

Precedential Patent Case Decisions During September 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 names relating to the PTAB are in red text. Case names of extraordinary importance are in blue text.

II. Abstracts of New Points of Law

G. David Jang v. Boston Scientific Corporation, 2016-1275, 2016-1575 (Fed. Cir. 9/29/2017).

This is a decision on an appeal from the C.D. Cal. case 5:05-cv-00426-VAP-MRW. The district court denied Jang's JMOL for infringement, vacated the jury's finding of DOE infringement, and entered judgement of non-infringement. Jang appealed the denial, vacatur, and judgement. The Federal Circuit affirmed.

Legal issue: 35 USC 271, infringement under the DOE, hypothetical claims, burden of proof.

Here, Jang relied on hypothetical claims in an attempt to show DOE infringement. Jang's best claim, however was flawed, including improperly a narrowing limitation. This case stands for the precedent that the district court has no obligation to help the patentee with a hypothetical claim analysis. The Federal Circuit stated that:

Following Dr. Jang's troubles in drafting a proper hypothetical claim that encompassed the Express stent yet was also patentable in the face of seemingly crowded prior art (a venture that began with generating approximately ten different hypothetical claims), the district court was under no obligation to undertake a hypothetical claim analysis on his behalf. A patentee, like Dr. Jang, bears the burden of proving that it is entitled to "the range of equivalents which it seeks." *Wilson Sporting Goods*, 904 F.2d at 685. And, when utilizing the hypothetical claim tool, that burden starts with proposing a proper hypothetical claim that only broadens the issued asserted claims. *See Streamfeeder*, 175 F.3d at 983. Dr. Jang cannot effectively transfer the responsibility of defining the range of equivalents to which he is entitled to the district court. [Footnote 7 omitted.] *See Ultra-Tex Surfaces*, 204 F.3d at 1364 ("Under a hypothetical claim analysis, a patentee proposes a hypothetical claim" (emphasis added)). Because, as a threshold matter, Dr. Jang failed to submit a proper hypothetical claim for consideration, he was unable to meet his burden of proving that his doctrine of equivalents theory did not ensnare the prior art. The district court thus correctly vacated the jury verdict of infringement under the doctrine of equivalents. [G. David Jang v. Boston Scientific Corporation, 2016-1275, 2016-1575 (Fed. Cir. 9/29/2017).]

In footnote 7, the Federal Circuit clarified that its precedent did not require the district courts to engage in hypothetical claim analysis independent of what the patentee proposed, stating:

In Streamfeeder, after we rejected the patentee’s hypothetical claim for impermissibly narrowing the patent claim in one respect while also broadening it in another, we additionally explained why a proper hypothetical claim in that case—one without the narrowing limitation—was unpatentable over the prior art. *See* 175 F.3d at 983–84. Nothing in *Streamfeeder*, however, requires courts to engage in this additional inquiry when the patentee fails to come forward with a proper hypothetical claim. [G. David Jang v. Boston Scientific Corporation, 2016-1275, 2016-1575, footnote 7 (Fed. Cir. 9/29/2017).]

Hypothetical claim drafter, beware!

Facebook, Inc. v. Skky, LLC, CBM2016-00091, paper 12 (PTAB 9/28/2017) (APJ Perry for an expanded panel consisting of CAPJ Ruschke; DCAPJ Boalick; and APJs Arbes; Perry; and Cherry).

In CBM2016-00091, the panel denied institution. The petitioner requested rehearing. An expanded panel of the PTAB denied rehearing, confirming the decision not to institute.

Legal issue: AIA Sec. 18(a)(1)(E), definition of "covered business method patent," effect of disclaimer of claims on the requirements for the patent to be a "covered business method patent."

The PTAB concluded that claims issued in a patent that were disclaimed after the filing of a petition for CBM review of the patent should not be taken into account in determining whether the patent qualified as a "covered business method patent" subject to CBM review.

...We decline to adopt a “time-of-filing” rule, as suggested. *** The decision whether to institute a CBM patent review is based on whether a patent “is” a covered business method patent, which in turn is based on what the patent “claims” at the time of the institution decision, not as the claims may have existed at some previous time. *See* AIA §§ 18(a)(1)(E) (using the present tense “is”), 18(d)(1) (using the present tense “claims”); 35 U.S.C. § 324(a); 37 C.F.R. § 42.207(e) (when a patent owner files a statutory disclaimer, “[n]o post-grant review will be instituted based on disclaimed claims”). For example, where a reexamination certificate amending the claims of a patent issues subsequent to the filing of a petition but prior to a decision on institution, the Board’s decision whether to institute is based on the claims of the patent as amended in the reexamination certificate. *See Eizo Corp. v. Barco N.V.*, Case IPR2014-00358, slip op. at 5 (PTAB July 23, 2014) (Paper 11); *GEA Process Eng’g, Inc. v. Steuben Foods, Inc.*, Case IPR2014-00051, slip op. at 2–3, 10–11 (PTAB Mar. 10, 2014) (Paper 14). Petitioner’s proposed “time-of-filing” rule is inconsistent with these principles. [Facebook, Inc. v. Skky, LLC, CBM2016-00091, paper 12 (PTAB 9/28/2017) (APJ Perry for an expanded panel consisting of CAPJ

Ruschke; DCAPJ Boalick; and APJs Arbes; Perry; and Cherry).]

Petitioner's Request for Rehearing raises the further issue of whether, when a patent owner files a statutory disclaimer after the filing of the petition but before institution, CBM patent review eligibility can be based on the disclaimed claims. Specifically, Petitioner relies upon limitations of disclaimed claims 6 and 8-11 as supporting its contention that the '502 patent qualifies for CBM patent review. See Pet. 4–8 (citing claim 6, for example, which recites “charging a fee, to the user”). Patent Owner, however, statutorily disclaimed claims 6 and 8-11, pursuant to 35 U.S.C. § 253(a) and 37 C.F.R. § 1.321(a). See Prelim. Resp. 4; Ex. 2001. In the Decision on Institution, for purposes of establishing CBM patent review eligibility and in accordance with Federal Circuit case law, we treated the '502 patent as though these claims never existed. Dec. on Inst. 8–10. [Facebook, Inc. v. Skky, LLC, CBM2016-00091, paper 12 (PTAB 9/28/2017) (APJ Perry for an expanded panel consisting of CAPJ Ruschke; DCAPJ Boalick; and APJs Arbes; Perry; and Cherry).]

In Re Smith International, Inc., 2016-2303 (Fed. Cir. 9/26/2017).

The PTAB found Smith's claims unpatentable based upon prior art. Smith appealed. The Federal Circuit reversed.

Legal issue: 35 USC 112(b), claim construction, meaning of the broadest reasonable construction.

The Federal Circuit found that PTAB's construction of the claim recitation "body" was unreasonably broad, and that this recitation distinguished all claims from the prior art. The Federal Circuit noted that the specification consistently referred to "body" as a component distinct from others, as the factual basis for the Board's error.

On appeal Smith challenges the Board's construction of “body” and anticipation and obviousness determinations. We first discuss the Board's claim construction. *** There is no dispute that the '817 patent specification consistently describes and refers to the body as a component distinct from others, such as the mandrel, piston, and drive ring. See Appellee's Br. 29–30. Therefore, the Board's reasoning that because the specification does not “in and of itself proscribe the Examiner's construction,” the examiner's interpretation was reasonable, Board Decision, 2016 Pat. App. LEXIS 3764, at *4, was erroneous. [In Re Smith International, Inc., 2016-2303 (Fed. Cir. 9/26/2017).]

