still Likely Unconstitutional After Stern v. Marshall, 18 N.C.J.L. & Tech. On. 1, 18 (2017). Because *MCM* might be at odds with long-standing Supreme Court precedent, I

believe we should take this opportunity to reconsider our decision. [Cascades Projection LLC v. Epson America, 2017-1517, 2017-1518 (Fed. Cir. 5/11/2017)(Judge O'Malley's dissent from the en banc decision to deny en banc review).]

Rovalma, S.A. v. Bohler-Edelstahl GMBH & CO. KG, 2016-2233 (Fed. Cir. 5/11/2017).

This was decision on appeal from the PTAB decision in IPR2015-00150 that claims 1-4 were unpatentable for obviousness. The Federal Circuit vacated and remanded, finding that the PTAB decision failed the APA requirements. However, it had to also deal with an issue of the statutory authority of the PTAB.

Upon institution, the PTAB had rejected petitioner's claim construction in favor of the patent owner Rovalma's more limited construction, which"require[d] performance of the processes recited in the claims, not simply to cover the compositions described in the specification." According to the Court, Bohler-Edelstahl did "not present a case for unpatentability under that construction when it had the opportunity, in its Reply." (I find this statement odds with what petitioner was entitled to submit, as a reply, because PTAB rule 42.23 (b) allows a petitioner's reply to only "respond to arguments raised in the corresponding ... patent owner response." Since the patent owner's response must have identified the limitations not addressed in the petition and pointed out that those limitations were not addressed by the petition, I do not see how the petitioner could have responded other than by admitting that the petition did not address those limitations. The petitioner certainly did not have the right to introduced in a reply additional evidence to make a prima facie case against limitations it failed to address in the petition! *Cf. Intelligent Bio-systems, Inc. v. Illumina Cambridge Ltd.*, (Fed. Cir. 5/9/2016) ("[t]he Board did not err in refusing the reply brief as improper under 37 C.F.R. § 42.23(b) because IBS relied on an entirely new rationale to explain why one of skill in the art would have been motivated to combine Tsien or Ju with a modification of Zavgorodny.").)

Notwithstanding petitioner's failure to make a prima facie case of unpatentability, the Board determined that the claims were obvious. The PTAB relied upon evidence submitted *by Rovalma* (patent owner) "for key findings about what a relevant skilled artisan would have taken from the Böhler-asserted prior art." This case has precedential value for its clarification of how far the PTAB can go to find unpatentability on evidence and reasoning not submitted by the petitioner. In *In Magnum Oil Tools International*, 2015-1300 (Fed. Cir. 7/25/2016), the Court had stated the PTO's authority was "not so broad that it allows the PTO to raise, address, and decide unpatentability theories never presented by the petitioner and not supported by record evidence." In this case, the Court narrowed that broad limitation.

Legal issue, 35 USC 316(e), burden of proof (and PTAB statutory authority to take on the burden of proof).

One argument is that the inter partes review statute prohibited the Board, after adopting Rovalma's own claim construction, from relying on Rovalma's own submissions in determining that the claims, so construed, would have been obvious over the Böhler-asserted prior art. *** We reject Rovalma's argument that the Board "exceeded its statutory authority." *** To support that argument,

> Rovalma relies entirely on *In re Magnum Oil Tools International, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016). That decision, however, does not preclude the Board from relying on a patent owner's own submissions in determining unpatentability in the way the Board did here, as long as the patent owner had adequate notice and an adequate opportunity to be heard—procedural requirements that we address in the next subsection of this opinion. *** Magnum Oil, we conclude, is best understood as supporting Rovalma's contention only with respect to the requirement of notice and opportunity to be heard, and no further. [Rovalma, S.A. v. Bohler-Edelstahl GMBH & CO. KG, 2016-2233 (Fed. Cir. 5/11/2017).]

