

## Brief Summary of Precedential Patent Case Decisions During July 2020

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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 captions relating to the PTAB are in **red** text. Case captions of extraordinary importance are in **blue** text.

### II. Abstracts and New Points of Law

#### **Gensetix, Inc. v. Baylor College of Medicine, 2019-1424 (Fed. Cir. 7/24/2020).**

This is a decision on an appeal from the S.D. Tex. district court case 4:17-cv-01025.

The district court dismissed the civil action, finding that the Eleventh Amendment barred joinder of The Board of Regents of the University of Texas System (“UT”) as an involuntary plaintiff, and that FRCP 19(b) barred the suit from proceeding. The Gensetix appealed. A majority of the Federal Circuit affirmed-in-part, reversed-in-part, and remanded.

Judge O’Malley wrote the majority decision.

Judges O’Malley and Taranto, with Judge Newman dissenting, held that FRCP 19(a) did not entitle involuntary joinder of UT as a plaintiff, because UT had not waived its Eleventh Amendment sovereign immunity.

Judges O’Malley and Newman, with Judge Taranto dissenting, held that that FRCP 19(b) did not prevent the suit from proceeding without UT being a party.

**Legal issue: Constitution, Eleventh Amendment, FRCP 19(a), extent of state sovereign immunity, failure to invoke federal jurisdiction.**

The majority held that the UT’s failure to invoke federal jurisdiction was dispositive, preserving Eleventh Amendment immunity, and preventing the UT’s involuntary joinder under FRCP 19(a).

**Legal issue: FRCP 19(b), required party, whether a district court can give overwhelming weight to a person’s immunity from suit in determining if the action can proceed without the person.**

The Federal Circuit majority consisting of Judges O’Malley and Newman concluded that it was improper to give overwhelming weight to the fact that UT had sovereign immunity in determining whether an action should proceed, pursuant to FRCP 19(b), without joining UT as a party.

**Note:** This holding has implications for licensing university technology from state institutions, suggesting the desirability of either: (1) a field unlimited license, or (2) a field limited license in which the state institution waives sovereign immunity and agrees to be joined and named in civil actions and proceedings.

#### **Uniloc 2017 LLC v. Hulu, LLC, 2019 1686 (Fed Cir 7/22/2020).**

This is an appeal from PTAB case IPR2017-00948. The PTAB denied Uniloc’s motion to amend on the basis that the substitute claims violated 35 USC 101. Uniloc appealed. A majority (consisting of Judges Wallach and Taranto), of the Federal Circuit panel, affirmed. Judge

O'Malley dissented. Note that the PTAB made the decision appealed from precedential. *See Amazon.com, Inc. v. Uniloc Luxembourg S.A.*, IPR2017-00948, Paper 34 (Jan. 18, 2019) (designated precedential Mar. 18, 2019).

**Legal issue: 35 USC 316(d), amendment of the patent, basis for denial of motion to enter substitute claims.**

The majority held that the PTAB “may consider § 101 patent eligibility when considering the patentability of proposed substitute claims in an IPR.” The majority also indicated that the PTAB may consider any basis for patentability for claims not already present in a patent.

Interestingly, the majority clarified that the same rule applied to new claims presented during reexamination, and relied upon prior case law on reexaminations to support the holding here.

**Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).**

This is a decision on an appeal from the E.D. Tx. district court case 2:16-cv-00230-JRG. The district court entered judgment of infringement and lack of invalidity of claims of several patents, of pre-suit damages, enhanced damages, and an ongoing royalty for future infringement. A majority of the Federal Circuit panel, consisting of Judges Lourie and Hughes affirmed, and Judge Reyna concurred in part, but dissented on majority’s *Alice*, step 1, conclusion.

**Legal issue: 35 USC 101, patentable subject matter, *Alice*, step 1, requirements for a claim presenting a technological solution to a technological problem in network computing, to not be abstract.**

The Federal Circuit majority concluded that, because: (1) the claim met a challenge unique to computer networks and (2) the specification made it clear that the claim presented a technological solution to a technological problem, then the claim limitations only need to define general steps with minimal detail to not be found abstract, at *Alice*, step 1.

Judge Reyna disagreed with the majority’s conclusion that a claim merely defining general steps with minimal detail was sufficient to avoid abstractness, at *Alice* step 1.

**Legal issue: 35 USC 287(a), marking and pre-suit damages, patentee requirement to prove unmarked allegedly infringing product does not infringe.**

The Federal Circuit held that lack of substantial evidence that matched the limitations in any claim in the asserted patent, to the allegedly infringing and unmarked product, precluded pre-suit damages.

**Uniloc 2017 LLC v. Apple, Inc., 2019-1922, 2019-1923, 2019-1925, 2019-1926 (Fed. Cir. 7/9/2020).**

This is a decision on appeals from N.D. Cal. cases 3:18-cv-00360-WHA; 3:18-cv-00363-WHA; 3:18-cv-00365-WHA; and 3:18-cv-00572-WHA. The district court denied in full Uniloc’s motions to seal. Uniloc appealed. As to Uniloc’s information, the Federal Circuit affirmed. As to information belonging to third parties, the Federal Circuit vacated and remanded.

