

Brief Summary of Precedential Patent Case Decisions During June 2018

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I. Introduction

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

II. Abstracts of New Points of Law

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

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

Legal issue, 35 USC 103, impact of delay in metabolism and reduced efficacy of the drug relative to the active metabolite of the drug, on an obviousness analysis.

The Chauveau reference mentioned zolmitriptan as a possible active ingredient for nasal administration as part of a laundry list of active ingredients of over twenty five categories and examples of medicants. However, the evidence showed a PHOSITA would have expected that the therapeutic effect of the intranasal administration of the claimed zolmitriptan formulations would have been "delayed or lower" than that of the active metabolite. Credited expert testimony noted that it would have been "absolutely counterintuitive to make a nasal spray when you have an active metabolite which is more potent . . . than the drug itself."

The Federal Circuit noted that "in an obviousness analysis, prior art should be viewed as a whole. *Takeda Chem. Indus., Ltd. v. Alphapharm Pty., Ltd.*, 492 F.3d 1350, 1358 (Fed. Cir. 2007)," and that the record as a whole (summarized above) did not lead the Federal Circuit to conclude that the district court clearly erred.

Helsinn Healthcare v. Teva Pharmaceuticals, 17-1229, 585 U.S. (6/25/2018).

The Supreme Court's Order List today granted certiorari. The decision of the Federal Circuit, below, appears in my May 2017 article.

The question presented by Petitioner, Helsinn, is:

Whether, under the Leahy-Smith America Invents Act, an inventor's sale of an invention to a third party that is obligated to keep the invention confidential qualifies as prior art for purposes of determining the patentability of the invention.

The question presented in opposition, by Teva, is:

Whether this Court should review the Federal Circuit's factual conclusion that Helsinn's sale agreement with a third party publicly disclosed its claimed invention "in detail" (Pet. 33a) more than a year before it filed its patent

application, thus triggering the “on sale” bar on patentability set forth in 35 U.S.C. §102(a).

WesternGeco LLC v. Ion Geophysical Corp., 16–1011(6/22/2018).

Federal Circuit had originally held that "WesternGeco ...[could not] recover lost profits resulting from its failure to win foreign service contracts, the failure of which allegedly resulted from ION’s supplying infringing products to WesternGeco’s competitors." WesternGeco petitioned for certiorari. The Supreme Court granted certiorari and then remanded after its *Halo* decision. On remand, the Federal Circuit panel majority "reaffirmed the portion of its decision regarding the extraterritoriality of §271(f). 837 F. 3d 1358, 1361, 1364 (CA Fed. 2016)." WesternGeco petitioned the Supreme Court for review on the extraterritoriality issue. A Supreme Court majority consisting of C.J. Roberts, and Justices Thomas, Kennedy, Ginsburg, Alito, Sotomayor, and Kagan, reversed. Justice Gorsuch, joined by Justice Breyer, dissented.

Legal issue: 35 USC 284, application of extraterritoriality to patent infringement damages.

The Court majority held that the focus of 35 USC 284 was the act of infringement. "This Court has established a two-step framework for deciding questions of extraterritoriality [sic; of applicability of US law]. *** We resolve this case at step two. *** Under the second step of our framework, we must identify “the statute’s ‘focus.’” *** To determine the focus of §284 in a given case, we must look to the type of infringement that occurred."

The Court majority held that, because the focus of the conduct 35 USC 271(f)(2) sought to regulate was domestic, 271(f)(2) infringement entitled the patent owner to recover damages pursuant to 35 USC 284, which in this case included foreign profits. This is because the Court majority found that act of the infringement under 271(f)(2) was domestic conduct.

Sirona Dental Systems GMBH v. Institut Straumann AG, 2017-1341, 2017-1403 (Fed. Cir. 6/19/2018).

This is a decision on appeal from PTAB case IPR2015-01190. The PTAB held claims 1-8 unpatentable and claims 9-10 not unpatentable, and denied the patent owner's contingent motion to amend. Sirona appealed the unpatentability of claims 1-8, the denial of its motion to amend, and Institut cross-appealed the holding that claims 9-10 were not unpatentable. The Federal Circuit: affirmed the holding of unpatentability of claims 1-8; affirmed the holding of lack of unpatentability of claims 9-10; and vacated and remanded the PTAB's denial of the contingent motion to amend.