And the Court went out of its way in this case to clarify the limits of its holding:

> For those reasons, we conclude that Rovalma has not shown a statutory bar, independent of whether it had adequate notice and opportunity to be heard, to the Board's reliance on Rovalma's submissions in determining what a skilled artisan would have found obvious based on Böhler's prior-art references. We must therefore turn to Rovalma's argument that it lacked adequate notice and opportunity to be heard. Before we do so, however, we emphasize two ways in which our conclusion in this subsection is limited.
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> First, we have addressed Rovalma's statutory argument only in the context of the circumstances of this case. We have not explored other questions about what authority the statute might permit the Board to exercise to raise issues or arguments or to produce evidence *sua sponte* in an inter partes review, if it gave adequate notice and an adequate opportunity to be heard, as district courts may sometimes do in their cases. *See, e.g., Day v. McDonough*, 547 U.S. 198, 205–11 (2006) (discussing a district court's authority to raise certain affirmative defenses not raised by party); *Monolithic Power Sys., Inc. v. O2 Micro Int'l Ltd.*, 558 F.3d 1341, 1346–48 (Fed. Cir. 2009) (discussing a district court's authority to call and to question witnesses and to appoint its own expert under Fed. R. Evid. 614 and 706 and to rely on the resulting evidence). R. Evid. 614 and 706 and to rely on the resulting evidence).
>
> Second, we have addressed and rejected only Rovalma's contention about *statutory* authority. We have not decided what regulatory or other non-statutory constraints, either on the Board or on the parties, such as those which govern waiver or forfeiture, might apply to the Board's determination of unpatentability under Rovalma's claim construction. We note that, in this case, unlike in *SAS Institute*, the petitioner had clear notice that the Board might adopt the claim construction ultimately adopted—that construction was argued in the Patent Owner's Response—yet it did not present a case for unpatentability under that construction when it had the opportunity, in its Reply. Whether Böhler committed a forfeiture, and whether Rovalma has preserved a forfeiture contention, are among the non-statutory matters open for the Board to consider in the remand we order. [Rovalma, S.A. v. Bohler-Edelstahl GMBH & CO. KG, 2016-2233 (Fed. Cir. 5/11/2017).]

Note: I have rarely seen the term "forfeiture" in the context of patent law, the Court did not clarify what it meant by forfeiture. It will be interesting to see what the PTAB does with that issue, given that Court expressly left the "matter[] open for the Board to consider in the remand." This case was in fact remanded, due to the APA violation. The Court stated the following regarding the APA violation or violations.

Legal issue, 5 USC 554(b) and (c), notice and opportunity to respond, and 5 USC 706 requirement for particularity in Board decisions, allowing substantive review. The Board's conclusion was apparently based upon facts adduced at final hearing, and therefore did not give the patent owner an opportunity to respond.

> To the extent that the Board did rely on Rovalma's submissions, and drew reasonably disputable inferences from those submissions, Rovalma was entitled to adequate notice of and opportunity to address those inferences. But Böhler never described what inferences were to be made, as it essentially disregarded the process steps throughout the Board proceeding. And although the Board discussed the process steps extensively at the oral argument, that was too late in the absence of an additional adequate opportunity to be heard. *See Dell*, 818 F.3d at 1301. [Rovalma, S.A. v. Bohler-Edelstahl GMBH & CO. KG, 2016-2233 (Fed. Cir. 5/11/2017).]
>
> Because we cannot sufficiently determine which inferences the Board drew from Rovalma's submissions, we will not decide whether the Board violated Rovalma's procedural rights. To make that decision, we would need to be able to determine what evidence the Board relied on to support its implicit factual findings, how the Board interpreted that evidence, and what inferences the Board drew from it. The Board's opinion does not sufficiently permit such determinations. As with the substantial evidence challenge, a remand is warranted on Rovalma's procedural challenge. *See Personal Web Technologies*, 848 F.3d at 991–94; *NuVasive*, 842 F.3d at 1381–85; *Ariosa Diagnostics*, 805 F.3d at 1364–67. [Rovalma, S.A. v. Bohler-Edelstahl GMBH & CO. KG, 2016-2233 (Fed. Cir. 5/11/2017).]

Aylus Networks, Inc. v. Apple Inc., 2016-1599 (Fed. Cir. 5/11/2017).

This decision was from an appeal by Aylus from the N.D. Cal. district court case 3:13-cv-04700-EMC. Aylus first sued Apple for infringement of USP RE 44,412. Apple then filed two IPR petitions against USP RE 44,412. The PTAB instituted on all claims, except claims 2, 4, 21, and 23. Aylus dismissed with prejudice, except for claims 2 and 21. The district court then granted summary judgement that Apple did not infringe claims 2 and 21, of USP RE 44,412. The Federal Circuit affirmed.