The Federal Circuit then specified the correct test for broadest reasonable construction.

The correct inquiry in giving a claim term its broadest reasonable interpretation in light of the specification is not whether the specification proscribes or precludes some broad reading of the claim term adopted by the examiner. And it is not simply an interpretation that is not inconsistent with the specification. It is an interpretation that corresponds with what and how the

inventor describes his invention in the specification, *i.e.*, an interpretation that is “consistent with the specification.” *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997) (citation and internal quotation marks omitted); *see also In re Suitco Surface*, 603 F.3d 1255, 1259–60 (Fed. Cir. 2010). [*In Re Smith International, Inc.*, 2016-2303 (Fed. Cir. 9/26/2017).]

The Federal Circuit emphasized that broadest *possible* construction was not the test.

The Board emphasized that the patentee here did not act as a lexicographer, and that the specification neither defines nor precludes the examiner’s reading of the term “body.” Accordingly, the Board found that nothing in the specification would disallow the examiner’s interpretation, rendering it “reasonable.” However, following such logic, any description short of an express definition or disclaimer in the specification would result in an adoption of a broadest *possible* interpretation of a claim term, irrespective of repeated and consistent descriptions in the specification that indicate otherwise. That is not properly giving the claim term its broadest reasonable interpretation *in light of* the specification. [*In Re Smith International, Inc.*, 2016-2303 (Fed. Cir. 9/26/2017).]

In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).

This is a decision on petition for writ of mandamus from the E.D. Tex case 2:15-cv-01554-JRG. The district court denied Cray's motion to transfer. The Federal Circuit granted the petition, ordering transfer. Rarely does a single decision contain so much precedential information, and information of general applicability. First, note that the Federal Circuit, itself, flagged this as an important decision, stating:

...Similarly, mandamus may be appropriate, as it is here, to decide issues “important to ‘proper judicial administration.’” *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1313 (Fed. Cir. 2011) (*quoting LaBuy v. Howes Leather Co.*, 352 U.S. 249, 259–60 (1957)). Additionally, the Supreme Court has approved the use of mandamus to decide a “basic [and] undecided” legal question when the trial court abused its discretion by applying incorrect law. *Schlagenhauf*, 379 U.S. at 110. That is the circumstance here: the district court misunderstood the scope and effect of our decision in *Cordis*, and its misplaced reliance on that precedent led the court to deny the motion to transfer, which we find to have been an abuse of discretion. [*In re Cray Inc.*, 2017-129 (Fed. Cir. 9/21/2017).]

Legal issue: 28 USC 1400(b), venue, meaning of “a regular and established place of business.”

28 USC 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. ”

First, the Federal Circuit defined the issue.

28 USC 1400(b) "where the defendant ... has a regular and established place of business"

...On the issue of improper venue, the only question before the court is whether Cray has a “regular and established place of business” in the Eastern District of Texas within the meaning of § 1400(b). *** As discussed in greater detail below, our analysis of the case law and statute reveal three general requirements relevant to the inquiry: (1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant. If any statutory requirement is not satisfied, venue is improper under § 1400(b). [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

The statutory language we need to interpret is “where the defendant . . . has a regular and established place of business.” 28 U.S.C. § 1400(b). The noun in this phrase is “place,” and “regular” and “established” are adjectives modifying the noun “place.” The following words, “of business,” indicate the nature and purpose of the “place,” and the preceding words, “the defendant,” indicate that it must be that of the defendant. Thus, § 1400(b) requires that “a defendant has” a “place of business” that is “regular” and “established.” All of these requirements must be present. The district court’s four-factor test is not sufficiently tethered to this statutory language and thus it fails to inform each of the necessary requirements of the statute. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

The Federal Circuit then went on to discuss the words in this statutory language.

The Federal Circuit construed "place" to require a "physical, geographical location in the district from which the business of the defendant is carried out."

"place" requirement

As noted above, when determining venue, the first requirement is that there “must be a physical place in the district.” The district court erred as a matter of law in holding that “a fixed physical location in the district is not a prerequisite to proper venue.” *Transfer Order*, WL 2813896, at *11. This interpretation impermissibly expands the statute. The statute requires a “place,” i.e., “[a] building or a part of a building set apart for any purpose” or “quarters of any kind” from which business is conducted. William Dwight Whitney, *The Century Dictionary*, 732 (Benjamin E. Smith, ed. 1911); see also *Place*, *Black’s Law Dictionary* (1st ed. 1891) (defining place as a “locality, limited by boundaries”). The statute thus cannot be read to refer merely to a virtual space or to electronic communications from one person to another. But such “places” would seemingly be authorized under the district court’s test. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

While the “place” need not be a “fixed physical presence in the sense of a

formal office or store,” *Cordis*, 769 F.2d at 737, there must still be a physical, geographical location in the district from which the business of the defendant is carried out. In *Cordis*, for example, a defendant used its employees’ homes to store its “literature, documents and products” and, in some instances, like distribution centers, storing inventory that the employees then directly took to its clients. 769 F.2d at 735. Defendant also engaged a secretarial service physically located in the district to perform certain tasks. *Id.* [*In re Cray Inc.*, 2017-129 (Fed. Cir. 9/21/2017).]

"regular" requirements

The Federal Circuit construed "regular" place of business to require more than "sporadic activity."

The second requirement for determining venue is that the place “must be a regular and established place of business.” The district court’s test fails to recognize that the place of business must be “regular.” A business may be “regular,” for example, if it operates in a “steady[,] uniform[,] orderly[, and] methodical” manner, *Whitney, supra*, at 5050. In other words, sporadic activity cannot create venue. *See Phillips v. Baker*, 121 F.2d 752, 756 (9th Cir. 1941) (“A ‘regular place of business’ is, obviously, a place where such business is carried on ‘regularly’ and not merely temporarily, or for some special work or particular transaction.” (*quoting Winterbottom v. Casey*, 283 F. 518, 521 (E.D. Mich. 1922))). Indeed, “[t]he doing of a single act pertaining to a particular business will not be considered engaging in or carrying on the business; yet a series of such acts would be so considered.” Regular, *Black’s Law Dictionary* (1st ed. 1891). [*In re Cray Inc.*, 2017-129 (Fed. Cir. 9/21/2017).]

The Federal Circuit construed "established" to require the location of the business, "for a meaningful time period be stable."

"established" requirement

The “established” limitation bolsters this conclusion. The word contains the root “stable,” indicating that the place of business is not transient. It directs that the place in question must be “settle[d] certainly, or fix[ed] permanently.” Establish, *Black’s Law Dictionary* (1st ed. 1891). To make “permanent” clearly accords with the “main purpose” identified in the predecessor statute’s legislative history. *See* 29 Cong. Rec. 1900 (1987) (statement of Rep. Lacey). Indeed, court decisions have stressed the importance of sufficient permanence. *See, e.g., Phillips*, 121 F.2 at 756 (explaining that where the defendant’s “establishment [in the district] was just a location for a particular transaction,” “the necessary element of permanency is lacking” (internal quotation marks omitted)). As an example, one court held that a business that semiannually displayed its products

at a trade show in the district had only a temporary presence. *See Knapp-Monarch Co. v. Casco Prods. Corp.*, 342 F.2d 622, 625 (7th Cir. 1965). On the other hand, a five-year continuous presence in the district demonstrates that the business was established for purposes of venue. *See Remington Rand Bus. Serv. v. Acme Card Sys. Co.*, 71 F.2d 628, 629 (4th Cir. 1934). [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

Accordingly, while a business can certainly move its location, it must for a meaningful time period be stable, established. On the other hand, if an employee can move his or her home out of the district at his or her own instigation, without the approval of the defendant, that would cut against the employee's home being considered a place of business of the defendant. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

The Federal Circuit construed the "regular and established place of business" to require that the place be a place of business of the defendant. That is, having a strong relationship to the business of the defendant as indicated by a variety of factors that the Federal Circuit enumerates below.

