

## Precedential Patent Case Decisions During April 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

#### **Grit Energy Solutions, LLC, Appellant v. Oren Technologies, LLC, 2019-1063 (Fed. Cir. 4/30/2020).**

This is a decision on an appeal from PTAB case IPR2017-00768. The PTAB found that Grit had not met its burden of showing that the challenged claims were unpatentable as obvious. Grit appealed. A majority of the Federal Circuit consisting of Chief Judge Prost and Judge Wallach vacated and reversed. Judge Newman concurred on the issue of standing, but dissented on the decision to vacate and remand.

**Legal Issue: Constitution, Article III, whether an IPR petitioner has standing to appeal when the patentee had dismissed without prejudice prior claims of infringement and there was no prospect for future infringement.**

The Federal Circuit held that Grit had standing because Oren was free to reassert claims for infringement of the subject patent that had been dismissed without prejudice.

The Federal Circuit first restated its law of standing.

We have jurisdiction to review final decisions of the Board under 28 U.S.C. § 1295(a)(4)(A). However, Article III of the Constitution restricts federal judicial power to the adjudication of “Cases” or “Controversies.” U.S. Const. art. III, § 2; *see also Consumer Watchdog v. Wis. Alumni Res. Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014) (“[A]lthough Article III standing is not necessarily a requirement to appear before an administrative agency, once a party seeks review in a federal court, ‘the constitutional requirement that it have standing kicks in.’” (quoting *Sierra Club v. E.P.A.*, 292 F.3d 895, 899 (D.C. Cir. 2002))); *Cat Tech LLC v. TubeMaster, Inc.*, 528 F.3d 871, 879 (Fed. Cir. 2008). [Grit Energy Solutions, LLC, Appellant v. Oren Technologies, LLC, 2019-1063 (Fed. Cir. 4/30/2020).]

As the party invoking federal jurisdiction, Grit Energy bears the burden of establishing standing. *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547 (2016). To meet the Article III standing requirements, the party seeking relief traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable decision.” *Id.* at 1547–48. To establish “injury in fact,” the party seeking

relief must typically show an invasion of a legally protected interest that is concrete, particularized, and actual or imminent, as opposed to merely conjectural or hypothetical. *Id.* at 1548. Because petitioners have been authorized by statute to appeal adverse final written decisions, see 35 U.S.C. § 141(c), we have held that such petitioners “need not ‘meet all the normal standards for redressability and immediacy’” to establish injury in fact. *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1219–20 (Fed. Cir. 2018) (citing *Phigenix v. Immunogen, Inc.*, 845 F.3d 1168, 1172 n.2 (Fed. Cir. 2017) (citations omitted)); *see also Mass. v. EPA*, 549 U.S. 497, 517–18 (2007); *Consumer Watchdog*, 753 F.3d at 1261 (“[W]here Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision, certain requirements of standing—namely immediacy and redressability, as well as prudential aspects that are not part of Article III—may be relaxed.”). [*Grit Energy Solutions, LLC, Appellant v. Oren Technologies, LLC*, 2019-1063 (Fed. Cir. 4/30/2020).]

In order to demonstrate the requisite injury in an appeal from a final written decision in an inter partes review, we have concluded that it is generally sufficient for the appellant to show that it has engaged in, is engaging in, or will likely engage in “activity that would give rise to a possible infringement suit.” *Consumer Watchdog*, 753 F.3d at 1262; *see also JTEKT Corp.*, 898 F.3d at 1220 (“Our cases establish that typically in order to demonstrate the requisite injury in an [inter partes review] appeal,” it is sufficient for “the appellant/petitioner [to] show that it is engaged or will likely engage ‘in an[] activity that would give rise to a possible infringement suit’ (second alteration in original) (internal citations omitted)); *Serco Servs. Co. L.P. v. Kelley Co., Inc.*, 51 F.3d 1037, 1038 (Fed. Cir. 1995) (whether “the declaratory plaintiff has acted . . . in a way that could constitute infringement” is relevant to whether the declaratory plaintiff has standing (emphasis added)). “[A] petitioner who appeals from an [inter partes review] decision need not face ‘a specific threat of infringement litigation by the patentee’ to establish jurisdiction,” but rather need only “generally show a controversy ‘of sufficient immediacy and reality’ to warrant the requested judicial relief.” *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004 (Fed. Cir. 2018) (quoting *ABB, Inc. v. Cooper Indus., LLC*, 635 F.3d 1345, 1348 (Fed. Cir. 2011)). [*Grit Energy Solutions, LLC, Appellant v. Oren Technologies, LLC*, 2019-1063 (Fed. Cir. 4/30/2020).]