Legal issue, 35 USC 112, claim construction. Here, the Federal Circuit held that patent owner statements made during the IPR proceeding could support a finding of claim scope disclaimer.

We must initially determine an issue of first impression for this court: whether statements made by a patent owner during an IPR proceeding can be relied on to support a finding of prosecution disclaimer during claim construction. As explained below, we hold that they can. *** Because an IPR proceeding involves reexamination of an earlier administrative grant of a patent, it follows that statements made by a patent owner during an IPR proceeding can be considered during claim construction and relied upon to support a finding of prosecution disclaimer. *See Krippelz*, 667 F.3d at 1266. Of course, to invoke the doctrine of prosecution disclaimer, any such statements must "be both clear and unmistakable." *Omega Eng'g*, 334 F.3d at 1326. [Aylus Networks, Inc. v. Apple Inc., 2016-1599 (Fed. Cir. 5/11/2017).]

Aylus next argues that its statements were not part of an IPR proceeding because they were made in a preliminary response before the Board issued its institution decision. We disagree. *** In conclusion, we hold that statements made by a patent owner during an IPR proceeding, whether before or after an institution decision, can be considered for claim construction and relied upon to support a finding of prosecution disclaimer. [Aylus Networks, Inc. v. Apple Inc., 2016-1599 (Fed. Cir. 5/11/2017).]

Nova Chemicals Corporation v. Dow Chemical Company, 2016-1576 (Fed. Cir. 5/11/2017).

Nova appealed from a decision in the D.Del. district court case 1:13-cv-01601-LPS, of an award of $2.5M in attorneys fees under 35 USC 285. The Federal Circuit affirmed.

Legal issue, 35 USC 285, pursuit of a separate action in equity. The Federal Circuit held that, when no other avenue of relief is available, filing an action in equity to set aside a prior judgment, cannot be a factor supporting a 35 USC 285 exceptional case determination.

NOVA argues that the district court committed legal error, and thus abused its discretion, by looking to NOVA's pursuit of the equity action as "[t]he overriding factor," rather than considering the totality of the circumstances, and also erred in finding that the filing of an equity action—regardless of its merit—could be subject to a fee award. *** We agree with NOVA to the extent that the filing of an action to set aside a prior judgment, without more, does not render a case exceptional per se. *** Due to the applicable Rule 60(b)(3) time-bar and other circumstances, NOVA is correct that the pursuit of a separate action in equity was "the only federal court option" available for it to set aside the 2010 judgment. *** A party whose only option for relief from a prior judgment is to file a separate action in equity should not be disincentivized from doing so if that party has a plausible basis for relief. Therefore, despite the extraordinary nature of relief that NOVA sought, the district court erred to the extent it based its exceptional-case determination on NOVA's filing of the equity action itself. [Nova Chemicals Corporation v. Dow Chemical Company, 2016-1576 (Fed. Cir. 5/11/2017).]

Cisco Systems, Inc. v. Cirrex Systems, LLC, 2016-1143, 2016-1144 (Fed. Cir. 5/10/2017).

The PTAB rendered a decision on inter partes reexamination of the '082 patent, affirming the examiner's rejection of some claims as failing the written description requirement and other examiner's finding of other claims as patentable. Both parties appealed. The Court found all claims unpatentable for lack of written description.

Legal issue, 35 USC 112, claim construction. As in most cases, this case turns on claim construction. The Court agreed with Cisco that the PTAB applied the wrong claim construction.

> We thus agree with Cisco that the correct construction for the equalization claims requires that the individual wavelengths of light energy be equalized as to the other wavelengths of light energy inside the PLC while those wavelengths are inside the PLC. When the Board concluded that these claims also encompassed an embodiment in which light energy inside the PLC is equalized to light energy outside the PLC, the Board incorrectly altered the construction, contrary to the claims' plain language, as well as the parties' agreement that the equalization must occur while the light energy is inside the PLC. *** Thus, we correct the Board's construction of equalization to clarify that the individual wavelengths of light energy inside the PLC must be equalized with respect to other wavelengths of light energy while those wavelengths are traveling inside the PLC. We also correct the Board's construction of discrete attenuation to clarify that discrete attenuation does not encompass using the same attenuation element inside the PLC to attenuate all wavelengths of light in the same way.

