

Precedential Patent Case Decisions During April 2019

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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

Trading Technologies International, Inc. v. IBG LLC, 2017-2323 (Fed. Cir. 4/30/2019).

This is a decision on appeals from PTAB cases CBM2015-00172 and CBM2016-00040. The PTAB held the claims of the patent ineligible under 35 USC 101. Trading Technologies (TT) appealed. The Federal Circuit affirmed.

Legal issue: AIA section 18(a)(1)(E) and 37 CFR 42.301(b), construction of 42.301(b).

The Federal Circuit concluded that failure of one of the two prongs of 42.301(b) was sufficient to conclude that patent was not subject to the “technological invention” exception of 42.301(a).

Rule 42.301 reads:

§ 42.301 Definitions.

In addition to the definitions in § 42.2, the following definitions apply to proceedings under this subpart D:

(a) Covered business method patent means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management or management of a financial product or service, except that the term does not include patents for technological inventions.

(b) Technological invention. In determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods (section 42.301(a)), the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution. [Added, 77 FR 48734, Aug. 14, 2012, effective Sept. 16, 2012]

The Federal Circuit stated that:

The only issue of CBM eligibility that TT contests is whether its patents are for technological inventions. *** TT argues the Board erred in applying the first consideration of § 42.301(b) based on our decision in *Versata Development Group Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015). According to TT, *Versata* set aside the novelty and nonobviousness language of the regulation, leaving the definition of a technological invention as one having a technological feature that solves a technical problem using a technical solution. Appellant Br. 28–29 (citing 793 F.3d at 1326). We need not decide this issue because we agree with the Board that the claims do not solve a technical problem using a technical solution. See *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) (“We need not address this argument regarding whether the first prong of 37 C.F.R. § 42.301(b) was met, as we affirm the Board’s determination on the second prong of the regulation . . .”). [*Trading Technologies International, Inc. v. IBG LLC*, 2017-2323 (Fed. Cir. 4/30/2019).]

Legal issue: 35 USC 101, *Alice/Mayo* step 1, patent-ineligible concept, graphical user interface increasing efficiency of a person.

The Federal Circuit concluded that while the claimed graphical user interface might increase the efficiency of a person, it did not increase the efficiency of the computer, was not an improvement in computer technology, and therefore was a patent-ineligible concept.

At *Alice* step one, we must “determine whether the claims at issue are directed to a patent-ineligible concept.” *Alice*, 573 U.S. at 218. Under this inquiry, we evaluate “the focus of the claimed advance over the prior art” to determine if the character of the claim as a whole, considered in light of the specification, is directed to excluded subject matter. *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1338 (Fed. Cir. 2017) (quoting *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016)); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016). [*Trading Technologies International, Inc. v. IBG LLC*, 2017-2323 (Fed. Cir. 4/30/2019).]

TT asserts that the claims are not directed to an abstract idea because they provide a particular graphical user interface that improves usability, visualization, and efficiency. *** The claims are focused on providing information to traders in a way that helps them process information more quickly, ’556 patent at 2:26–39, not on improving computers or technology. *** Like *Electric Power*, the purported advance “is a process of gathering and analyzing information of a specified content, then displaying the results, and not any particular assertedly inventive technology for performing those functions.” 830 F.3d at 1354. We thus conclude that the claims are directed to an abstract idea. [*Trading Technologies International, Inc. v. IBG LLC*, 2017-2323 (Fed. Cir. 4/30/2019).]

[Neptune Generics, LLC v. Eli Lilly & Company, 2018-1257, 2018-1258 and Mylan](#)

Laboratories Limited v. Eli Lilly & Company, 2018-1257, 2018-1258 (Fed. Cir. 4/26/2019).

This is a decision on appeal from PTAB cases IPR2016-00237; IPR2016-00240; IPR2016-01190; IPR2016-01191; IPR2016-01335; IPR2016-01337; IPR2016-01341; IPR2016-01343; IPR2016-00318; IPR2016-01340; IPR2016-01393; and IPR2016-01429. The PTAB found that petitioners had not established that the claims were unpatentable. Petitioners appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 311(b), scope of review, patent eligibility.

The Federal Circuit held that it was precluded from addressing patentable subject matter issues on appeal from an IPR proceeding.

Finally, Petitioners argue the claims are not directed to patentable subject matter. It argues this issue is properly raised because eligibility is a question of law and in this appeal there are no factual issues that must be decided. We do not agree. Congress expressly limited the scope of inter partes review to a subset of grounds that can be raised under 35 U.S.C. §§ 102 & 103. 35 U.S.C. § 311(b) (stating that in an “inter partes review,” a petitioner is limited to only grounds that “could be raised under section 102 or 103”). The ground of patent eligibility arises under §101. Accordingly, we may not address it on appeal of an IPR. [Neptune Generics, LLC v. Eli Lilly & Company, 2018-1257, 2018-1258 and Mylan Laboratories Limited v. Eli Lilly & Company, 2018-1257, 2018-1258 (Fed. Cir. 4/26/2019).]

Trading Technologies International, Inc. v. IBG LLC, 2017-2257, 2017-2621; and 2018-1063 (Fed. Cir. 4/18/2019).

This is a decision on appeals from PTAB cases CBM2015-00179; CBM2016-00051; and CBM2016-00032. The PTAB held the patents eligible for CBM review, and held the claims did not define 35 USC 101 patent eligible subject matter. Trading Technologies (TT) appealed. The Federal Circuit affirmed.

Legal issue: AIA section § 18(a)(1)(E), technological invention test for what constitutes a “CBM patent.”

The Federal Circuit concluding that software that makes a person faster (in this case, a trader of financial products), and not the computer, is not a technical solution to a technical problem.

The Federal Circuit reiterated the operative law.

Pursuant to § 18(a)(1)(E) of the AIA, the Board may only institute CBM review for a patent that is a CBM patent. A CBM patent is “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, *except that the term does not include patents for technological inventions.*” *Id.* § 18(d)(1) (emphasis added). Pursuant to its authority under § 18(d)(2), the Patent and Trademark Office (“PTO”) promulgated 37 C.F.R. §

42.301(b), which requires the Board to consider the following on a case-by-case basis in determining whether a patent is for a technological invention: “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art” and whether it “solves a technical problem using a technical solution.” We review the Board’s reasoning “under the arbitrary and capricious standard and its factual determinations under the substantial evidence standard.” *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315 (Fed. Cir. 2015). [Trading Technologies International, Inc. v. IBG LLC, 2017-2257, 2017-2621; and 2018-1063 (Fed. Cir. 4/18/2019).]

The Federal Circuit concluded the patent taught and claimed software that made the trader more efficient, but did not make the computer more efficient. And that software that made the trader more efficient was not a technical solution to a technical problem.