Legal issue, 35 USC 316(d), motion to amend, burden of proof.

The Federal Circuit restated its holding in *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1324–25 (Fed. Cir. 2017) (en banc) (plurality opinion), as placing the burden of proof on the petitioner to show substitute claims presented in a motion to amend the patent. *Aqua Prods.* expressly only went so far as to state the burden was not on the patentee.

Legal issue, 35 USC 316(d), scope of review for patentability of substitute claims, grounds not presented by the petitioner.

The Federal Circuit noted that *SAS* requires the case be driven by the petitioner, not the PTAB. However, *SAS* does not address motions to amend, and therefore it did not address whether the PTAB could be in the driver's seat, stepping in for the petitioner, in presenting a basis to deny a motion to amend not presented by the petitioner. However, it appears that the PTAB did exactly that, in this case, just prior to the en banc *Aqua Prods.* decision, and of course

prior to the *SAS* decision. So it seems that the Federal Circuit flagged this issue, and left this issue for the PTAB to consider in the first instance, on remand.

Xitronix Corporation v. KLA-Tencor Corporation, 2016-2746 (Fed. Cir. 6/15/2018)(en banc).

Legal issue: 28 USC 1295(a)(1), subject matter jurisdiction, fraudulent patent prosecution.

In *Xitronix Corporation v. KLA-Tencor Corporation*, 2016-2746 (Fed. Cir. 2/9/2018), the Federal Circuit applied the principles of *Gunn* to conclude it lacked jurisdiction (in W.D. Tex. case, 1:14-cv-01113-SS) under 28 USC 1295(a)(1) over a claim whose only tie to federal patent laws was alleged fraudulent prosecution of a patent. KLA petitioned for rehearing and rehearing en banc. The en banc court per curiam denied the petition. Judges Newman and Lourie dissented. Judge Newman wrote a dissenting opinion.

Medtronic, Inc. v. Mark A. Barry, 2017-1169, 2017-1170 (Fed. Cir. 6/11/2018).

This is a decision on appeals from PTAB cases IPR2015-00780, IPR2015-00783. The Board held the challenged claims not proven unpatentable. Medtronic appealed. The Federal Circuit affirm-in-part and vacate-in-part, and remanded.

Legal issue: Impact of SAS on Federal Circuit remands to the PTAB.

The Federal Circuit, in footnote 1, indirectly told the PTAB to consider the previously non-instituted grounds, on remand.

Legal issue: 35 USC 102(a), printed publication, public accessibility factors.

The Federal Circuit addressed a fact pattern in which the prior art status of printed materials depended upon "whether such materials were sufficiently disseminated at the time of their distribution at the conferences." The Federal Circuit reviewed prior cases and noted that factors included the size and nature of the meeting, whether the meeting was open to the people interested in the subject matter, and whether there is an expectation of confidentiality between distributor and recipients in view of policies or practices associated with the meeting.

Stone Basket Innovations, LLC v. Cook Medical LLC, 2017-2330 (Fed. Cir. 6/11/2018).

This is a decision on an appeal from the S.D. Ill. district court case 1:16-cv-00858-LJMTAB. The district court denied Cook's 285 motion for attorneys fees. Cook appealed. The Federal Circuit affirmed.

Legal Issue, 35 USC 285, exceptionality, clear notice of litigation position.

The Federal Circuit concluded that Cook's service of invalidity contentions alleging anticipation of 32 different references without an particular specificity of the actual anticipatory reference did not provide "clear notice" of invalidity.

Legal Issue, 35 USC 285, exceptionality, litigation conduct of moving party, failure to specifically identify invalidity contentions.

The Federal Circuit concluded that the movant's "failure to provide early, focused, and supported notice of its belief that it was being subjected to exceptional litigation behavior," counted against exceptionality.

PGS Geophysical AS v. Iancu, 2016-2470, 2016-2472, 2016-2474 (Fed. Cir. 6/11/2018).