Place of the defendant requirement

Location of employees

Finally, the third requirement when determining venue is that "the regular and established place of business" must be "the place of the defendant." As the statute indicates, it must be a place of the defendant, not solely a place of the defendant's employee. Employees change jobs. Thus, the defendant must establish or ratify the place of business. It is not enough that the employee does so on his or her own. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

Relevant considerations include whether the defendant owns or leases the place, or exercises other attributes of possession or control over the place. One can also recognize that a small business might operate from a home; if that is a place of business of the defendant, that can be a place of business satisfying the requirement of the statute. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

Another consideration might be whether the defendant conditioned employment on an employee's continued residence in the district or the storing of materials at a place in the district so that they can be distributed or sold from that place. *See, e.g., Cordis*, 769 F.2d at 375; *Am. Cyanamid Co. v. Nopco Chem. Co.*, 388 F.2d 818, 820 (4th Cir. 1968); *Grantham v. Challenge-Cook Bros., Inc.*, 420 F.2d 1182, 1185-86 (7th Cir. 1969); *Univ. of Ill. Found. v. Channel Master Corp.*, 382 F.2d 514, 516 (7th Cir. 1967); *Shelton v. Schwartz*, 131 F.2d 805, 808 (7th Cir. 1942). Marketing or advertisements also may be relevant, but only to the

extent they indicate that the defendant itself holds out a place for its business. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

Defendant's representations

The district court is correct that a defendant's representations that it has a place of business in the district are relevant to the inquiry. Potentially relevant inquiries include whether the defendant lists the alleged place of business on a website, or in a telephone or other directory or places its name on a sign associated with or on the building itself. *See, e.g., Cordis*, 769 F.2d at 375; *Grantham*, 420 F.2d at 1185–86. But the mere fact that a defendant has advertised that it has a place of business or has even set up an office is not sufficient; the defendant must actually engage in business from that location. In the final analysis, the court must identify a physical place, of business, of the defendant. A further consideration for this requirement might be the nature and activity of the alleged place of business of the defendant in the district in comparison with that of other places of business of the defendant in other venues.* Such a comparison might reveal that the alleged place of business is not really a place of business at all. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

Nature and activity of alleged place of business

A further consideration for this requirement might be the nature and activity of the alleged place of business of the defendant in the district in comparison with that of other places of business of the defendant in other venues. [Footnote stating "By this, we do not suggest that district courts must scrutinize the "nature and activity" of the alleged place of business to make relative value judgments on the different types of business activity conducted therein. Rather, a relative comparison of the nature and activity may reveal, for example, that a defendant has a business model whereby many employees' homes are used by the business as a place of business of the defendant."] Such a comparison might reveal that the alleged place of business is not really a place of business at all. [In re Cray Inc., 2017-129 (Fed. Cir. 9/21/2017).]

NFC Technology, LLC v. Matal, 2016-1808 (Fed. Cir. 9/20/2017).

This is a decision on appeal from PTAB case IPR2014-01198. The PTAB concluded that the subject claims were unpatentable for obviousness based upon a single reference. The Federal Circuit reversed and remanded for the PTAB to determine whether "the prototype embodied the claimed invention." This case deals with corroboration of conception and reduction to practice, the meaning of inurement, and entitlement under pre-AIA law of a claim to a date of an actual reduction to practice. This case represents the unusual situation where a party overcame the substantial evidence burden to obtain reversal of the PTAB's finding of lack of corroboration of conception and reduction to practice.

Legal issue: Pre-AIA 35 USC 102, date of invention, corroboration of conception.

Regarding corroboration of conception, the Federal Circuit concluded that:

We agree with NFC that Charrat's testimony relating to conception was adequately corroborated by NFC's documentary evidence, and that NFC established conception. We determine that the Board's findings as to the contents of the documents are either inconsistent with the documents themselves or do not adequately consider the portions of the documents that support corroboration, and are therefore not supported by substantial evidence. [NFC Technology, LLC v. Matal, 2016-1808 (Fed. Cir. 9/20/2017).]

First, the Federal Circuit noted that the evidence the PTAB did rely upon to find that Charrat did not conceive was inconsistent with that finding:

Two of the Board's findings relating to content of the data sheet are inconsistent with the contents of the data sheet. The Board found that "there is no author named on the initial project data sheet. *** In the "Document Evolution" section of the data sheet, however, the document is listed as "[b]y" "BC." J.A. 2336. Thus, contrary to the Board's finding, the data sheet does name an author. In addition, as Charrat's full name is "Bruno Charrat," this is also strong evidence corroborating Charrat's testimony that he created the data sheet. *** Accordingly, substantial evidence does not support the Board's finding that there is no author named on the data sheet, or the finding that only Charrat's testimony supports that he is the author. [NFC Technology, LLC v. Matal, 2016-1808 (Fed. Cir. 9/20/2017).]

Second, the Federal Circuit noted that other documentary evidence corroborated conception. The Federal Circuit explained that the PTAB failed to appreciate the fact that references on the third-party generated layout, to Charrat's employer adjacent the word "concept," supported a conclusion that the prototype was fabricated at Charrat's instruction. The Federal Circuit also explained that the PTAB "did not adequately consider ...[the] corroborative effect" of a facsimile cover sheet because the PTAB failed to give weight to the facts that: (1) the cover sheet indicated that it was sent to Charrat at his employer's address; (2) the cover sheet identified the prototype's model number in the subject line, and Charrat's handwriting on the cover sheet "OK FAB", signature, and date, with the handwritten date being the same as the date of transmission to Charrat of the facsimile cover sheet.

Legal issue: Pre-AIA 35 USC 102, date of invention, corroboration of reduction to practice.

Regarding corroboration of reduction to practice, the Federal Circuit applied a rule of reason standard, and concluded that:

On these facts, the Board's reliance on *Woodland Trust* was misplaced. *** Here, however, Charrat's account of a period of a few months, nearly twenty years ago, is nonetheless supported by documentary evidence. The relevant period and presence of documentary evidence places this case closer to *Loral Fairchild*

Corp. v. Matsushita Electric *** Here, similarly, Charrat’s account is corroborated by the initial data sheet that began the project, communications with CE, and documents generated after Charrat and INSIDE received the prototype and began to test it. “[C]orroboration of every factual issue contested by the parties is not a requirement of the law.” *In re Jolley*, 308 F.3d 1317, 1328 (Fed. Cir. 2002). On these facts, and particularly considering the amount of time that has passed, we determine that Charrat’s account was adequately corroborated. *** Indeed, the Board’s analysis raises the question of who, if not Charrat, designed the prototype. HTC did not allege that CE or another INSIDE employee made any inventive contribution to the design of the prototype. Yet the documentation establishes that a prototype was fabricated and later tested by INSIDE staff, and Charrat is the only source identified by the evidence for the design of the prototype. Indeed, there is no record evidence of any other INSIDE employee communicating with CE. Under the rule of reason, the totality of the evidence establishes the credibility of Charrat’s account. See *Fleming*, 774 F.3d at 1377. *** Thus, the Board erred in concluding that NFC had submitted inadequate evidence of conception, and its finding that Charrat’s account was not adequately corroborated was not supported by substantial evidence. [NFC Technology, LLC v. Matal, 2016-1808 (Fed. Cir. 9/20/2017).]