The only issue of CBM eligibility that TT contests is whether its patents are for technological inventions. *** We agree with the Board that the patents relate to the practice of a financial product, not a technological invention. The specification states that a successful trader anticipates the market to gain an advantage, ’999 patent at 1:20–26, but doing so is difficult because it requires assembling data from various sources and processing that data effectively, *id.* at 1:51–54. The invention solves this problem by displaying trading information “in an easy to see and interpret graphical format.” *Id.* at 2:3–6. The specification makes clear that the invention simply displays information that allows a trader to process information more quickly. *Id.* at 1:59–62 (“[A] system is needed in which trend information of market demand for an individual item is provided to traders in an intuitive format which allows traders to quickly interpret how market demand is changing to an item.”); *id.* at 2:39–41 (“The user interface of the present invention presents this information in an intuitive format, allowing the trader to make in-formed decisions quickly.”); *id.* at 2:57–62 (noting that displaying the user’s trades in a different color “allows the trader to quickly determine his or her relative position in the marketplace”); *id.* at 3:37–44 (noting that “the trader is able to make instantaneous decisions regarding an item while receiving critical information about other items or the past performance of the current item and other indices,” which “is a major advantage over conventional methods of trading in which this information is not provided concurrently, and if presented at all, is difficult to process quickly”). This invention makes the trader faster and more efficient, not the computer. This is not a technical solution to a technical problem. *** Accordingly, we agree that the ’999 and ’056 patents are not for a technological invention and thus are eligible for CBM review. [Trading Technologies International, Inc. v. IBG LLC, 2017-2257, 2017-2621; and 2018-1063 (Fed. Cir. 4/18/2019).]

E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir.

4/17/2019).

This is a decision on an appeal from the D. Del. district court case 1:14-cv-01250-RGA. Judge O'Malley dissented from the majority, which consisted of Judges Reyna and Hughes. A jury found that Unifrax infringed the asserted patent and had not proved that patent to be invalid. Unifrax moved for JMOL of non-infringement and invalidity. The district court denied the motion. Unifrax appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 112, claim construction, what constitutes intrinsic evidence, parent of a CIP application.

The majority concluded that disclosure in the parent of a CIP application supported the claim construction. In factual distinction to prior cases, the strongest support in the parent of the CIP patent for the disputed claim construction was from a passage that was not included in the CIP, but was present in the parent. The majority concluded that this was part of the intrinsic record.

Specifically that “there may be some residual dispersant arising from incomplete drying of the platelet dispersion.” It was the existence of the parent’s disclosure of “residual dispersant arising from incomplete drying of the platelet dispersion” that primarily led to construction of the claim term “100% by weight” to cover an amount of organic additives in the refractory layer.

Claim 1 recited in pertinent part “1. A multilayer laminate for use as a flame barrier layer for an aircraft comprising in order (I) a polymeric film layer ... (ii) an adhesive layer ... (iii) an inorganic refractory layer; wherein the inorganic refractory layer of (iii) comprises platelets in an amount of *100% by weight* with a dry areal weight of 15 to 50 gsm and a residual moisture content of no greater than 10 percent by weight.” The majority held that the “100% by weight” limitation allowed for an amount of organic additives in the refractory layer in view of the claim language, and specification.

Unifrax argues that the “100% by weight” term does not allow for any amount of organic additives in the refractory layer. According to Unifrax, “‘100%’ means one hundred percent.” Appellant Br. 35. We must consider whether the context of the entire patent and other intrinsic evidence supports such an interpretation. We hold that it does not. [*E.I. Du Pont De Nemours & Company v. Unifrax I LLC*, 2017-2575 (Fed. Cir. 4/17/2019).]

In support of that holding (with which the dissent disagreed), and consistent with the district court’s analysis, the majority concluded that a passage in the parent application (which was lacking in the subject patent) that supported the claim construction, was part of the intrinsic record.

The district court also looked to the specification of the parent ’027 patent, which it considered as intrinsic evidence, that states “[i]n one embodiment of this invention, the inorganic platelet layer contains 100% platelets, i.e. there is no carrier material such as resin, adhesive, cloth or paper. However, there may be some residual dispersant arising from incomplete drying of the platelet dispersion.” ’027 patent col. 2 ll. 32–36. The district court noted that, although the

'027 patent and the '926 patent did not share the disputed “100%” claim term, both patents “claim inventions that comprise a layer that comprises platelets” and the '027 patent “illuminate[s] the meaning of ‘100%’ as it pertains to such a layer because the “statement relates to common subject matter.” *Claim Construction Order*, 2016 WL 158031, at *8. The district court concluded that the intrinsic evidence supports the construction that “100% by weight” platelets refers to “the quantity of platelets relative to carrier material,” which allows for residual dispersant in the inorganic refractory layer. *Id.* at *9. [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

Unifrax also argues that the district court erred by treating the '027 patent's specification as intrinsic evidence in construing “100% by weight.” We disagree. This court's precedent supports treating the specification of the '027 patent as intrinsic evidence in construing claims in the '926 patent, which issued from a continuation-in-part of the application for the '027 patent, because “the subject matter is common to the continuation-in-part application.” *Wang Labs., Inc. v. Am. Online, Inc.*, 197 F.3d 1377, 1384 (Fed. Cir. 1999) (applying statements from prosecution of a parent application where subject matter was common to the continuation-in-part application); *see also Jonsson v. Stanley Works*, 903 F.2d 812, 818 (Fed. Cir. 1990) (affirming claim construction relying on “arguments and remarks” made during the prosecution of a parent application for claim terms in a patent resulting from a continuation-in-part application despite recognizing the claims used different language). [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

The district court's construction of “100% by weight” comes directly from language in the parent '027 patent and its application: [“] In one embodiment of this invention, the inorganic platelet layer contains 100% platelets i.e. there is no carrier material such as resin, adhesive, cloth or paper. However, there may be some residual dispersant arising from incomplete drying of the platelet dispersion. [“] '027 patent col. 2 ll. 32–36. We agree with the district court that this passage relates to common subject matter and informs the meaning of the “100% by weight” claim term as it is used in the '926 patent by clarifying what is not included in the refractory layer—a carrier material such as resin, adhesive, cloth, or paper. [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

Unifrax cites *Advanced Cardiovascular Systems, Inc. v. Medtronic, Inc.*, 265 F.3d 1294, 1305–06 (Fed. Cir. 2001), to assert that considering the '027 patent specification was improper. *Advanced Cardiovascular* provides one example of circumstances when it is plainly appropriate to treat a parent application as intrinsic evidence: when considering two related patents with identical claim terms. *Id.* (“The prosecution history of a related patent can be

relevant if, for example, it addresses a limitation in common with the patent in suit.”). We do not read *Advanced Cardiovascular* to create a strict requirement that to consider a parent patent as intrinsic evidence, the exact claim term at issue in the child patent must appear in the parent patent’s claims. *Id.* In *Advanced Cardiovascular*, we declined to import a limitation into the child patent claims based on the prosecution history of the parent application where “[t]he patentee’s whole point in filing the [child application] was to secure broader claims” by removing a claim term. *Id.* Thus, *Advanced Cardiovascular* concerned the “absence of a claim term[,]” not merely “no common claim terms in dispute.” *Id.* That is not the case here. [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

Other cases set forth additional circumstances where familial patents inform the construction of a claim term and are appropriately treated as intrinsic evidence. When a parent application includes statements involving “common subject matter” with the terms at issue, those statements are relevant to construction of the terms in the child patent. *See Wang Labs*, 197 F.3d at 1384; *Jonsson* 903 F.2d at 818; *see also, e.g., Ormco Corp. v. Align Tech., Inc.*, 498 F.3d 1307, 1314 (Fed. Cir. 2007). Such is the case in this action. [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