The Federal Circuit applied that law to the facts.

Grit Energy contends that it has standing because Oren previously sued Grit Energy for infringement of one or more claims of the ’341 patent, and Oren is free to reassert those infringement claims. We agree. Grit Energy has engaged in acts that not only could give rise to a possible infringement suit, but did give rise to an infringement suit. Although that lawsuit has since been dismissed, the

dismissal was without prejudice and the statute of limitations has yet to run, leaving Oren free to pursue its previous claims of infringement in the future. *See, e.g., Semtek Int'l Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 505 (2001) (“The primary meaning of ‘dismissal without prejudice’ . . . is dismissal without barring the plaintiff from returning later, to the same court, with the same underlying claim.”) Furthermore, although Grit Energy transferred ownership of the products accused of infringement in that suit, that does not absolve Grit Energy of liability for actions it took before the transfer. [3] Under these circumstances, Grit Energy has shown that there exists a controversy of sufficient immediacy and reality to warrant the requested judicial relief. [Grit Energy Solutions, LLC, Appellant v. Oren Technologies, LLC, 2019-1063 (Fed. Cir. 4/30/2020).]

Oren also argues that Grit Energy cannot prove standing because only present and potential future activities can confer standing, not past activities. We disagree. Past activities, like present and potential future activities, can create a controversy between two parties. *See, e.g., Serco Servs.*, 51 F.3d at 1038 (whether “the declaratory plaintiff has acted . . . in a way that could constitute infringement” is relevant to whether the declaratory plaintiff has standing (emphasis added)). Indeed, disputes between parties frequently relate to actions that occurred in the past, and the mere fact that such actions have not continued to the present does not necessarily dissipate a controversy over those actions. Here, for example, Oren has already charged Grit Energy for infringement based on Grit Energy’s past activities, and because the lawsuit was dismissed without prejudice and the statute of limitations has not yet run, Oren can still pursue those claims of infringement. Furthermore, given that activities that “will likely”—but might not—occur in the future can be sufficient to confer standing, *see, e.g., DuPont*, 904 F.3d at 1004–05; *JTEKT Corp.*, 898 F.3d at 1220, activities that have occurred can be sufficient to confer standing in appropriate circumstances as well. [Grit Energy Solutions, LLC, Appellant v. Oren Technologies, LLC, 2019-1063 (Fed. Cir. 4/30/2020).]

**Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).**

This is a decision on an appeals from PTAB cases IPR2017-00854; IPR2017-01550; IPR2017-01929; and IPR2017-01946.

Argentum appealed. The Federal Circuit held that Argentum lacked standing to appeal.

**Issue: Article III, standing, injury in fact requirement, 35 USC 315(e)**

Standing is a fact based inquiry. Here, Argentum could have, in the past, taken actions that would have resulted in facts resulting in its having standing. Like timely filing an ANDA, and owning a piece of the action.

The Federal Circuit held that Argentum lacked standing due to the facts that: Argentum had not filed an ANDA; Argentum’s (speculative) loss was not tied to the product for which an ANDA would be requested; and that 315(e) estoppel against Argentum was a legally insufficient

injury.

The Federal Circuit stated:

Because we hold that Argentum lacks Article III standing, we dismiss the appeal and do not reach the merits of the Board’s ruling on the claims of the ’405 patent. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).]