Legal issue: Pre-AIA 35 USC 102, date of invention, requirement to show conception.

The Federal Circuit included this somewhat cryptic limitation relating to conception and inurement.

We note that the foregoing analysis assumes that conception is relevant under the present circumstances. Our cases that the Board read as establishing that proof of conception is relevant to inurement involved third-party recognition during testing that the invention would work for its intended purpose. See *Cooper II*, 240 F.3d at 1380–86; *Genentech*, 220 F.3d 1352–54; *Cooper I*, 154 F.3d at 1331–33. Here, there is no evidence that CE did anything other than fabricate the prototype. Although NFC appears to recognize this distinction, see NFC Br. 40–42, NFC only uses it to argue that interference law should not be applied to this case. As NFC has not challenged whether and to what extent conception must be shown to establish inurement under interference law in the present circumstances, we leave that question for another day. [NFC Technology, LLC v. Matal, 2016-1808 (Fed. Cir. 9/20/2017).]

My best guess is that the Federal Circuit is indicating that showing conception prior to reduction to practice might not be necessary when the reduction to practice occurred prior to the prior art date of the reference. At least outside of an interference. However, I solicit comments on this issue.

Legal issue: Pre-AIA 35 USC 102, date of invention, requirements to antedate a reference.

The Federal Circuit set an "embodied the claimed invention" standard for a reduction to practice of a prototype to entitle a patent claim to the invention date.

The determination that fabrication of the prototype inures to Charrat's benefit does not resolve this case. As explained previously, the Board assumed, but did not decide, that the prototype embodied the claimed invention. That issue must be decided in order to determine whether Sears can be antedated. Thus, we remand the case for that determination in the first instance. Fortunately, whether the prototype embodied the claimed invention was a disputed issue between HTC and NFC during the initial IPR. See J.A. 455–66. Accordingly, the Board may decide the case on the briefing previously submitted. [NFC Technology, LLC v. Matal, 2016-1808 (Fed. Cir. 9/20/2017).]

Note: Perhaps the Federal Circuit discounted how it framed this issue for remand. However, whether a "prototype embodied the claimed invention" is not what case law defines to be the requirements to antedate a reference. Those requirements are defined in the following case. In re Stempel, 241 F. 2d 755, 759, 113 USPQ 77, 81 (CCPA 1957); In re Stryker, 435 F.2d 1340, 1341 (CCPA 1971); In re Spiller, 500 F.2d 1170, 1178, 182 USPQ 614, 619 (CCPA 1974); and In re Dardick, 496 F.2d 234, 181 USPQ 834 (CCPA 1974).

Idemitsu Kosan Co., Ltd. v. SFC Co. Ltd., 2016-2721 (Fed. Cir. 9/15/2017).

This is a decision on appeal from PTAB case IPR2015-00564. The Board found certain claims obvious. Idemitsu appealed. The Federal Circuit affirmed.

Legal issue: 5 USC 706, notice and opportunity.

The Federal Circuit reiterated that the PTAB is entitled to rely upon a counter-argument, to an argument in a patent owner's response. The patent owner has the duty to submit any supporting evidence with its argument.

Idemitsu first contends that this argument was “raised too late,” because it “d[id] not appear in SFC’s petition or the [Board]’s institution decision.” *** To the extent Idemitsu suggests that the Board could not reach a counterargument because it was not preemptively addressed by the petition or institution decision, Idemitsu is plainly mistaken. See *Genzyme Therapeutic Prod. Ltd. P’ship v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1366 (Fed. Cir. 2016) (“There is no requirement, either in the Board’s regulations, in the APA, or as a matter of due process, for the institution decision to anticipate and set forth every legal or factual issue that might arise in the course of the trial.”). [Idemitsu Kosan Co., Ltd. v. SFC Co. Ltd., 2016-2721 (Fed. Cir. 9/15/2017).]

Idemitsu’s only substantive argument on appeal appears to be that the Board should not have engaged in fact-finding on this issue without the benefit of additional extrinsic evidence, such as expert testimony. *** But here, Idemitsu provided no such supporting evidence for its own position—that Arakane teaches

away from any non-energy-gap HT/ET combinations. SFC, of course, bears the ultimate burden of establishing unpatentability, but it is not required as a matter of law to rebut mere attorney argument with expert testimony in order to satisfy that burden. The Board weighed the parties' competing arguments—each relying solely on the text of Arakane itself—and found SFC's reading to be the more plausible one. That is precisely what the Board is supposed to do. [Idemitsu Kosan Co., Ltd. v. SFC Co. Ltd., 2016-2721 (Fed. Cir. 9/15/2017).]

Legal issue: 35 USC 103, motivation, teaching away.

Idemitsu's teaching away argument is of questionable relevance anyway. Evidence concerning whether the prior art teaches away from a given invention must relate to and be commensurate in scope with the ultimate claims at issue. *See, e.g., MeadWestVaco Corp. v. Rexam Beauty and Closures, Inc.*, 731 F.3d 1258, 1264–65 (Fed. Cir. 2013); *In re Kahn*, 441 F.3d 977, 990 (Fed. Cir. 2006); *In re Zhang*, 654 F. App'x 488, 490 (Fed. Cir. 2016) (“While a prior art reference may indicate that a particular combination is undesirable for its own purposes, the reference can nevertheless teach that combination if it remains suitable for the claimed invention.”) (emphasis added). Here, it is undisputed that the claims at issue do not include limitations with respect to half-life or efficiency. *See, e.g., Idemitsu*, 2016 Pat. App. LEXIS 13340, at *26; Appellee Br. 46. Hence, if Arakane teaches that the only drawback of non-energy-gap HT/ET combinations is poor performance under those criteria, it is of substantially reduced importance here. [Idemitsu Kosan Co., Ltd. v. SFC Co. Ltd., 2016-2721 (Fed. Cir. 9/15/2017).]

First Data Corporation v. Inselberg, 2016-2677, 2016-2696 (Fed. Cir. 9/15/2017).

This is a decision on appeal from the D.NJ district court cases 2:15-cv-08301-KM-JBC and 2:16-cv-00317-KM-JBC. The district court dismissed First Data's counterclaims and DJ action, and remanded First Data's state law claims to state court. First Data appealed the dismissals and the remand. The Federal Circuit affirmed.

Legal issue: 28 USC 1331, federal question subject matter jurisdiction.

First Data, not Inselberg, had legal title to the subject patents, when First Data filed its DJ action and counterclaims relating to the subject patents. As in other cases, the Federal Circuit concluded that, because Inselberg admittedly lacked legal title to the patents, there was no DJ jurisdiction. The passage below, from the Federal Circuit's opinion, is the Federal Circuit second-guessing their precedent in view of Supreme Court law, and concluding that their earlier *Jim Arnold* decision remained good law.