The ’027 and ’926 patents have a familial relationship: the ’926 patent issued from a continuation-in-part of the application that issued as the ’027 patent. *See* ’926 patent col. 1 ll. 5–8; *id.*, Related U.S. Application Data. Accordingly, as a continuation-in-part, the ’926 patent “disclos[es] all or a substantial part of the subject-matter of the prior application,” i.e., the application that led to the ’027 patent. *U.S. Water Servs., Inc. v. Novozymes A/S*, 843 F.3d 1345, 1348 n.1 (Fed. Cir. 2016). In addition to the familial relationship, the application that led to the ’027 patent is listed on the face of the ’926 patent as a prior art reference cited during prosecution. ’926 patent, References Cited. [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

Both patents claim composite laminates that are used as flame barriers comprised of a polymeric film layer and an inorganic refractory layer that itself comprises platelets. Both specifications disclose 100% platelet refractory layer embodiments that also allow for “residual dispersant” in the 100% platelet layer. Given the familial relationship, citation during prosecution, and common subject matter, the district court’s treatment of the ’027 patent as intrinsic evidence² was consistent with our precedent. *See Wang Labs*, 197 F.3d at 1384; *Powell*, 663 F.3d at 1230–31. [E.I. Du Pont De Nemours & Company v. Unifrax I LLC, 2017-2575 (Fed. Cir. 4/17/2019).]

We also find it persuasive that the patentees did not delete the definition of

“100% platelet” from the ’027 patent specification and substantially copy the remaining language into the ’926 patent specification. Had they done so, one could reasonably infer that they intended to change the meaning of “100%” in the ’926 patent specification. But as the district court correctly observed, the “patentees wrote a new specification for the ’926 patent, drawing from the ’027 patent more in substance than in language.” Claim Construction Order, 2016 WL 158031, at *8. The patentees demonstrated in the ’926 patent the same understanding of 100% that we set forth here; it is relative to certain other materials in an embodiment where “platelets comprise 100% of the layer” while also comprising “residual dispersant.” The revised language of the ’926 patent omits only the clarification that the 100% platelet layer contains “no carrier material.” The ’027 patent explicitly clarified that a dispersant and a carrier are distinct. [*E.I. Du Pont De Nemours & Company v. Unifrax I LLC*, 2017-2575 (Fed. Cir. 4/17/2019).]

The language in the ’926 patent specification is consistent with the understanding of the 100% platelet layer described in the ’027 patent specification. As such, there is no reason to infer that the patentees intended to change the meaning of the term or that a person of ordinary skill in the art would understand “100%” differently in the context of the ’926 patent. Thus, the ’027 patent specification illuminates the meaning of “100% by weight” to a person of ordinary skill in the art, who would understand that the term is used in the same way in the ’926 patent, relative to carrier material, and that while the claimed “100% by weight” platelet refractory layer may comprise residual dispersant, “there is no carrier material.” [*E.I. Du Pont De Nemours & Company v. Unifrax I LLC*, 2017-2575 (Fed. Cir. 4/17/2019).]

[Adello Biologics LLC v. Amgen Inc., PGR2019-00001, paper 11 \(PTAB 2/14/2019; designated precedential 4/16/2019\).](#)

Legal issue: 35 USC 322(a)(2), PGR petition requirement to identify all real parties in interest, addition of RPI after filing and prior to institution.

The PTAB allowed the petitioner to add an RPI after filing and prior to a decision on institution, noting that the original RPI allowed the PTAB to effectively check for conflicts, and there was no undue prejudice to Patent Owner.

With our authorization, Adello Biologics, LLC, Apotex Inc., and Apotex Corp. (collectively “Petitioners”) filed a Motion to Amend Mandatory Notices. Paper 9 (“Mot.”). In the Motion, Petitioners seek to amend their mandatory notices to add Amneal Pharmaceuticals LLC (“Amneal LLC”) as a real party in interest (“RPI”) without altering the petition filing date. *Id.* at 1. *** [R]equiring a petition to identify all RPIs serves “to assist members of the Board in identifying potential conflicts, and to assure proper application of the statutory estoppel provisions.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759

(Aug. 14, 2012). Here, Petitioners explain, and Patent Owner does not dispute, that Amneal LLC, the missing RPI, is a wholly owned subsidiary of Amneal Inc. Mot. 4. Because the Petition properly identified Amneal Inc. as an RPI, the Board was able to check for conflicts. Requiring a petition to identify all RPIs also protects a patent owner from “harassment via successive petitions by the same or related parties,” and prevents parties from having a “second bite at the apple.” Trial Practice Guide, 77 Fed. Reg. at 48,759. Allowing Petitioners to—before an institution decision is made—add Amneal LLC as an RPI serves exactly this “core function.” [*Adello Biologics LLC v. Amgen Inc.*, PGR2019-00001, paper 11 (PTAB 2/14/2019; designated precedential 2/14/2019).]

In sum, Petitioners’ delay in identifying all RPIs does not result in any undue prejudice against Patent Owner. Allowing Petitioners to update the mandatory notices while maintaining the original filing date promotes the core functions of RPI disclosures and secures a “just, speedy, and inexpensive resolution” of this proceeding. See 37 C.F.R. § 42.1. Thus, we exercise our discretion under 37 C.F.R. § 42.5(b) to allow Petitioners to add Amneal LLC as an RPI while maintaining the original filing date. [*Adello Biologics LLC v. Amgen Inc.*, PGR2019-00001, paper 11 (PTAB 2/14/2019; designated precedential 2/14/2019).]

[Proppant Express Investments, LLC v. Oren Technologies, LLC, IPR2017-01917, paper 86 \(PTAB 2/13/2019; designated precedential 4/16/2019\).](#)

Legal issue: 35 USC 322(a)(2), PGR petition requirement to identify all real parties in interest, addition of RPI after institution.

The PTAB concluded it was authorized to allow a petitioner to update its real parties in interest to add allegedly unnamed real parties in interest after institution. The PTAB also held that the date for determining a 315(b) time bar for the newly added RPIs remained the petition's original filing date.

We disagree with Patent Owner that we cannot allow Petitioner to update its real parties in interest to add allegedly unnamed real parties in interest after institution. The Board may, under 35 U.S.C. § 312(a), accept updated mandatory notices as long as the petition would not have been time barred under 35 U.S.C. § 315(b) if it had included the real party in interest. As the U.S. Court of Appeals for the Federal Circuit has recognized, it “is incorrect” to “conflate[] ‘real party in interest’ as used in § 312(a)(2) and § 315(b), and claim[] that § 312(a)(2) is part and parcel of the timeliness inquiry under § 315.” *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1374 n.9 (Fed. Cir. 2018) (en banc). “For example, if a petition fails to identify all real parties in interest under § 312(a)(2), the Director can, and does, allow the petitioner to add a real party in interest.” *Id.* “In contrast, if a petition is not filed within a year after a real party in interest, or privy of the petitioner is served with a complaint, it is time-barred by § 315(b), and the petition

cannot be rectified and in no event can IPR be instituted." *Id.* Here, there is no dispute that, at the time of filing of the Petition for this proceeding, none of the now named real parties in interest was subject to the § 315(b) time bar, *i.e.*, none of them had been served with a complaint more than one year before the filing date of the Petition. Thus, because none of the now named real parties in interest would have been time-barred, we disagree with Patent Owner's contention that we lack the authority to consider the newly updated mandatory notices without giving the Petition a new filing date. Indeed, many post-*Lumentum* Board decisions indicate that a petition may be corrected after institution of trial to add a real party in interest if warranted without assigning a new filing date to the petition. *** On the whole, we find it in the interest of justice to allow Petitioner to update its mandatory notices, while maintaining this proceeding's original filing date. We find that doing so furthers the purpose of 35 U.S.C. § 312(a)(2) and avoids significant prejudice to Petitioner (*i.e.*, dismissal of its Petition), without undue prejudice to Patent Owner. [Proppant Express Investments, LLC v. Oren Technologies, LLC, IPR2017-01917, paper 86 (PTAB 2/13/2019; designated precedential 4/16/2019).]

Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).

Legal issue: 35 USC 315(b), burden of proof on RPIs and privies.

The PTAB held that the petitioner bears the burden of establishing that no real parties in interest and no privies were served with a complaint alleging infringement more than one year prior to the filing of the petition.

It is “the IPR petitioner [who] bears the burden of persuasion to demonstrate that its petitions are not time-barred under § 315(b) based on a complaint served on a real party in interest more than a year earlier.” *Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1242 (Fed. Cir. 2018). Although *Worlds* addressed the burden issue in the context of a real party in interest analysis, the same logic requires placing the burden on IPR petitioners to demonstrate that its petitions are not time-barred under § 315(b) based on a complaint served on a privy more than a year before a petition is filed. *See id.* (relying on APA provision placing burden of persuasion on party seeking relief, here an order from the Board). *Ventex*, therefore, bears the burden of establishing that no real parties in interest or privies were served with a complaint alleging infringement more than one year prior to the filing of *Ventex*'s petition on January 11, 2017. [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

Legal issue: 35 USC 315(b), restatement of the test for a real party in interest.

The PTAB restated the Federal Circuit law for a 315(b) RPI, including the distinct emphasis on the circumstances surrounding interests of a client of the petitioner.

As articulated by the Federal Circuit, “[d]etermining whether a non-party is a ‘real party in interest’ demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Id.* at 1351. The Court also provided some context for that assessment, noting that “the terms ‘real party in interest’ and ‘privy’ were included in § 315 to serve two related purposes: (1) to ensure that third parties who have sufficiently close relationships with IPR petitioners would be bound by the outcome of instituted IPRs under § 315(e), the related IPR estoppel provision; and (2) to safeguard patent owners from having to defend their patents against belated administrative attacks by related parties via § 315(b).” *Id.* at 1350. The particular facts of *AIT* also saw the Court further place distinct emphasis on the circumstances surrounding a “client’s interests” when a party elects to file an IPR petition. *Id.* at 1352. [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

The PTAB applied that RPI test to the facts of this case to find Seirus was an RPI, and therefore the petition was barred due to violation of 315(b).

In this case, the record indicates that Ventex and Seirus have done business together since at least 2013. *See, e.g.*, Papers 103, 104 at 2. The parties’ relationship was governed by a “Supplier Agreement,” which required Ventex to “indemnify, defend and hold harmless Seirus . . . from and against any and all claims, demand, damages, liabilities, losses, costs and expenses, (including without limitation, attorney’s fees and costs), of any nature whatsoever, which arise from [Ventex’s] failure to perform its obligations.” *** Ventex and Seirus also entered into another contract in 2016, termed an “Exclusive Manufacturing Arrangement.” *See* Ex. 2189.8 The terms of that Agreement dictate “exclusivity” and require, in part, that Ventex “agrees to only manufacture Heatwave Material for Seirus” in exchange for Seirus’s payment of “an exclusivity fee.” *** In our view, these circumstances readily reveal that the parties had mutual interest in the continuing commercial and financial success of each other. In addition, the subject of the two contracts between the parties—material that is the subject of infringement allegations tied to the ’119 and ’270 patents—incentivizes both parties to invalidate claims of the ’119 and ’270 patents. In that sense, Seirus is a clear beneficiary of Ventex’s efforts in this *inter partes* review, and it follows readily that Ventex represents Seirus’s interests in this proceeding. Importantly, Ventex seeks relief in this forum that Seirus is barred under § 315(b) from seeking for itself. As in *AIT*, the evidence suggests that Ventex filed this action, in part, to benefit Seirus. *See AIT*, 897 F.3d at 1353. *** Based on the record before us, we determine Seirus is a real party in interest. We further determine that Seirus was

served with a complaint alleging infringement of the '119 patent more than one year before the Petition was filed. Therefore, the Petition is time barred under 35 U.S.C. § 315(b). [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

Legal issue: 35 USC 315(b), restatement of the test for a privy.

The PTAB restated the Federal Circuit law for a 315(b) privy, based upon the legal relationships between the parties and noting that any one factor relating to that legal relationship is sufficient to find a non party a privy, including “(1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the non-party’s control of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).”

As a common law concept, privity under § 315(b) should be examined under the backdrop of the “cardinal rule of statutory construction that where Congress adopts a common-law term without supplying a definition, courts presume that Congress knows and adopts the cluster of ideas that were attached to the term.” *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1317 (Fed. Cir. 2018) (quoting *FAA v. Cooper*, 566 U.S. 284, 291–92 (2012)) (quotation marks omitted). Privity “prevent[s] successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation.” *Id.* at 1319. In *Taylor v. Sturgell*, 553 U.S. 880, 894–95 (2008), the Supreme Court provided a non-exhaustive list for examining whether the legal relationship between two parties establishes that one is the privy of the other: “(1) an agreement between the parties to be bound; (2) pre-existing substantive legal relationships between the parties; (3) adequate representation by the named party; (4) the non-party’s control of the prior litigation; (5) where the non-party acts as a proxy for the named party to relitigate the same issues; and (6) where special statutory schemes foreclose successive litigation by the non-party (e.g., bankruptcy and probate).” *AIT*, 897 F.3d at 1360 (Reyna, J., concurring) (citing *Taylor*, 553 U.S. at 894–95). Analysis under any one of the factors can support a finding of privity. *See id.* (describing “six categories that create independent exceptions” to the normal rule forbidding non-party preclusion); *id.* at 1363 (emphasizing that any one of the factors can independently establish privity). [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

The PTAB applied that privy test to the facts of this case to find Sierus was a privy, and therefore the petition was also barred due to a of 315(b) privy violation.

...Here, at least factors 2 and 5 support our conclusion that Seirus and Ventex are privies. As discussed above, the parties had a preexisting substantive legal relationship in the form of two contracts, a Supplier Agreement with an obligation to indemnify and defend, and an Exclusive Manufacturing Agreement. *See Exs. 2009, 2189*. Further, these agreements directly related to the product accused of infringing the patent at issue in this proceeding because they governed the contracts between the parties that resulted in Ventex's sale of fabric to Seirus. *See id.*; *Ex. 2127* ¶ 18. Finding Seirus and Ventex in privity with one another comports with the goal of "tak[ing] into account the 'practical situation', and [extending privity] to parties, to transactions, and other activities *relating to the property in question*." Trial Practice Guide, 77 Fed. Reg. at 48,759 (citations omitted) (emphasis added). [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