...First, Argentum argues that without an opportunity to seek this Court’s redress, it faces a real and imminent threat of litigation as it jointly pursues, along with its partner KVK-Tech, Inc., a generic version of Novartis’ Gilenya® product for which they are in the process of filing an ANDA. \*\*\* No ANDA has been filed here, and Argentum has not provided evidence showing that it would bear the risk of any infringement suit or anything related to its involvement in the ANDA process beyond generic statements. *See, e.g., id.* ¶ 11. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).]

...Second, Argentum argues that it will incur significant economic injury as its investments in developing a generic version of Gilenya® and preparing an ANDA would be at risk with a “looming infringement action by Novartis.” Appellant’s Br. 49. \*\*\* Argentum has not provided sufficient evidence to establish an injury in fact through economic harm. \*\*\* Mr. Tabasso specifically states that “[t]he generic version of PAZEO®,” a drug unrelated to the patent at issue, “will be produced in KVK’s new manufacturing space which will come online in the next year.” \*\*\* Argentum likewise has failed to provide sufficient evidence that it invested in KVK’s generic Gilenya® product or ANDA. \*\*\* And its assertion that it will suffer at least \$10–50 million per year in lost profits once the FDA grants provisional approval to the ANDA is both conclusory and speculative. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).]

Third, Argentum argues that absent relief from this court, Argentum would be estopped under 35 U.S.C. § 315(e) from raising the patentability and validity issues in a future infringement action. \*\*\* As the court stated in *AVX*, “we have already rejected invocation of the estoppel provision as a sufficient basis for standing.” 923 F.3d at 1362–63 (citing *Phigenix*, 845 F.3d at 1175–76 (“§ 315(e) do[es] not constitute an injury in fact when, as here, the appellant is not engaged in any activity that would give rise to a possible infringement suit.”) (alteration in original) (internal quotations omitted)); *see also JTEKT*, 898 F.3d at 1221; *General Electric*, 928 F.3d at 1355. Accordingly, we hold that Argentum has failed to prove that it has suffered an injury in fact necessary to establish standing. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation,

2018-2273 (Fed. Cir. 4/23/2020).]

**Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).**

This is a decision on appeals from the D. Del. district court case 1:15-cv-01031-JFB-SRF. The district court granted Hologic's motions for SJ that the doctrine of assignor estoppel barred Minerva from challenging the validity of the two patents-in-suit; for SJ of no invalidity; and for SJ of infringement. Both parties appealed.

**Legal issue: Doctrine of assignor estoppel, effect of an intervening Federal Circuit affirmance of unpatentability.**

The Federal Circuit held that the existence of an intervening Federal Circuit affirmance of unpatentability vitiated the assignor estoppel doctrine.

The Federal Circuit first restated its doctrine of assignor estoppel.

This court first examined and affirmed the vitality of the doctrine of assignor estoppel in *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220 (Fed. Cir. 1988). We defined assignor estoppel as “an equitable doctrine that prevents one who has assigned the rights to a patent (or patent application) from later contending that what was assigned is a nullity.” *Diamond Sci.*, 848 F.2d at 1224. \*\*\* Since *Diamond Scientific*, this court has continued to apply the doctrine in a variety of circumstances, often citing prevention of “unfairness and injustice” as the primary justification for its application. \*\*\* Consistent with the Supreme Court's guidance in *Westinghouse* and *Scott Paper*, however, we have recognized certain limits to the doctrine. For instance, although estopped parties “cannot challenge the validity of” the patent at issue, “assignor estoppel does not limit their ability to defend themselves in other ways,” including “arguing that the patentee is itself collaterally estopped from asserting a patent found invalid in a prior proceeding.” *Mentor Graphics*, 150 F.3d at 1379 (first citing *Blonder-Tongue Lab., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971); then citing *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 481–83 (Fed. Cir. 1991)). In addition, an estopped party “may also argue for a narrow claim construction, or that the accused devices are within the prior art and therefore cannot infringe.” *Id.* at 1380 (first citing *Westinghouse*, 266 U.S. at 351; then citing *Scott Paper*, 326 U.S. at 257–58). [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

The Federal Circuit then concluded that its doctrine of assignor estoppel did not bar the defendant from asserting the claims were *void ab initio*, when there existed an intervening Federal Circuit affirmance of a PTAB final decision that held the claims unpatentable.