Under the corrected claim construction, the Court concluded that all claims lacked written description support. The Court may have made this case precedential because it compares the facts of this case to the facts of other written description cases. However, I found no clear precedential value in those comparisons.

In re At&t Intellectual Property II, L.P., 2016-1830 (Fed. Cir. 5/10/2017). This was an appeal from the PTAB decision in Inter Partes reexamination 95/002,353. The Federal Circuit affirmed. This case deals with the Federal Circuit's jurisdiction to review initial determinations of the Director. AT&T argued that it was improper to institute reexamination after LG requested (prior to grant of the reexamination) that LG's request for reexamination be denied.

This case has jurisdictional issues paralleling those for AIA section 35 USC 315(d), in which the Court is currently re-evaluating its decision in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015), and subsequent line of cases holding AIA IPR institution decisions broadly nonreviewable. See *Wi-Fi One, LLC v. Broadcom Corporation*, 2015-1944, 2015-1945, 2015-1946 (Fed. Cir.) oral hearing on which was held May 4, 2017. If this case is a harbinger, the Federal Circuit will soon modify the holding in *Achates* in the en banc Wi-Fi One case.

Legal issue, pre-AIA 35 U.S.C. § 312(c), Federal Circuit jurisdiction to review decisions under pre-AIA 312(a).

Our authority to review the Board's decision to institute *inter partes* reexamination is limited by 35 U.S.C. § 312(c) (effective Sept. 16, 2011). That statute provides that "[a] determination by the Director *under subsection* (a) shall be final and non-appealable." *Id.* (emphasis added). Subsection (a) concerns only whether "the information presented in the request shows that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request." 35 U.S.C. § 312(a) (effective Sept. 16, 2011). Thus, § 312(c) of the *inter partes* reexamination statute only restricts our review of a determination made under § 312(a). [In re At&t Intellectual Property II, L.P., 2016-1830 (Fed. Cir. 5/10/2017).]

In *Belkin International, Inc. v. Kappos*, 696 F.3d 1379 (Fed. Cir. 2012), this court explained the § 312(c) nonappealability bar (under slightly different earlier language) as follows: "[A]n *inter partes* reexamination is a two-step process. First, the Director must make a determination 'whether a substantial new question of patentability affecting any claim of the patent is raised by the request.' . . . The statute is clear that *that* decision is 'final and non-appealable.' § 312(c)." Id. at 1382 (emphasis added). To the extent AT&T argues that, without a request or requester, the Board lacks statutory authority to institute a reexamination, we may review that issue because it does not pertain to whether "the information presented in the request shows that there is a reasonable likelihood that the requester would prevail." The record does not support a finding that the Board instituted inter partes reexamination without the presence of a request and a requester. LG was the requester, and LG submitted a request. LG was still involved in the proceedings at the time the institution decision was made. While LG may have desired that its request to institute be denied, it was granted. Because a request and a requester were present, the Board acted within its statutory authority when it decided to institute reexamination in this case, and we lack authority to further consider the prudence or propriety of the Board's institution decision. [In re At&t Intellectual Property II, L.P., 2016-1830 (Fed. Cir. 5/10/2017).]

In re Affinity Labs of Texas, LLC, 2016-1173 (Fed. Cir. 5/5/5017).

This decision was on an appeal from the PTAB decision in inter partes reexamination 95/001,266, brought by Apple, in which the PTAB rejected all claims of the '772 patent. The Federal Circuit affirmed.

Issue, 35 USC 317(b), pre-AIA, estoppel. The Court concluded that a dismissal without prejudice in the civil action, of Apple's invalidity counterclaims, did not trigger 317(b), pre-AIA, estoppel.