Evidence also supports a conclusion that Ventex is serving as a proxy for Seirus and that Seirus was, in effect, funding the inter partes reviews, whether wittingly or unwittingly. In making out its privity case, Columbia directs our attention to payments made from Seirus to Ventex from late 2016 to 2018 pursuant to the Exclusive Manufacturing Agreement. *See, e.g., Papers 99, 100 at 6–10. **** The timing, structure, and amounts of the payments suggest a correlation with legal fees incurred by Ventex in connection with the preparation and prosecution of these IPRs by its counsel. For example, a few months prior to the filing of the Petition, the parties entered into their Exclusive Manufacturing Agreement, which included a \$***,000 advance, \$***,000 in surcharges, and ongoing fees above the usual amount Seirus paid for Ventex's materials. *** advance coinciding with the first payments to counsel for Ventex for work on the inter partes reviews. *** An internal Ventex email further links the surcharge fees from Seirus as necessary to cover the attorneys' fees in these inter partes reviews. *** , Seirus was allegedly paying a large sum of money ... for "exclusivity," yet the 2013 Supplier Agreement already prevented Ventex from selling to Seirus competitors. *** Ventex and Seirus produced witnesses largely unable to answer key open questions, either due to lack of firsthand knowledge or lack of preparation due to a failure to discuss the issues with those having firsthand knowledge. *** The lack of evidence, however, regarding the issues that might explain why Seirus paid for the revised exclusivity on the eve of filing the Petitions in these cases cuts against the party bearing the burden of proof on these issues, Ventex. *** The evidence suggests that without the advance payment and surcharges, Ventex may not have been able to fund this inter partes review. [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

Based on the foregoing, we conclude that the preexisting contractual

relationships between Seirus and Ventex, and Ventex's role as a proxy for Seirus in these inter partes reviews, supports the conclusion that Seirus is in privity with Ventex. Accordingly, Ventex has not met its burden to establish that Seirus is not a privy and that the Petition is not time-barred pursuant to § 315(b). [Ventex Co., Ltd. v. Columbia Sportswear North America, Inc., IPR2017-00651, paper 152 (PTAB 1/24/2019; designated precedential 4/16/2019).]

ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).

This is a decision on appeals from PTAB proceedings IPR2015-00325, IPR2015-00326, and IPR2015-00330. The PTAB held all but one of the challenged claims (Claim 20 of the '871 patent) unpatentable as anticipated or obvious. ATI, the patent owner, appealed. The Federal Circuit reversed the PTAB decisions of unpatentability.

Legal issue: Priority of invention, law of diligence.

ATI's conception date of prior to 10/9/2001 and reduction to practice (by filing their patent application) on 9/29/2003 were undisputed. The Federal Circuit found that the PTAB erred in concluding that ATI did not demonstrate diligence through constructive reduction to practice.

The Federal Circuit criticized the Board analysis on many respects, on conclusions contrary to evidence, and by applying incorrect legal rules. In summary, the evidence showed a mountain of work directed to actually reducing the claimed invention to practice, and to actually reducing improvements to the claimed invention to practice, prior to the filing of a the patent application. The PTAB failed to elicit any evidence that the diligence showing was insufficient. Yet, the PTAB concluded that unidentified unexplained lapses in diligence were not addresses, and the patent application should have been filed sooner. The PTAB's reasoning was inconsistent with facts and law, and the Director's citation of legal authority in support of the PTAB's decision did not support their case. That said, this decision appears to contain no new law, and making it precedential seems to be more of an exercise to show that the Court thinks the PTAB still has not gotten around to internalizing the relatively recent restatement of diligence law, in *Perfect Surgical Techniques v. Olympus America, Inc.*, 2015-2043 (Fed. Cir. 11/16/2016). Excerpts from the decision relating to these conclusions follows.

ATI stated that the PTAB applied an incorrect definition of diligence, and LGE so conceded in its brief before it withdrew from this appeal. The Director instead describes as "boilerplate" the PTAB's erroneous definition. However, it was not boilerplate, for the PTAB appeared to find a dis positive difference between "continuous reasonable diligence" and "reasonably continuous diligence," despite the documentary evidence of activity by ATI on "every business day." We conclude that the PTAB applied the wrong legal standard for diligence. As explained below, under the proper legal standard, the record is clear that ATI exercised the requisite "reasonably continuous diligence." See *Perfect Surgical*, 841 F.3d at 1009. During the trial and at the final hearing the PTAB raised no question about any of the evidence as to any of the claimed inventions;

nor had LGE done so. No inquiry was made to any witness as to any fact or date or statement or document. However, in its Final Written Decision the PTAB held that diligence had not been established as to any of the three Unified Shader Patents, the PTAB ruling that “ATI fails to provide evidence that is specific both as to facts and dates for each of the three critical periods.” [ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).]

The Federal Circuit found that the PTAB improperly discounted evidence because it improperly concluded that the evidence might have been for work outside the scope of the claim.

The PTAB decision mentions two aspects as showing failure of proof of diligence: (1) that “Mr. Lefebvre redesigned the R400, after the conception date, to include an optional feature that is not recited in the claims at issue,” ’053 Op. at 44 *** The “optional feature” aspect was focused on a “second chip design,” the PTAB stating that Mr. Lefebvre had not provided a “meaningful explanation as to which activities listed in the metadata are directed to the second chip design,” *** The PTAB dismissed the entirety of the evidence, stating that “work done for the entire R400 project includes developing and testing other chip designs and optional features to improve graphic processing systems generally, and not merely for the claimed elements.” *** The PTAB appears to have held that this work defeated diligence, although the PTAB did not state or suggest that this work was not within the Unified Shader patents. Nor does the PTAB propose that any of the work documented in the 1300 pages of exhibits is outside of the claims. *** Diligence is not negated if the inventor works on improvements and evaluates alternatives while developing an invention. *In re Jolley*, 308 F.3d 1317, 1328 (Fed. Cir. 2002) (“[W]e decline to adopt a rule that evidence of diligence must be excluded if there is any possibility that it could be construed in support of an invention beyond the reach of the count.” (emphasis original)). Here, neither LGE (before its withdrawal) nor the PTAB points to even such possibility — to the contrary, Lefebvre testified that over 100 ATI employees worked on this project. [ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).]

The Federal Circuit found that the PTAB failed to identify any lapses in diligence, and instead bootstrapped a conclusion of lack of diligence upon unidentified lapses in diligence.

The PTAB decision mentions two aspects as showing failure of proof of diligence: ** (2) that “ATI fails to provide a reasonable way for us to determine whether unexplained lapses have not occurred.” *** The trial record shows no inquiry of any witness, asking about lapses in activity related to the Unified Shader. *** Nor does the PTAB propose that any of the work documented in the 1300 pages of exhibits is outside of the claims. Rather, the PTAB complains that ATI did not identify “unexplained lapses” in the shader activity. *Id.* at 53. *** The

PTAB identified no delays, no gaps in activity. Rather, the PTAB complained that Lefebvre had not identified any “unexplained lapses.” It is correct that Mr. Lefebvre identified daily activity, not lapses. The Director as Intervenor quotes the PTAB statements that ATI was working on “unclaimed features,” but the Director, like the PTAB, does not explain or identify any such features. *See Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1323 (Fed. Cir. 2015) (the Board must “fully and particularly set out the bases upon which it reached [its] decision”); *In re NuVasive, Inc.*, 842 F.3d 1376, 1382 (Fed. Cir. 2016) (“[T]he PTAB must make the necessary findings and have an adequate ‘evidentiary basis for its findings.’”) (quoting *In re Lee*, 277 F.3d 1338, 1344 (Fed. Cir. 2002)). On appeal, we are directed to no view of the evidence that could support a conclusion that ATI set aside the development of the Unified Shader. The PTAB cited no basis for finding that this technology was not being diligently pursued. [ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).]