This is a decision on appeals from PTAB cases IPR2015-00309, IPR2015-00310, IPR2015-00311 challenging claims 1-38 of a single patent owned by PGS. The PTAB had

instituted on less than all claims and less than all grounds in the three IPRs. The PTAB's final written decisions held some of the tried claims unpatentable and others not unpatentable (under the tried grounds). Both parties appealed. Then WesternGeco settled with PGS and withdrew. The Director intervened to defend the Board's decision. The Federal Circuit affirmed.

Legal Issue: 35 USC 314, institution decision scope.

In this decision, the Federal Circuit understood *SAS* to require a binary institution decision (institute or not institute) on both all claims *and all grounds* in an IPR petition. This mandates the PTAB's recent procedural guidance that the PTAB will uniformly *either* institute trial on all claim and all grounds, *or* not institute trial.

Procedural Issue: 35 USC 318(a), guidance to the PTAB, on final written decisions.

The Federal Circuit suggested that the PTAB might draft final written decisions noting certain challenges to be moot and therefore not having to decide those challenges.

Legal Issue: 28 USC 1295(a)(4)(A), Jurisdiction to hear appeals from partial institution decisions.

The Federal Circuit concluded that it had jurisdiction "to address the merits of the Board's final written decisions" resulting from partial institution decisions.

Legal Issue: Waiver, partial institution decisions

The Federal Circuit concluded that it could waive the PTAB's error in not fully instituting a petition.

Legal Issue: Federal Circuit sua sponte action in appeals on partial institutions.

The Federal Circuit concluded that it would not decline to review appeals on the instituted claims and grounds as a consequence of the partial institution under the facts of this case. While this decision is limited to this case, it suggests how the Federal Circuit would handle other appeals involving partial institutions in which there was no request for appropriate relief (aka a request to remand in view of *SAS*).

In re Durance, 2017-1486 (Fed. Cir. 6/1/2018).

This is a decision on an appeal from PTAB case 12/682,989. The PTAB affirmed an examiner's obviousness rejection. Durance appealed. The Federal Circuit vacated and remanded.

This is a case of examination "gone south", so to speak, in which "the Patent Office continually shifted its position."

Legal issue, construction of 37 CFR 41.41(b), right to respond to a new argument in an examiner's answer in a reply brief.

The Federal Circuit held that 41.41(b) permits a reply brief to respond to any argument first raised in the examiner's answer, - - instead of requiring the applicant to petition for the right to address such an argument. The Federal Circuit stated, in conclusion, that "The purpose of § 41.41 is not to prevent an applicant from responding to new arguments raised for the first time in the examiner's answer."

Legal issue: Construction of MPEP § 1207.03 or 37 C.F.R. § 41.41.

The Federal Circuit held that MPEP § 1207.03 or 37 C.F.R. § 41.41 do not require an applicant to petition to have an examiner's answer designated as a new ground of rejection in order to be entitled to respond in their reply brief to a new argument in the examiner's answer. Note: The PTO may want to change the wording of 41.39 and 41.41 in view of this decision.

Zeroclick, LLC v. Apple Inc., 2017-1267 (Fed. Cir. 6/1/2018).

This is a decision on an appeal from N.D. Cal. district court case 3:15-cv-04417-JST. The

district court held the claims invalid for indefiniteness. Zeroclick appealed. The Federal Circuit vacated and remanded.

Legal issue: 35 USC 112, legal conclusion whether recitations invoke means plus function construction.

The Federal Circuit held that the district court must make "pertinent finding that compels the conclusion that a conventional [structural term such as a] graphical user interface program or code is used in common parlance as substitute for 'means.'" That is, the district court must make findings supporting the conclusion that a term is a nonce term.

Western Digital Corporation v. SPEX Technologies, Inc., IPR2018-00082 and IPR2018-00084, paper 13, (PTAB 4/25/2018, designated Informative 6/1/2018).

The PTAB marked this decision as informative, to provide guidance on motions to amend. The guidance is provided below. The decision notes that "the burden of persuasion will ordinarily lie with the petitioner " and that while motions to amend must respond to a ground of unpatentability, the amendments may go further to address to "include additional limitations to address potential § 101 or § 112 issues."

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