Pursuant to the joint stipulation filed by Affinity and Apple in the concurrent district court litigation, the district court dismissed Apple's invalidity counterclaims without prejudice. The estoppel provision of section 317(b), however, is expressly conditioned upon the entry of a "final decision" "that the

party has not sustained its burden of proving the invalidity of any patent claim in suit." Because Affinity presents no evidence of a final decision that Apple has not sustained its burden of proving invalidity, we reject its argument based on section 317(b). [In re Affinity Labs of Texas, LLC, 2016-1173 (Fed. Cir.5/5/5017).]

In re Affinity Labs of Texas, LLC, 2016-1092, 2016-1172 (Fed. Cir.5/5/5017).

This decision was on an appeal from PTAB final decisions in ex parte reexamination 90/010,333; and inter partes reexaminations 90/010,333 and 95/001,223, 95/001,264, holding claims of the '833 patent unpatentable. The Federal Circuit affirmed.

Legal issue, 35 USC 317, pre-AIA, estoppel.

Volkswagen was a petitioner in one of the inter partes reexaminations, and had been sued for infringement of the '833 patent. A district court had entered a final judgement, adverse to Volkswagen, upholding the validity of claims 28 and 35 in the civil action. At that time, all three reexaminations had all been merged. In this appeal, Affinity argued that the estoppel provisions applied on a patent by patent basis, and that policy considerations indicated that Board should have not maintained any of the three reexaminations. The Court disagreed.

> The structure of pre-AIA section 317(b) contemplates parallel and consistent approach to limiting a party's ability to request a reexamination and to maintain a reexamination once a final decision has been entered against the party in a civil action. The statute first explains that the party may not request reexamination on "any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action." This language limits the scope of estoppel in two ways: (I) to the specific claims that were actually at issue in the district court proceeding; and (ii) to challenges to those claims that were raised or could have been raised. In other words, the "issues that could have been raised" are necessarily bounded by the preceding reference to "any such patent claim." When the statute subsequently prohibits maintaining a reexamination "on the basis of such issues," the issues in question are similarly bounded by the "any such patent claims" limitation. If Congress had intended the statutory estoppel provision to apply in a different, broader, patent-based way for pending inter partes reexaminations (and we see nothing in the legislative history suggesting such an intent), it understood how to do so, as it did for the subsection immediately preceding section 317(b). As explained above, in section 317(a), a party who has already triggered a still-pending inter partes reexamination of a patent's claims may not file "a subsequent request for inter partes reexamination of the patent" until a reexamination certificate issues for the pending proceeding. [In re Affinity Labs of Texas, LLC, 2016-1092, 2016-1172 (Fed. Cir.5/5/5017).]
>
> In addition, this claim-by-claim focus is also reflected in the converse estoppel provision that prohibits a challenge to a patent claim which has been finally determined to be valid in an inter partes reexamination proceeding. Section 315 provides 35 U.S.C. § 315(c) (pre-AIA) (emphasis added). Thus, as with section 317(b), the statute in section 315(c) similarly estops the requester from

challenging again, in a different venue, the validity of claims that were actually decided against the requester. Nothing in section 315(c), however, estops the requester from challenging at a later time the validity of a claim that was not previously requested pursuant to section 311 and reexamined pursuant to section 313. [In re Affinity Labs of Texas, LLC, 2016-1092, 2016-1172 (Fed. Cir.5/5/5017).]

We also find no basis in the statute for Affinity's argument that the final decision in the Volkswagen litigation should have preclusive effect on the reexaminations requested by King or Apple. By its plain and unambiguous terms, pre-AIA section 317(b) extends only to inter partes reexaminations—not ex parte reexaminations. The estoppel effect of the statute, therefore, has no bearing on the ex parte King reexamination. Moreover, the statute also imposes the aforementioned limitations only on a requester that was a party to the civil action or its privies. Because Apple was neither a party to the Volkswagen litigation nor was there any evidence Apple was Volkswagen's privy, we also find no error in the PTO's decision not to terminate the inter partes reexamination requested by Apple. [In re Affinity Labs of Texas, LLC, 2016-1092, 2016-1172 (Fed. Cir.5/5/5017).]

Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).