The Director seeks to excuse the PTAB’s absence of support for its holding, by stating that ATI bears the burden of proof of diligence. However, the Director does not explain where the burden of proof was not met, upon the extensive evidence of daily activity. LGE provided no evidence to the contrary; the LGE argument was that ATI could have filed its patent applications at an earlier stage of development, and that continuing activity to develop a satisfactory product does not count as diligence. Precedent is not in accord; the purpose of the diligence requirement is to show that the invention was not abandoned or set aside. *See Perfect Surgical*, 841 F.3d at 1009 (explaining that the “point of the diligence analysis . . . is to assure that, in light of the evidence as a whole, ‘the invention was not abandoned or unreasonably delayed’”). Here, the Director does not point to the remotest suggestion of abandonment or setting aside of the Unified Shader technology. [ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).]

The Director as Intervenor cites no support for the PTAB’s decisions, but merely quotes the PTAB’s statement that the testimony of Lefebvre is “vague and not sufficiently corroborated by independent evidence,” ’053 Op. at 42. The Director does not mention the 1300 pages of corroborative documents. Although the Director states in his Intervenor’s brief that there is an “unexplained delay” before the ’053 application was filed, Dir. Br. 52, the Director does not elaborate. Instead, the Director presses the argument that ATI should have filed its patent applications sooner. The Director states that: “At bottom, the problem was ATI’s failure to ‘explain why the team of engineers and designers could not have designed, built, and tested a chip embodying the claimed elements, without those optional features,’” Dir. Br. 56, quoting PTAB ’053 Op. at 52–53. The Director states that to show diligence “the work relied on must ordinarily be directly related to reduction to practice of the invention.” Dir. Br. 56 (quoting *Naber v.*

Cricchi, 567 F.2d 382, 385 (CCPA 1977)). The ensuing sentence states that [“]work in preparation for filing related patent applications may suffice (e. g., *Rey-Bellet v. Englehardt*, 493 F.2d 1380, 181 USPQ 453 (Cust. & Pat. App. 1974)), as may work required to develop a first invention in order to develop or reduce to practice a second invention (e. g., *Keizer v. Bradley*, 270 F.2d 396, 47 CCPA 709, 123 USPQ 215 (1959); *Thompson v. Dunn*, 166 F.2d 443, 35 CCPA 957, 77 USPQ 49 (1948)). [”] *Id.* The principles underlying the law of diligence have long been recognized [“] No general standard, by which diligence can be estimated, has been established by the law, nor, in the nature of things, is such a standard possible. It must be reasonable, under all the circumstances of the particular case in question. The character of the invention; the health, the means, the liberty of the inventor; his occupation upon kindred or subordinate inventions, — are proper subjects for consideration. Such reasonable diligence does not involve uninterrupted effort, nor the concentration of his entire energies upon this single enterprise. [”] 1 Robinson on Patents § 387, at 548–49 (1890). [ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).]

The Board criticized ATI for “fail[ing] to provide a reasonable way for us to determine whether unexplained lapses have not occurred.” ’053 Op. at 53. Neither LGE nor the Board raised a question of “unexplained lapses” at trial, or requested additional information concerning corroboration. Although the Board also faulted ATI’s presentation as “not explain[ing] meaningfully the nature of the work” that was being done, ’053 Op. at 51, the Board did not inquire of any witness as to the nature of the work. In contrast, for example, a Board member asked counsel what a “tape out” is, as that usage appeared in the documents. Oral Hr’g. Tr. 76–78. The record does not show objection by LGE to the adequacy of the documentation. [ATI Technologies ULC v. Iancu, 2016-2222, 2016-2406, 2016-2608 (Fed. Cir. 4/11/2019).]

Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019)

This is a decision on appeal from the M.D. Fla. district court case 6:13-cv-01950-PGB-DCI. A jury found claims infringed and not invalid. The district court entered judgement. CalAmp appealed. The Federal Circuit affirmed lack of invalidity; affirm-in-part, reverse-in-part, vacate-in-part, and remand the judgment as to direct infringement; and remanded for a new trial on indirect infringement, compensatory damages, willful infringement, enhanced damages, and attorney’s fees.

Legal issue: FRCP 46, objection to a ruling, preservation of the issue for appeal, claim construction and relevant prior art.

CalAmp alleged that under its proposed claim construction, additional prior art references existed which would invalidate the patent claims. However, the judge ruled against CalAmp’s proposed constructions, and CalAmp never identified the additional prior art. On appeal,

CalAmp did not explain how the district court excluded or limited that unidentified prior art, why the claim construction was relevant to that prior art. The Federal Circuit concluded that under these circumstances CalAmp failed to preserve the issue for appeal.

In its opening brief on appeal, CalAmp argued its “invalidity defenses would have included additional prior art references showing such wired connections.” But in its opening brief CalAmp failed to present a developed argument as to why any actions by the district court after the *Markman* hearing had the effect of excluding or limiting prior art that CalAmp offered to present or even what relevant prior art was excluded by the claim construction ruling. Under these circumstances, CalAmp has failed to properly preserve the issue. *See Becton Dickinson & Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 800 (Fed. Cir. 1990) (“[A]n issue not raised by an appellant in its opening brief . . . is waived.”). *** For these reasons, we affirm the judgment as to the validity of the asserted patent claims. [*Omega Patents, LLC v. CalAmp Corp.*, 2018-1309 (Fed. Cir. 4/8/2019).]

In footnote 2, the Federal Circuit noted that:

The closest CalAmp came is a statement during the *Markman* hearing relating “to a reference that was cited in Omega’s brief,” J.A. 18644, but there appears to be no specific prior art cited there either, Omega’s Opposition to CalAmp’s Motion for Claim Construction, ECF No. 40. [*Omega Patents, LLC v. CalAmp Corp.*, 2018-1309 (Fed. Cir. 4/8/2019).]

Note: Given CalAmp’s error at the *Markman* hearing, CalAmp may have been under the misimpression that it had identified the relevant prior art in question, when in fact it had not. If so, given the ruling on appeal, that suggests harmful attorney error.

Legal Issue: 35 USC 112, claim construction, duty of the court to construe disputed claim terms.

Over CalAmp’s objection, the district court failed to construe a disputed claim term. The meaning of that term was central to the dispute. The Federal Circuit, citing *O2 Micro*, found that to be reversible error.