First Data and Bisignano argue that the district court erred in dismissing First Data's counterclaims and declaratory judgment claims because, they assert, ownership is a merits question the court should consider when addressing invalidity and noninfringement claims, rather than a jurisdictional prerequisite for a claim. First Data and Bisignano support their argument by citing *Arbaugh v.*

Y&H Corp., 546 U.S. 500 (2006), and *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154 (2010), in which the Supreme Court addressed the distinction between merits issues and jurisdictional issues when considering statutory prerequisites to recovery on federal causes of action. *** But the Supreme Court also acknowledged an exception: if a claim invoking federal question jurisdiction under 28 U.S.C. § 1331 is “immaterial and made solely for the purpose of obtaining jurisdiction” or is “wholly insubstantial and frivolous,” then the court can dismiss the claim for lack of jurisdiction. *Id.* at 513 n.10 (internal quotation marks omitted). *** Because our reasoning and conclusion in *Jim Arnold* fit within the Supreme Court’s acknowledged exception regarding federal claims that are not colorable, we see no reason to question the continuing vitality of the holding in *Jim Arnold*. [*First Data Corporation v. Inselberg*, 2016-2677, 2016-2696 (Fed. Cir. 9/15/2017).]

Allied Mineral Products, Inc. v. Osmi, Inc., 2016-2641 (Fed. Cir. 9/13/2017).

This is a decision on appeal from S.D.Fla. case 9:15-cv-81753-KAM. The district court dismissed OSMI's complaint for a DJ of non-infringement, invalidity, and inequitable conduct, of a patent. The Federal Circuit affirmed.

Legal issue: 28 USC 2201(a), "actual controversy within its jurisdiction" requirement.

The Federal Circuit concluded that the assertion of infringement in Mexico of a Mexican patent on a claim identical to a claim in a corresponding United States patent, was insufficient to satisfy DJ jurisdiction.

...Claim 16 of the Mexican Patent is a Spanish translation of claim 16 of the '974 [United States] patent. *** The district court held that “Stellar’s decision to enforce its Mexican patent under Mexican law against separate entities cannot, without further affirmative action by Stellar, create an actual controversy with Allied with regard to its U.S. Patent.” *** The totality of the circumstances in this case does not rise to the level of a case of actual controversy. Declaratory judgment jurisdiction requires some affirmative act by the patentee. *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1381 (Fed. Cir. 2007). Stellar has not directed any actions towards Allied, nor has it litigated or threatened litigation in the United States or on its '974 patent. All of Stellar’s conduct has been directed towards Allied’s customers Ferro and Pyrotek, unrelated Mexican entities, and that contact was limited to Stellar’s Mexican Patent and potentially infringing acts in Mexico. Stellar sent notice letters to the customers alone, and although Allied responded on behalf of its customers, Stellar never responded to Allied’s letter. Stellar then sued only the customers, not the manufacturer. Stellar also limited its actions to Mexico. Stellar filed suit in Mexico, suing for infringement of a Mexican patent under Mexican laws. It has not threatened or alleged infringement of the '974 patent in the United States, much less filed suit. Stellar took no actions directed at Allied, no actions with regard to its '974 patent, and no actions under U.S. patent laws. [*Allied Mineral Products, Inc. v. Osmi*,

Inc., 2016-2641 (Fed. Cir. 9/13/2017).]

Waymo LLC v. Uber Technologies, Inc., 2017-2130 (Fed. Cir. 9/13/2017).

This is a decision on an appeal from N.D.Cal case 3:17-cv-00939-WHA. The district court denied Uber's motion to compel Waymco to arbitrate. The Federal Circuit affirmed.

Legal issue: Right of a non-signatory to a contract compel a party to arbitrate based upon an arbitration clause in an employment agreement.

The Federal Circuit stated this issue as follows:

The issue in this case is whether the circumstances are such that Waymo can be compelled to arbitrate on equitable grounds, in Waymo's suit against Uber, Ottomotto, and Otto Trucking, where there is no agreement to arbitrate. The California courts have, in a few situations, compelled arbitration against an entity that was not a party to an arbitration agreement. The district court explored this precedent, and concluded that the present case did not warrant compulsion to arbitrate. [Waymo LLC v. Uber Technologies, Inc., 2017-2130 (Fed. Cir. 9/13/2017).]

The Federal Circuit noted that a nonsignatory may compel arbitration where the "relevant state contract law allows him to enforce the agreement." quoting *Arthur Andersen LLP v. Carlisle*, 556 U.S. 624, 632 (2009). The Federal Circuit then noted that *Kramer v. Toyota Motor Corp.*, 705 F.3d 1122, 1126 (9th Cir. 2013) specified a two prong test for a nonsignatory to be entitled to enforce arbitration, in California.

The first prong is, "when a signatory must rely on the terms of the written agreement in asserting its claims against the nonsignatory or the claims are intimately founded in and intertwined with the underlying contract," Waymco's complaint referred to employment agreements to show that Waymco took reasonable measures to protect their trade secrets. The Federal Circuit concluded that these references were not intimately founded in and intertwined with the underlying contract, and therefore did not give the nonsignatory the right to enforce arbitration, under the first prong of the test. The second prong of the test is, "when the signatory alleges substantially interdependent and concerted misconduct by the nonsignatory and another signatory and the allegations of interdependent misconduct [are] founded in or intimately connected with the obligations of the underlying agreement." The Federal Circuit's again noted that there was no intimate connection of the complaint to the terms of the employment agreements. In sum, the lack of an intimate connection between the terms of the employment agreement containing the arbitration clause and the claims in the civil action precluded a right to force arbitration.

Waymo LLC v. Uber Technologies, Inc., 2017-2235, 2017-2253 (Fed. Cir. 9/13/2017).

This is a decision on appeal from N.D.Cal. district court case 3:17-cv-00939-WHA. The magistrate judge denied a motion to quash discovery. Levandowski, and intervenor, appealed the magistrate judge's denial. The Federal Circuit dismissed.

Legal issue: 28 USC 1651, writ of mandamus to quash discovery of privileged information.

The Federal Circuit held that appeal after disclosure of a privileged communication is not an inadequate remedy, thereby defeating right to mandamus.

Under *Cheney*'s first prerequisite, "the party seeking issuance of the writ must have no other adequate means to attain the relief he desires." 542 U.S. at 380 (internal quotation marks, brackets, and citation omitted). Mr. Levandowski contends that he lacks such alternative means of relief because "an appeal after disclosure of the privileged communication is an inadequate remedy." Appellant's Br. 56 (internal quotation marks and citation omitted). We disagree. *** Although Mr. Levandowski is an intervenor, he is not precluded from appealing a final judgment even if the parties decline to do so. *See Stringfellow v. Concerned Neighbors in Action*, 480 U.S. 370, 375–76 (1987) ("An intervenor, whether by right or by permission, normally has the right to appeal an adverse final judgment by a trial court."). While Mr. Levandowski contends that "disclosure of privileged information would irreparably taint the adversary process" because "[c]ourts cannot force litigants to unlearn information," Appellant's Br. 56, he has not specified why that general argument applies with greater force here than in any other case, see *id.* at 55–58. Therefore, we conclude that a post-judgment appeal by either Uber or Mr. Levandowski would "suffice to protect the rights of [Mr. Levandowski] and ensure the vitality of attorney-client privilege," *Mohawk*, 558 U.S. at 109; see *Stringfellow*, 480 U.S. at 375–76, as to this civil action. [Waymo LLC v. Uber Technologies, Inc., 2017-2235, 2017-2253 (Fed. Cir. 9/13/2017).]

Intellectual Ventures I LLC v. Motorola Mobility LLC, 2016-1795 (Fed. Cir. 9/13/2017).