This decision was on appeal from the District of New Jersey cases 3:11-cv-03962-MLC-DEA, 3:11-cv-05579-MLC-DEA, and 3:13-cv-05815-MLC-DEA. The district court found there was no on-sale bar under either pre-AIA or post-AIA 35 USC 102 for asserted patents. The Federal Circuit reversed, notably stating that "the AIA did not change the statutory meaning of "on sale" in the circumstances involved here." The Federal Circuit went into details of what constitute a sale. However, the relevance of this case is how it continues to treat sales that are made public knowledge, even when the invention contained in the sales contract is not apparent to the public, as a patent barring event.

Legal issue, 35 USC 102, meaning of "on sale" under the AIA.

We next address whether the AIA changed the meaning of the on-sale bar under 35 U.S.C. § 102 so that there was no qualifying sale as to the '219 patent. The parties agree that the '219 patent is governed by the AIA. See 35 U.S.C. § 102(a)(1); AIA, Pub. L. No. 112-29, § 3(n), 125 Stat. 284, 293 (2011). Before the AIA, § 102(b) barred the patentability of an invention that was "patented or described in a printed publication in this or a foreign country or in public use or *on sale* in this country, more than one year prior to the date of the application for patent." 35 U.S.C. § 102(b) (2006) (emphasis added). Under that earlier provision, we concluded that, although confidentiality weighs against application of the on-sale bar, see Medicines, 827 F.3d at 1376, 1377 n.2, that fact alone is not determinative. *** By enacting the AIA, Congress amended § 102 to bar the

patentability of an "invention [that] was patented, described in a printed publication, or in public use, *on sale*, or otherwise available to the public before the effective filing date of the claimed invention." 35 U.S.C. § 102(a)(1) (emphasis added). [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

Legal issue, 35 USC 102, under the AIA, where there is a public use but the invention is not, as a result of the use, disclosed to the public.

We decline the invitation by the parties to decide this case more broadly than necessary. At most the floor statements show an intent "to do away with precedent under current [§ 102] law," 157 Cong. Rec. 3415 (2011) (remarks of Sen. Leahy). Such precedent had held certain secret uses to be invalidating under the "public use" prong of § 102(b). Senator Kyl explicitly referenced cases such as *Egbert v. Lippman*, 104 U.S. 333 (1881), *Beachcombers International, Inc. v. Wildewood Creative Products, Inc.*, 31 F.3d 1154 (Fed. Cir. 1994), *and JumpSport, Inc. v. Jumpking, Inc.*, Nos. 05–1182, 05–1196, 05–1197, 2006 WL 2034498 (Fed. Cir. July 21, 2006), and stated that "new section 102(a) precludes extreme results such as these." 157 Cong. Rec. 3424 (2011) (remarks of Sen. Kyl). Each of those cases involved a public use where the invention was not, as a result of the use, disclosed to the public. This public use issue is not before us, and we decline to address it. [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

Legal issue, 35 USC 102, under the AIA where there is a sale and public knowledge of the sale, regardless of whether the details of the invention are disclosed.

The floor statements do not identify any sale cases that would be overturned by the amendments. Even if the floor statements were intended to overrule those secret or confidential sale cases discussed above and cited in footnote 7, that would have no effect here since those cases were concerned entirely with whether the existence of a sale or offer was public. Here, the existence of the sale— i.e., the Supply and Purchase Agreement between Helsinn and MGI—was publicly announced in MGI's 8-K filing with the SEC. The 8-K filing also included a copy of the contract for sale as an attachment, albeit partially redacted. Detailed information about palonosetron, its benefits and uses in treating CINV were also disclosed. The statements disclosed the chemical structure of palonosetron and specified that the covered products were "pharmaceutical preparations for human use in [intravenous] dosage form, containing [palonosetron] as an active ingredient." Supply and Purchase Agreement, supra, art. 1.9.9 And, as described above, the agreements disclosed all the pertinent details of the transaction other than the price and dosage levels. [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