Second, CalAmp argues that Claim 12 of the ’876 patent and all asserted claims of the ’885 patent require a “device code.” Omega has recognized “[t]he claims . . . require ‘communication’ using a vehicle device code.” Omega Response Br. at 18. The district court defined “device code” to mean a “signal from a vehicle device,” but the court improperly declined to define the term “vehicle device.” J.A. 148–50. CalAmp seeks reversal or, in the alternative, a new trial for the judgment of infringement as to these claims because the district court’s failure to construe the term “vehicle device” in this context allowed Omega to argue infringement under an erroneous theory, namely that the LMU was a “vehicle device” that could send infringing “device codes.” [*Omega Patents,*

LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

During the *Markman* proceeding, CalAmp argued that the term “vehicle device” should be construed consistent with its use in the specification as an “electrical or electronic component in a vehicle that can be controlled and/or the status thereof read.” Omega argued that the term need not be construed because such a construction would not be helpful to the jury. [footnote 6 omitted.] CalAmp argued the jury would “need to have a definition of what this term means” and that under “the O2 Micro case in [CalAmp’s] responsive brief . . . you can’t just leave the terms open for the jury to construe” because the term is “not very informative to the jury for them to understand what does this include and what does this exclude.” *Markman* Tr. 68, 70. Omega, on the other hand, did not “see that the jury would need any sort of explanation” because the claim language was “perfectly understandable.” *Markman* Tr. at 70, 71. The district court noted that “[i]t may be inherent for people with knowledge, but I don’t know that people on a jury would understand that it can be controlled or the status of it read based on what claim 1 says.” *Markman* Tr. at 72. Nonetheless, the district court refused to construe the term “vehicle device” “[s]ince CalAmp’s proposed construction of ‘vehicle device’ is taken from the patents-in-suit,” *Omega Patents, LLC v. CalAmp Corp.*, No. 6:13-cv-1950-Orl-40DAB, 2015 WL 10568791, at *6 (M.D. Fla. Feb. 20, 2015), and the court instructed the jury to give undefined terms their plain and ordinary meaning. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

As we have held repeatedly, “[w]hen the parties raise an actual dispute regarding the proper scope of these claims, the court, not the jury, must resolve that dispute.” *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1360 (Fed. Cir. 2008). The court is not absolved of this duty to construe the actually disputed terms just because the specification of the patent defines the term. Even if the parties had agreed to the construction, the district court was still obligated to give that construction to the jury in its instructions. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

Omega’s primary theory at trial was that the LMU was a “vehicle device” and the signals it sent to the ECU were infringing “device codes.” *See, e.g.*, J.A. 8631, 15897, 16013–14, 16063–64. This theory was inconsistent with the proper claim construction to which Omega agreed, however. In the absence of guidance in the form of proper claim construction, the jury lacked a yardstick by which to measure the arguments and evidence on this issue and assess whether Omega’s infringement theory was a valid one. We cannot discern if the jury found infringement of the claims at issue based upon a theory of infringement inconsistent with the proper construction. Therefore, we must set aside the jury’s verdict of infringement as to claim 12 of the ’876 patent and all asserted claims of

the '885 patent. *Avid*, 812 F.3d at 1047. Accordingly, a new trial on this issue is warranted. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

The question remains whether we should order a new trial, or, as CalAmp contends, reverse the district court's denial of its motion for JMOL of noninfringement. We conclude that JMOL is not warranted on this issue. This is so because Omega also presented evidence that the signal sent from the ECU (an uncontested "vehicle device") to the LMU could satisfy the "device code" limitation. *See, e.g.*, J.A. 16012, 16014–15, 16021, 16065. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

Legal issue: Willful infringement, exclusion of evidence, evidence of mental state.

The Federal Circuit found that the district court's exclusion of evidence going to the state of mind of the defendant, and belief of no patent infringement liability, was an abuse of discretion. Basically, the Federal Circuit concluded that the district court applied the wrong evidentiary and procedural rules to exclude testimony of the state of mind of CalAmp employees resulting from CalAmp's prior art review and product clearance (from infringement of valid patents) and of the corresponding contemporaneously provided reasoning of CalAmp's outside counsel on that issue.

First, we conclude that the district court's exclusion of Chen's testimony relating to CalAmp's state of mind prior to the alleged acts of infringement was an abuse of discretion. Chen's testimony on this issue was clearly relevant, as the evidence shows he was the "main person" tasked with investigating the patent landscape "before CalAmp decided to release" the accused products and he was central to CalAmp's decision to launch the accused products. J.A. 16240, 16238; see J.A. 16238–39, 16243–45, 16297–300. He testified that during his investigation he would discuss his findings with his superior, Garo Sarkissian, who was part of CalAmp's executive team. J.A. 16295–97. "CalAmp rel[ied] on the searching that [Chen] did to . . . see the lay of the land." J.A. 16311. Despite being able to testify as to his investigation into whether the asserted patent claims would be infringed and were valid, he was prevented from stating his conclusions. *See, e.g.*, J.A. 16213. In particular, the district court excluded this proffered testimony as not appropriately disclosed expert testimony under Federal Rule of Civil Procedure 26. But Chen was not provided to offer expert testimony on noninfringement or invalidity.[Footnote 16 omitted.] Rather, he was provided to offer testimony as to the bases for CalAmp's state of mind, one of which was his investigation of the patent landscape. Therefore, he should have been allowed to present a limited summary of his conclusion from this investigation and the basis for it. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

Based on a hearsay objection, Chen was also prevented from answering

the question, “[b]ased on the oral opinion [from counsel], did you have an understanding whether counsel believed the [LMU] infringed the ’885 patent?” J.A. 16299–300. The answer to that question would not implicate hearsay, as it was not being offered for the truth of the matter asserted (i.e., whether the patent was actually infringed). Fed. R. Evid. 801(c)(2). Instead, it was offered for the purpose of establishing the effect on the listener (i.e., that CalAmp reasonably believed it did not infringe the patent based, in part, on counsel’s opinion). See Wright & Miller § 6719; 5 Jack B. Weinstein & Margaret A. Berger, Weinstein’s Federal Evidence, § 801.11 (2019).

This erroneous limitation in Chen’s testimony substantially prejudiced CalAmp by excluding testimony that was critical to the question of whether CalAmp had the required mental state. Second, the district court erred by preventing CalAmp’s outside counsel, Bailey, from testifying as to the analysis he allegedly provided to CalAmp (Chen and his superior, Sarkissian) prior to the launch of the products at issue in the litigation. See J.A. 16297–98 (“[W]e would conference call in on the speaker phone Mr. Sarkissian, and so he would also hear the opinion of our counsel.”). We have repeatedly recognized that advice of counsel is relevant to induced infringement and willfulness. For example, we held in *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 699 (Fed. Cir. 2008), that “opinion-of-counsel evidence” is relevant to the intent analysis for induced infringement because such evidence “may reflect whether the accused infringer ‘knew or should have known’ that its actions would cause another to directly infringe.” We further held in *Bettcher Industries, Inc. v. Bunzl USA, Inc.*, 661 F.3d 629, 649 (Fed. Cir. 2011), that “[t]he fact and general content of” a noninfringement opinion from defendant’s patent lawyer “was relevant and admissible . . . with respect to [defendant’s] state of mind and its bearing on [induced] infringement.” [Footnote 17 omitted.] [*Omega Patents, LLC v. CalAmp Corp.*, 2018-1309 (Fed. Cir. 4/8/2019).]

As to willfulness, an accused infringer’s reliance on an opinion of counsel regarding noninfringement or invalidity of the asserted patent remains relevant to the infringer’s state of mind post-*Halo*. We recently held in *Exmark Manufacturing Co. v. Briggs & Stratton Power Products Group, LLC*, 879 F.3d 1332, 1353 (Fed. Cir. 2018), that “[t]o the extent that [the district court] excluded evidence relevant to [defendant’s] state of mind at the time of the accused infringement, [that decision] d[id] not comport with the standard articulated in *Halo*.” See also *Polara Eng’g Inc. v. Campbell Co.*, 894 F.3d 1339, 1353–54 (Fed. Cir. 2018) (recognizing the relevance of “reliance on competent opinion of counsel” to willfulness). [*Omega Patents, LLC v. CalAmp Corp.*, 2018-1309 (Fed. Cir. 4/8/2019).]