This decision is on an appeal from the D. Del. district court case 1:11-cv-00908-SLR-MPT. Motorola appealed from the district court's denial of Motorola's JNOV. A majority of the Federal Circuit panel affirmed in part (on validity of certain claims), reversed in part (on direct infringement of certain claims), and remand for further proceedings. Judge Newman dissented with respect to the affirmance of validity of certain claims, and from the majority's restatement of *Centillion* as requiring that the "user must benefit from every element of the system."

Legal issue: 35 USC 271(a), requirements of proof of direct infringement by use of a distributed system.

First, the majority explained why *Centillion* governed the required proof infringing "use" in this case. Specifically, the majority explained that *Centillion* governed location of infringing "use," because the parties had agreed *Centillion* governed. However, the panel failed to cite precedent why the parties agreement should govern proof of infringement of the claimed "device" when *Centillion* addressed proof of use of a claimed "system."

We first address the applicable standard under *Centillion Data Systems, LLC v. Qwest Communications International, Inc.*, 631 F.3d 1279 (Fed. Cir. 2011). Claim 41 is written to claim a "device configured" to perform certain operations, some of which involve communications with other devices having

certain functionality. But the parties have treated *Centillion*, which addressed claims to “systems comprising” certain elements, as the governing one in this case, and for that reason we limit our consideration to what *Centillion* means for this case. We do not decide what standards would govern here if claim 41 were not treated as a system claim under *Centillion*. [Intellectual Ventures I LLC v. Motorola Mobility LLC, 2016-1795 (Fed. Cir. 9/13/2017).]

The majority went on to summarize the prior Federal Circuit precedent.

In *NTP, Inc. v. Research in Motion, Ltd.*, in addressing the question of “where” an infringing use of a claimed system occurs, we held that “[t]he use of a claimed system under section 271(a) is the place at which the system as a whole is put into service, i.e., the place where control of the system is exercised and beneficial use of the system obtained.” 418 F.3d 1282, 1317 (Fed. Cir. 2005). Subsequently, in *Centillion*, we applied *NTP*’s situs-of infringement holding to resolve infringement of “system comprising” claims where components of the claimed system were “in the possession of more than one actor.” 631 F.3d at 1279. We concluded that “to ‘use’ a system for purposes of infringement, a party must put the invention into service, i.e., control the system as a whole and obtain benefit from it.” *Id.* at 1284. Thus, under *NTP* and *Centillion*, to prove an infringing “use” of a system under § 271(a), a patentee must demonstrate “use”—that is, “control” and “benefit”—of the claimed system by an accused direct infringer. [Intellectual Ventures I LLC v. Motorola Mobility LLC, 2016-1795 (Fed. Cir. 9/13/2017).]

The majority then explained that the district court failed to construe the precedent as requiring the user “control (even if indirectly) and benefit from each claimed component.”

The district court held (and IV argues on appeal) that *Centillion* requires only that the infringer benefit from the “system as a whole,” such that a benefit derived from any claimed component of the claimed system would suffice to demonstrate an infringing “use.” *** We disagree. *Centillion* and *NTP* held that to “use” something is to put it into service, which means to control and benefit from it. And *Centillion* explicitly added that, to use a claimed system, what must be “used” is each element. *Centillion*, 631 F.3d at 1284 (“We agree that direct infringement by ‘use’ of a system claim ‘requires a party . . . to use each and every . . . element of a claim [system].’ In order to ‘put the system into service,’ the end user must be using all portions of the claimed invention.” (alterations in original)). From those two propositions, it follows that, to use a system, a person must control (even if indirectly) and benefit from each claimed component. [Intellectual Ventures I LLC v. Motorola Mobility LLC, 2016-1795 (Fed. Cir. 9/13/2017).]

Note: Apparently, while IV repeatedly argued before the judge and the jury that the users

obtained a benefit from generation of instant messaging delivery reports, IV failed to present evidence of that assertion during the trial. This failure of evidence was fatal to IV's case.

In the record below and at oral argument in this court, IV's counsel asserted two additional theories for how Motorola's customers indirectly benefitted from delivery reports generated by the MMSCs. *** But IV has not pointed to any trial evidence relying on either theory as a basis for inferring a customer benefit, and the specification of the '144 patent provides no suggestion that the delivery reports are used in these manners. Thus, these theories of indirect benefit amount to mere speculation or attorney argument and do not provide substantial evidence supporting the jury's verdict of direct infringement. Thus, judgment as a matter of law should have been granted that Motorola's customers did not infringe claim 41. [Intellectual Ventures I LLC v. Motorola Mobility LLC, 2016-1795 (Fed. Cir. 9/13/2017).]

Bristol-Myers Squibb Company v. Mylan Pharmaceuticals Inc., 17-379-LPS (D.Del. 9/11/2017).

This is a decision in the D.Del. case 17-379-LPS.

Legal issue: 28 USC 1400(b), venue, "where the defendant has committed acts of infringement".

The district court concluded that ANDA filings may give rise to acts of infringement for purposes of determining 1400(b) venue.

MPI, which has submitted an Abbreviated New Drug Application ("ANDA") to the United States Food and Drug Administration ("FDA") for permission to market and sell a generic version of one of Plaintiffs' patent-protected drug products, bears the burden to show that it does not satisfy the requirements of the second prong of § 1400(b). Given the language of the statute giving rise to Plaintiffs' cause of action, 35 U.S.C. § 271(e)(2), as well as the unique realities of ANDA-related patent litigation, MPI has failed to meet its burden to show that it has not committed acts of infringement in Delaware. *** Accordingly, the Court concludes that an applicant's submission of an ANDA, in conjunction with other acts the ANDA applicant non-speculatively intends to take if its ANDA receives final FDA approval, plus steps already taken by the applicant indicating its intent to market the ANDA product in this District, must all be considered for venue purposes, and can be sufficient to demonstrate that the ANDA-filing Defendant "has committed" "acts of infringement" in this District. [Bristol-Myers Squibb Company v. Mylan Pharmaceuticals Inc., 17-379-LPS (D. Del. 9/11/2017).]

Southwire Company v. Cerro Wire LLC, 2016-2287 (Fed. Cir. 9/8/2017).

The Federal Circuit affirmed the PTAB's decision in 95/000,696, canceling Southwire's claims for obviousness.

Legal issue: 35 USC 103, obviousness, claim quantifying results of a prior art

process.

This case states the rule of law that a claim quantifying results expected from a prior art process would have been obvious.

First, we agree with Southwire that the Board erred in relying on inherency in making its obviousness determination. *** However, we also conclude that the Board's error was harmless because, although it improperly invoked inherency, it need not have. It made the necessary underlying factual findings to support an obviousness determination. It found that the claimed method simply applies the same process for the same purpose as disclosed in Summers—i.e., to reduce the pulling force on a cable for ease of installation. *** Simply because Summers never quantified the reduction in pulling force achieved by its disclosed embodiments does not preclude the possibility, or even likelihood, that its process achieved at least a 30% reduction, especially since its stated purpose was the same as that of the '301 patent—to reduce the pulling force on the cable for ease of installation. See, e.g., J.A. 169. In the absence of any evidence that the claimed 30% reduction would have been unexpected in light of the Summers disclosure, there is no indication that the limitation is anything other than mere quantification of the results of a known process. [Southwire Company v. Cerro Wire LLC, 2016-2287 (Fed. Cir. 9/8/2017).]

Intercontinental Great Brands LLC v. Kellogg North America Company, 2015-2082, 2015-2084 (Fed. Cir. 9/7/2017).