Helsinn argues that the AIA did more than overrule the "secret sale" cases, and relies on the "otherwise available to the public" language in the statute and the floor statements. Helsinn argues that those statements suggest that the on-sale bar does not apply unless the sale "disclose[s] the invention to the public" before the critical date. 157 Cong. Rec. 3424 (2011) (remarks of Sen. Kyl). It urges that since the 0.25 mg dose was not disclosed, the invention was not disclosed and the on-sale bar does not apply. The suggestion is that Congress required that the details of the claimed invention be publicly disclosed before the on-sale bar is triggered. Requiring such disclosure as a condition of the on-sale bar would work a foundational change in the theory of the statutory on-sale bar. Indeed, the seminal Supreme Court decision in *Pennock* addressed exactly such a situation [Footnote 10 omitted.] — the public sale of an item but the withholding from "the public the secrets of [the] invention." *Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1, 19 (1829). Failing to find such a sale invalidating, said the Court, "would materially retard the progress of science and the useful arts, and give a premium to those who should be least prompt to communicate their discoveries." Id. [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

So too under our cases, an invention is made available to the public when there is a commercial offer or contract to sell a product embodying the invention and that sale is made public. Our cases explicitly rejected a requirement that the details of the invention be disclosed in the terms of sale. *See RCA Corp. v. Data Gen. Corp.*, 887 F.2d 1056, 1060 (Fed. Cir. 1989), overruled in part on other grounds by *Grp. One*, 254 F.3d at 1048 (rejecting the argument "that the bid documents themselves must disclose the invention with respect to all claim elements" since that is "clearly not legally correct" and there can be "a definite offer for sale or a sale of a claimed invention even though no details are disclosed"). [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

A primary rationale of the on-sale bar is that publicly offering a product for sale that embodies the claimed invention places it in the public domain, regardless of when or whether actual delivery occurs.11 The patented product need not be on-hand or even delivered prior to the critical date to trigger the on-sale bar. [Footnote 12 omitted.] And, as previous mated or an offer accepted for the invention to be in the public domain and the on-sale bar to apply, nor have we distinguished sales from mere offers for sale. [Footnote 13 omitted.] We have also not required that members of the public be aware that the product sold actually embodies the claimed invention. For instance, in *Abbott Laboratories v. Geneva Pharmaceuticals, Inc.*, 182 F.3d 1315 (Fed. Cir. 1999), at the time of the sale, neither party to the transaction knew whether the product sold embodied the claimed invention and had no easy way to determine what the product was. *Id*. at 1317–18. [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.,

2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

Thus, our prior cases have applied the on-sale bar even when there is no delivery, when delivery is set after the critical date, or, even when, upon delivery, members of the public could not ascertain the claimed invention. There is no indication in the floor statements that these members intended to overrule these cases. In stating that the invention must be available to the public they evidently meant that the public sale itself would put the patented product in the hands of the public. Senator Kyl himself seems to have agreed with this proposition, stating explicitly that "once a product is sold on the market, any invention that is inherent to the product becomes publicly available prior art and cannot be patented." 157 Cong. Rec. 3423 (2011) (remarks of Sen. Kyl).14 There are no floor statements suggesting that the sale or offer documents must themselves publicly disclose the details of the claimed invention before the critical date. If Congress intended to work such a sweeping change to our on-sale bar jurisprudence and "wished to repeal . . . [these prior] cases legislatively, it would do so by clear language." *Dir., OWCP v. Perini N. River Assocs.*, 459 U.S. 297, 321 (1983). [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

We conclude that, after the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of sale. For the reasons already stated, the Supply and Purchase Agreement between Helsinn and MGI constituted a sale of the claimed invention—the 0.25 mg dose—before the critical date, and therefore both the pre-AIA and AIA on-sale bars apply. We do not find that distribution agreements will always be invalidating under § 102(b). We simply find that this particular Supply and Purchase Agreement is. [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

Legal issue, 35 USC 102, ready for patenting, under *Pfaff*

We finally address whether the invention was ready for patenting as of the critical date of January 30, 2002. Under *Pfaff*, there are at least two ways in which an invention can be shown to be ready for patenting: "by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention." Pfaff, 525 U.S. at 67–68. We conclude that the invention here was ready for patenting because it was reduced to practice before the critical date, and we need not address the alternative enablement approach, not addressed by the district court. *** The district court clearly erred by applying too demanding a standard. The completion of Phase III studies and final FDA approval are not pre-requisites for the invention here to be ready for patenting. The evidence is overwhelming

that before the critical date of January 30, 2002, it was established that the patented invention would work for its intended purpose of reducing the likelihood of emesis. [Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 2016-1284, 2016-1787 (Fed. Cir. 5/1/2017).]

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