The district court only allowed Bailey to testify as to his bare conclusions

regarding infringement and validity, “but not the substance of [his] opinion.” J.A. 16338. Bailey should also have been allowed to present a reasonable explanation as to how he arrived at his conclusions. We agree that if not appropriately cabined Bailey’s testimony (and Chen’s testimony as well) could confuse the jury into concluding that the testimony was relevant to the issues of infringement and invalidity, rather than CalAmp’s mental state as to these issues. See Fed. R. Evid. 403. We note that Bailey’s written opinions to CalAmp after the current suit was filed were appropriately excluded since they were not contemporaneous with the infringing activity. We also note that Bailey was not relying on the written opinions to refresh his recollection of his prior oral statements. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

On remand, the district court should allow Chen to testify as to the conclusions he reached from his own independent investigation and a summary of the basis for that conclusion and to present an appropriately limited summary as to the opinion of counsel he received. See Fed. R. Evid. 403. Of course, Chen’s investigation is only pertinent in so far as it was communicated to the defendant’s decision makers prior to the alleged infringement. Similarly, Bailey should be allowed to provide a limited summary of the basis for his conclusion. The bases for Bailey’s oral conclusions or the methodology used to arrive at them is, of course, only relevant to the issue of defendant’s state of mind for inducement and willful infringement to the extent that information was actually communicated to the defendant’s decision makers prior to infringement. [Omega Patents, LLC v. CalAmp Corp., 2018-1309 (Fed. Cir. 4/8/2019).]

Huawei Device Co., Ltd. v. Optis Cellular Tech., LLC, IPR2018-00816, paper 19 (1/8/2019; designated precedential 4/5/2019).

Legal issue: 35 USC 316(a)(8), Office Trial Practice Guide, standard for submission of new evidence in support of a request for rehearing.

The PTAB relied upon the Trial Practice Guide (TPG), not an enumerated rule, for its precedential holding. That reliance is contrary to a prior policy of the PTAB deeming the TPG to not be a promulgated rule.

In particular, the PTAB relied upon the TPG’s statement “[e]vidence not already of record at the time of the decision will not be admitted absent a showing of *good cause*,” to exclude evidence submitted with a request for rehearing. The PTAB advised that a party seeking entry of evidence supporting a request for rehearing, needed to show good cause, either via a teleconference call prior to requesting rehearing, or within the written request for rehearing.

As an initial matter, we address whether Huawei followed the proper procedure for admitting Exhibits 1039–1041 into the record of this proceeding. As we explain above, Huawei filed its Request for Rehearing, along with Exhibits 1039–1041. These exhibits were not of record at the time the Decision Denying Institution was entered on November 5, 2018. Compare Paper 18 (“Petitioner’s

Updated Exhibit List”), with Paper 2 (“Pet.”), i–iii (“Petitioner’s Initial Exhibit List”). *** The rule governing a rehearing request permits “[a] party dissatisfied with a decision . . . [to] file a *single request for rehearing* without prior authorization from the Board.” 37 C.F.R. § 42.71(d) (emphasis added). This rule does not address explicitly whether the requesting party also may file new evidence with its rehearing request. The *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756 (Aug. 14, 2012) (“*Practice Guide*”), however, is instructive on this matter. When discussing general procedures applicable to rehearing requests, the *Practice Guide* states that “[e]vidence not already of record at the time of the decision will not be admitted absent a showing of *good cause*.” *Id.* at 48,768 (emphasis added). Ideally, a party seeking to admit new evidence with a rehearing request would request a conference call with the Board prior to filing such a request so that it could argue “good cause” exists for admitting the new evidence. Alternatively, a party may argue “good cause” exists in the rehearing request itself. [Huawei Device Co., Ltd. v. Optis Cellular Tech., LLC, IPR2018-00816, paper 19 (1/8/2019; designated precedential 4/5/2019).]

Here, Huawei did not request a conference call with the Board prior to submitting Exhibits 1039–1041 with its Request for Rehearing entered on December 5, 2018. Nor did Huawei explain why these exhibits should be admitted in the Request for Rehearing itself. *See generally* Req. Reh’g 1–15. Absent a showing of “good cause” prior to filing the Request for Rehearing or in the Request for Rehearing itself, these exhibits should not be admitted and, therefore, they are not entitled to consideration. Consequently, we exercise our authority under 37 C.F.R. § 42.7(a) to expunge Exhibits 1039–1041. [Huawei Device Co., Ltd. v. Optis Cellular Tech., LLC, IPR2018-00816, paper 19 (1/8/2019; designated precedential 4/5/2019).]

Chevron Oronite Co. LLC v. Infineum USA L.P., IPR2018-00923, paper 9 (11/7/2018; designated informative 4/5/2019).

Legal issue: 35 USC 314(a), PTAB discretion to institute, fraction of challenged claims meeting the threshold showing for institution.

The PTAB denied institution of a petition challenging 20 claims when the challenges met the reasonably likely standard for only two dependent claims.

Even when a petitioner demonstrates a reasonable likelihood of prevailing with respect to one or more claims, however, institution of review remains discretionary. *SAS Inst. v. Iancu*, 138 S.Ct. 1348, 1356(2018); *Harmonic*, 815 F.3d at 1367 (“First of all, the PTO is permitted, but never compelled, to institute an IPR proceeding.”). Office guidance issued June 5, 2018, explains that the Board may consider the number of claims and grounds that meet the reasonable likelihood standard when deciding whether to institute inter partes review under 35 U.S.C. § 314(a). *SAS Q&As*, part D, Effect of *SAS* on future challenges that

could be denied for statutory reasons(June 5, 2018). [Footnote 7 omitted.] Here, Petitioner demonstrates, at most, a reasonable likelihood of prevailing with respect to two dependent claims out of a total of twenty challenged claims. On this record, instituting a trial with respect to all twenty claims based on evidence and arguments directed to dependent claims 3 and 4 is not an efficient use of the Board’s time and resources. Thus, we do not institute an *inter partes* review. [Chevron Oronite Co. LLC v. Infineum USA L.P., IPR2018-00923, paper 9 (11/7/2018; designated informative 4/5/2019).]

Deeper, UAB v. Vexilar, Inc., IPR2018-01310, paper 7 (1/24/2019; designated informative 4/5/2019).

Legal issue: 35 USC 314(a), PTAB discretion to institute, fraction of challenged claims meeting the threshold showing for institution.

The PTAB denied institution of a petition challenging 23 claims on four grounds when it found that only one of the challenges, for only 2 of the 23 claims (one independent and one dependent), met the reasonably likely standard.

... But even when a petitioner demonstrates a reasonable likelihood of prevailing with respect to one or more claims, institution of review remains discretionary. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). *** Here, Petitioner challenged twenty-three claims under four asserted grounds of unpatentability, with each claim being the subject of two separate grounds. Petitioner demonstrates a reasonable likelihood of prevailing with respect to only two claims on one asserted ground. On this record, and based on the particular facts of this proceeding, instituting a trial with respect to all twenty-three claims and on all four grounds based on evidence and arguments directed to only two claims and one ground would not be an efficient use of the Board’s time and resources. *See, e.g., Chevron Oronite Co. v. Infineum USA L.P.*, Case IPR2018-00923, slip op. at 10–11 (PTAB Nov. 7, 2018)(Paper 9). Thus, we do not institute an *inter partes* review. [Deeper, UAB v. Vexilar, Inc., IPR2018-01310, paper 7 (1/24/2019; designated informative 4/5/2019).]