This is a decision on appeal from the N.D. Ill. district court case 1:13-cv-00321. The district court held the patent invalid for obviousness and held that there was no inequitable conduct. A majority of the Federal Circuit panel affirmed, but judge Reyna dissented in part as to obviousness.

Legal issue: 35 USC 103, obviousness, and specifically whether secondary indicia evidence need be considered as factual evidence indicating whether there existed a motivation to combine.

The Federal Circuit majority concluded that secondary indicia factual evidence need not be considered in determining whether there existed a motivation to combine:

The court thus did not draw an ultimate conclusion regarding obviousness before considering the objective indicia. *** Kraft contends that objective indicia must be evaluated before drawing a conclusion about whether a reasonable jury could find that a relevant skilled artisan had a motivation to combine the prior art, not merely before drawing the ultimate obviousness conclusion. But it cites no precedent so holding. *** Kraft contends that objective indicia must be evaluated before drawing a conclusion about whether a reasonable jury could find that a relevant skilled artisan had a motivation to combine the prior art, not merely before drawing the ultimate obviousness conclusion. But it cites no precedent so holding. *** And Kraft cites no authority that requires consideration of objective indicia as part of the motivation- to-combine factual analysis. [Intercontinental

Great Brands LLC v. Kellogg North America Company, 2015-2082, 2015-2084 (Fed. Cir. 9/7/2017).]

The Federal Circuit majority explained why it believed this "staged consideration" was proper:

The staged consideration undertaken by the district court, and reflected in our cases, makes sense within the motivation-to-combine framework, a framework with which Kraft does not take issue. When a challenger shows that a "motivation" existed for a relevant skilled artisan to combine prior art in the way claimed in the patent at issue, such a showing commonly supports and leads readily to the further, ultimate determination that such an artisan, using ordinary creativity, would actually have found the claimed invention obvious. But the latter conclusion does not follow automatically from the former finding, and additional evidence may prevent drawing it. Identification of a "motivation" to make the combination may not give a complete picture of what a skilled artisan, exercising ordinary creativity without the incentive of patent protection, would actually have found it obvious to "disclose[] or devise[]" at the relevant time. *See Graham*, 383 U.S. at 11 (explaining that when Congress adopted § 103, and even before, "[t]he inherent problem was to develop some means of weeding out those inventions which would not be disclosed or devised but for the inducement of a patent"). Even with a motivation proved, the record may reveal reasons that, after all, the court should not conclude that the combination would have been obvious, i.e., already part of the public domain. [Footnote 7 omitted.] One type of such additional evidence consists of evidence of objective indicia—commercial success traceable to the claimed invention, industry praise, copying, and certain other facts concerning people's actions and statements. [Intercontinental Great Brands LLC v. Kellogg North America Company, 2015-2082, 2015-2084 (Fed. Cir. 9/7/2017).]

Writing in dissent, Judge Reyna stated:

For too long, this court has turned a blind eye to what I consider to be a grave concern: the application of a prima facie test that necessarily achieves a legal determination of obviousness prior to full and fair consideration of evidence of objective indicia of non-obviousness. *** To be clear, nothing in *Graham* or *KSR* requires courts to analyze the first three *Graham* factors first, make a prima facie determination of obviousness, and only then examine objective indicia of non-obviousness. Such a prima facie framework excludes objective indicia in the primary analysis and artificially creates a heightened standard of proof for objective indicia. I am not aware of any Supreme Court authority that endorses—let alone requires—the prima facie framework. [Intercontinental Great Brands LLC v. Kellogg North America Company, 2015-2082, 2015-2084 (Fed. Cir. 9/7/2017)](Dissent by Judge Reyna).]

Lifetime Industries, Inc. v. Trim-Lok, Inc., 2017-1096 (Fed. Cir. 9/7/2017).

This was a decision on appeal from the N.D. Ind. district court case 3:13-cv-00819-RLMMGG. The district court had dismissed the complaint for failing to adequately allege infringement. Lifetime appealed. The Federal Circuit reversed.

Legal issue: FRCP 12(b)(6), factual pleadings, facts required to plead direct, induced, and contributory infringement.

The Federal Circuit reiterated that patent infringement pleading requires no more than those facts from which "the court to draw the reasonable inference that the defendant is liable for the misconduct alleged."

Before reaching the merits of Lifetime's allegations of direct infringement, we must first address a dispute relating to the pleading standard. To survive a motion to dismiss under Rule 12(b)(6) a complaint must "contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A plaintiff meets this requirement if it "pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* Meeting this requirement requires a plaintiff to do more than plead facts that are "'merely consistent with' a defendant's liability." *Id.* (quoting *Twombly*, 550 U.S. at 557). [Lifetime Industries, Inc. v. Trim-Lok, Inc., 2017-1096 (Fed. Cir. 9/7/2017).]

The Federal Circuit applied the seventh circuit's standard for 12(b)(6) motions of de novo review and all reasonable inferences in favor of the plaintiff. Under that standard, the Federal Circuit provided this analysis of the direct, induced, and contributory infringement pleadings.

On direct infringement, the Federal Circuit noted that Trim-Lok need not have manufactured all of the components it used to infringe:

The court's decision relating to direct infringement turned on the fact that the claims of the '590 patent require both a seal and an RV, but Trim-Lok only manufactures seals. *** Lifetime argues that it properly pleaded direct infringement because it alleged that a Trim-Lok employee or representative "directly installed" Trim-Lok's two-part seal on "an RV having a slide-out room." *** We agree with Lifetime that the SAC adequately alleged that Trim-Lok directly infringed. *** Although Lifetime did not allege that Trim-Lok made the RV onto which it installed the seal, Lifetime did allege that Trim-Lok installed the seal onto the RV; that is, Lifetime alleged that Trim-Lok made an infringing seal-RV combination. J.A. 194 ¶ 33. Because Lifetime alleged that an agent of Trim-Lok installed the seal onto the RV, and that the resulting seal-RV combination infringed the '590 patent, it alleged that Trim-Lok directly infringed in a manner consistent with our precedents holding that assembling the components of an invention is an infringing act of making the invention.

[Lifetime Industries, Inc. v. Trim-Lok, Inc., 2017-1096 (Fed. Cir. 9/7/2017).]

The complaint identified specifically when, where, and who performed the alleged infringement. The Federal Circuit found that sufficient conclude it "plausible that a Trim-Lok agent installed the seal" thereby making the infringing product:

Trim-Lok's complaints concerning lack of detail ask for too much. There is no requirement for Lifetime to "prove its case at the pleading stage." *Bill of Lading*, 681 F.3d at 1339 (citing *Skinner v. Switzer*, 562 U.S. 521, 529 (2011)). Our precedent requires that a complaint place the alleged infringer "on notice of what activity . . . is being accused of infringement." *K-Tech*, 714 F.3d at 1284. The SAC meets that requirement. Lifetime identified where the alleged infringement occurred (the Forest River plant); when it occurred (in or around June 2013); who performed the allegedly infringing act (an agent or employee of Trim-Lok); and why (to test fit the seal onto the RV and to solicit sales) *** Drawing reasonable inferences in Lifetime's favor, these facts make it plausible that a Trim-Lok agent installed the seal onto the Forest River RV. "[W]e do not say that these inferences are, in fact, correct or that they are the only fair inferences to be drawn from the facts alleged." *Bill of Lading*, 681 F.3d at 1340 n.12. Taken together, however, they render Lifetime's pleadings sufficiently plausible to survive a motion to dismiss. [Lifetime Industries, Inc. v. Trim-Lok, Inc., 2017-1096 (Fed. Cir. 9/7/2017).]