This case provides a warning “that litigants should submit narrow, well-supported sealing requests in the first instance,” instead of betting on a second bite at the apple. Uniloc had submitted an overbroad motion to seal, and after that motion was denied, a motion for leave to file for reconsideration in which it agreed to make public over ninety percent of the information it originally moved to seal, which motion was also denied in full.

**Legal issue: FRCP 26(c)(1), protective orders, motions to seal, overbroad motions, whether a party has a right to correct an overbroad protective motion after the motion is**

**denied.**

After briefly confirming its own jurisdiction under the collateral order doctrine, the Federal Circuit rejected Uniloc’s argument that it was entitled to correct its overbroad motion by filing a narrow motion.

The Federal Circuit applied a more lenient standard when it came to sealing information belonging to non parties, but came to no conclusion on the merits.

**Fitbit, Inc. v. Valencell, Inc., 2019-1048 (Fed. Cir. 7/8/2020).**

This is a decision on an appeal from PTAB cases IPR2017-00319, IPR2017-01555. The PTAB held claims 3-5 not unpatentable. Fitbit appealed. The Federal Circuit vacated and remanded.

You may have noticed that this is a decision on a single appeal, but identifies two IPR proceedings below. This is because Apple filed IPR2017-00319, and subsequently Fitbit filed IPR2017-01555 with a motion to join Apple’s IPR, which motion the PTAB granted.

Significant facts are that Apple’s petition challenged claims 1-13; the PTAB originally did not grant the petition on claims 3-5; and then Fitbit filed its petition and Fitbit’s petition did not challenge claims 3-5; then the PTAB joined the two IPRs; then the Supreme Court decided *SAS*, and in response to *SAS*, the PTAB re-instituted the joined IPR including claims 3-5. Fitbit appealed the holding of unpatentability of claims 3-5, and Valencell defended on the theory that Fitbit had no right to appeal.

**Legal issue: 35 USC 319, whether the right of appeal by “any party” includes a joined party.**

The Federal Circuit concluded that, despite the *SAS* induced procedural confusion over claims 3-5, Fitbit had a right to appeal because 35 USC 315(c) provides for joinder, “as a party,” and 35 USC 319 provides that, “any party,” has a right of appeal.

**Legal issue: 5 USC 706(2), APA, requirement to make findings supporting a decision, including a decision holding a claim *not* unpatentable.**

The Federal Circuit concluded that the PTAB erred as a matter of law, by relying upon the PTAB’s rejection of Fitbit’s claim construction to find claim 3 *not* unpatentable, without also make findings supporting the PTAB’s conclusion that claim 3 was *not* unpatentable. (Interestingly, since Fitbit had not challenged claim 3 in Fitbit’s petition, the PTAB would have had to look for example to Apple’s petition to support findings related to claim 3.)

**Legal issue: 35 USC 112, claim construction, duty to construe claims dependency to be what was intended, is apparent, and is noncontroversial, when error was inadvertent.**

The Federal Circuit concluded that, when the claim construction shows an intended claims dependency other than what is recited, the intended dependency is apparent and noncontroversial, and the error in dependency was inadvertent, the PTAB must construe the claim based upon the intended dependency.

The Board’s Final Written Decision on the ground of “absence of antecedent” basis is vacated. On remand the Board shall determine patentability of corrected claims 4 and 5 on the asserted grounds of obviousness.

**Legal issue: Grant to the PTAB of limited power to correct errors in issued patents.**

The Federal Circuit judicially granted the PTAB the same power to correct certain errors in issued patents accorded by case law to district courts.

**In re Boloro Global Limited, 2019-2349, -2351, -2353 (Fed. Cir. 7/7/2020).**

This is a Order in response to a motion in appeals from PTAB decisions in ex parte appeals. Boloro moved to vacate and remand. The Federal Circuit granted the motion.

**Legal issue: US constitution, Article II, Section 2, Clause 3, validity of decision by APJs in ex parte appeals decided prior to *Arthrex*.**

The Federal Circuit concluded that the constitutional violation of having PTAB APJs acting as “superior officers” without proper appointment extended to their decisions in ex parte cases. The Federal Circuit applied the same remedy as in *Arthrex*, vacating and remanding, after having, in *Arthrex*, severed the statutory removal restrictions against the Director removing APJs (“Accordingly, we hold unconstitutional the statutory removal provisions as applied to APJs, and sever that application.”)

**Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67 (PTAB 7/6/2020)(Precedential).**

**Legal issue: 35 USC 318(a), final decision on patentability of a new claim added under section 316(d).**

This is a precedential decision of the PTAB defining when the Board should raise a new ground of unpatentability against a proposed substitute claim. The precedential decision indicates the Board should do so only “under rare circumstances” and the Board must comply with due process, providing the patentee notice and an opportunity to be heard, when doing so.