On induced infringement, Lifetime's pleadings that its former employees had knowledge of Lifetime's patent, that Trim-Lok only made the seal disclosed in the patent shortly after Lifetime's former employees started work for Trim-Lok, was sufficient to meet the plausibility standard required to plead induced infringement:

The district court dismissed Lifetime's indirect infringement counts on the basis that they failed to plead "any facts from which intent could be inferred," and instead had only supplied conclusory allegations. *** We agree with Lifetime that it has plausibly alleged that Trim-Lok induced infringement of the '590 patent. "[T]he plausibility requirement is not akin to a 'probability requirement at the pleading stage; it simply calls for enough fact[s] to raise a reasonable expectation that discovery will reveal' that the defendant is liable for the misconduct alleged." *Bill of Lading*, 681 F.3d at 1341 (*quoting Twombly*, 550 U.S. at 556). *** Lifetime specifically alleged that Busch and Torrey had knowledge of the patent and its scope when they joined Trim-Lok in the months before June 2013. *** After Trim-Lok gained that knowledge, Lifetime alleged that it then assisted in or directed the installation of exactly the same type of seal as the one described in the patent onto an RV at the Forest River plant. Lifetime alleged, moreover, that Trim-Lok never made or sold these particular seals prior to gaining that knowledge, and that the seals have no noninfringing use. Our precedent does not require Lifetime to do more. [Lifetime Industries, Inc. v. Trim-Lok, Inc.,

2017-1096 (Fed. Cir. 9/7/2017).]

Bill of Lading is instructive. 681 F.3d at 1339. In that case it was unclear whether the claimed method had been performed at all, but we determined that the patent owner had adequately pleaded intent where it alleged knowledge of the patent and had plausibly pleaded that the defendants' customers performed the claimed method. *Id.* at 1341–42. Lifetime pleaded facts that are at least as strong, because Lifetime could rely on direct evidence (i.e., the two-part seal found installed on an RV at the Forest River plant) that tended to show infringement. This evidence, taken together with Trim-Lok's prior knowledge of the patent and viewed in Lifetime's favor, "gives rise to a reasonable inference that [Trim-Lok] intend[ed] to induce" Forest River to infringe. *Id.* at 1341. Thus, we reverse the district court's dismissal of the induced infringement count. [Lifetime Industries, Inc. v. Trim-Lok, Inc., 2017-1096 (Fed. Cir. 9/7/2017).]

On contributory and induced infringement, the Federal Circuit held that Lifetime was entitled to plead in the alternative, that either Trim-Lok or Forest River's agents, formed the seal to the RV, thereby effecting the observed and plead infringing RV/seal combination:

Trim-Lok also generally contends that Lifetime has not plausibly pleaded that the seal was installed by others with the assistance or under the direction of Trim-Lok employees because Lifetime's direct infringement count alleges that Trim-Lok employees installed the seal themselves. But "[t]he Federal Rules permit a party to plead in the alternative." *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1280 (Fed. Cir. 2012). Moreover, the seal discovered by Ksiezopolski was installed on the Forest River RV by someone, and the two plausible installers are either Trim-Lok employees or Forest River employees. If it was Trim-Lok employees, then Trim-Lok may be liable for direct infringement; if it was Forest River employees, then Trim-Lok may be liable for indirect infringement. Thus, a more developed record will clarify what role, if any, Trim-Lok employees had in the installation of the seal at the Forest River plant. At present, Lifetime has adequately pleaded both direct and indirect infringement. Accordingly, we reverse the district court's dismissal of the indirect infringement counts. [Lifetime Industries, Inc. v. Trim-Lok, Inc., 2017-1096 (Fed. Cir. 9/7/2017).]

General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha, IPR2016-01357; IPR2016-01358; IPR2016-01359; IPR2016-01360; and IPR2016-01361 (PTAB 9/6/2017) (expanded panel consisting of CAPJ Ruschke; Deputy CAPJ Boalick; and APJs Lee; Zecher; Giannetti; Bisk; and McShane).

This is a decision of an expanded panel of the PTAB denying rehearing. CAPJ Ruschke specifically mentioned this decision as important, during the "Board-side chat" on 9/12/2017.

Legal issue: 35 USC 314(a), discretion to deny follow-on petitions.

We declined to institute inter partes reviews based on the follow-on petitions in Cases IPR2016-01357, IPR2016-01358, IPR2016-01359, IPR2016-01360, and IPR2016-01361 by exercising our discretion pursuant to 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a). *See, e.g.*, Dec. 12; *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01360 (PTAB Nov. 14, 2016) (Paper 12) (hereinafter, “Dec. IPR2016-01360”). *** Our intent in formulating the factors was to take undue inequities and prejudices to Patent Owner into account. Thus, factor 3 is directed to Petitioner’s potential benefit from receiving and having the opportunity to study Patent Owner’s Preliminary Response, as well as our institution decisions on the first filed petitions, prior to its filing of follow-on petitions. As discussed in our Decisions Denying Institution, we are concerned here by the shifts in the prior art asserted and the related arguments in follow-on petitions. *See* Dec. 11. Multiple, staggered petitions challenging the same patent and same claims raise the potential for abuse. The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review. [footnote 14 omitted.] All other factors aside, this is unfair to patent owners and is an inefficient use of the inter partes review process and other post grant review processes. Considering other factors (i.e., factors 2, 4, and 5) allows us to assess and weigh whether a petitioner should have or could have raised the new challenges earlier. [*General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357; IPR2016-01358; IPR2016-01359; IPR2016-01360; and IPR2016-01361 (PTAB 9/6/2017) (expanded panel consisting of CAPJ Ruschke; Deputy CAPJ Boalick; and APJs Lee; Zecher; Giannetti; Bisk; and McShane) (Designated an informative opinion on 9/18/2017).]

Mentor Graphics Corporation v. Eve-USA, Inc., 2015-1470, 2015-1554, 2015-1556 (Fed. Cir. 9/1/2017) (en banc).

The Federal Circuit panel affirmed the district court's award of damages. Eve petitioned for rehearing and rehearing en banc, which the Federal Circuit denied.

Legal issue: 35 USC 284, damages, requirement for apportionment.

Judges Stoll, wrote the concurrence denying rehearing en banc, with whom judges Newman, Moore, O'Malley, Reyna, and Wallach joined. Judge Stoll noted various ways in which the apportionment requirement of *Garretson* could be met. He stated that:

We have consistently held that where an infringing product is a multi-component product with patented and unpatented components, apportionment is required. *** *Garretson*, however, also holds that damages for patent infringement may be based on the value of the entire infringing product if the patentee can show that “the entire value of the whole machine . . . is properly and legally attributable to the patented feature.” *** In this case, on the question of lost profits, the jury was instructed to consider the *Panduit* factors, including “demand for the patented product” (factor one) and an “absence of acceptable

noninfringing substitutes” (factor two). *See Panduit Corp. v. Stahl Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1156 (6th Cir. 1978). *** Whether one views this in terms of what imbues value to the ultimate combination of features or what is a driver of demand for those combined features, the result is the same: the apportionment required by *Garretson* is satisfied.

Judges Dyk and Hughes dissented from the denial of rehearing en banc. Judges Moore and Chen concurred in the denial of panel hearing.

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