Hologic, for its part, moved for summary judgment that the doctrine of assignor estoppel bars Minerva from challenging the validity of the '183 and '348 patent claims in district court. The district court granted Hologic's motion for both

patents. \*\*\* The district court also granted summary judgment of infringement of the asserted '183 and '348 patent claims. \*\*\* [L]ater, this court affirmed the Board's decision that the '183 patent claims are invalid as obvious under 35 U.S.C. § 103. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

\*\*\* Hologic asserts that assignor estoppel precludes Minerva from relying on this court's *Hologic* decision to escape liability for infringement. It argues that "the final outcome of the IPR is irrelevant to the district court proceeding" and that "[t]o hold otherwise would be to hold that the America Invents Act ('AIA') abrogated the assignor estoppel doctrine in a district court infringement action." Appellant's Br. 36. Based on our precedent, we disagree. \*\*\* Based on our precedent and the limits it places on the assignor estoppel doctrine, we conclude that assignor estoppel does not preclude Minerva from relying on the *Hologic* decision to argue that the '183 patent claims are *void ab initio*. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

We are mindful of the seeming unfairness to Hologic in this situation. Although Minerva would have been estopped from challenging the validity of the '183 patent claims in district court, it was able to challenge their validity in an IPR proceeding and, hence, circumvent the assignor estoppel doctrine. Minerva had the right to do so under the AIA and this court's precedent. This court has held that the doctrine of assignor estoppel does not bar an assignor from filing a petition for IPR. *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 804 (Fed. Cir. 2018). In *Arista*, the patent owner argued that assignor estoppel barred the assignor-petitioner's IPR challenge to the patent's validity. *Id.* at 798. We interpreted the statute at issue, 35 U.S.C. § 311(a)—which provides that "a person who is not the owner of a patent" may file an IPR—to determine whether Congress intended for assignor estoppel to apply in an IPR proceeding. *Id.* at 802–03. We concluded that the plain language of the statute was unambiguous and provided that "an assignor, who is no longer the owner of a patent, may file an IPR petition as to that patent." *Id.* at 803. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

While we understand Hologic's predicament, we nevertheless conclude that the district court did not abuse its discretion in denying Hologic its requested injunctive and monetary relief following a finding of patent infringement. *See Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1147 (Fed. Cir. 2011) (denial of a permanent injunction is reviewed for abuse of discretion). Generally, "when a [patent] claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot." *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013). Because the '183 patent claims are invalid, Hologic cannot assert those

claims or seek ongoing monetary or injunctive relief based on infringement. Our affirmance of the Board’s invalidity decision in *Hologic* is dispositive of the validity of the ’183 patent claims, regardless of how the validity question came to this court, and regardless of whether assignor estoppel bars *Minerva* from challenging the patent’s validity in this district court case. [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

**Legal issue: Continued viability of the Federal Circuit’s doctrine of assignor estoppel.**

In a concurring opinion, Judge Stoll signaled that the Federal Circuit should reconsider the continued viability of its doctrine of assignor estoppel.

I write separately to highlight and question the peculiar circumstance created in this case by this court’s precedent, which the panel is bound to follow. In *Arista*, we held that the judge-made doctrine of assignor estoppel does not apply in the context of an inter partes review. In other words, an assignor who sold his patent rights may file a petition for IPR challenging the validity of that patent. *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 803–04 (Fed. Cir. 2018). At the same time, we continue to bar assignors from challenging in district court the validity of the patents they assigned. *See, e.g., Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1280–83 (Fed. Cir. 2017). Our precedent thus presents an odd situation where an assignor can circumvent the doctrine of assignor estoppel by attacking the validity of a patent claim in the Patent Office, but cannot do the same in district court. Do the principles underlying assignor estoppel—unfairness in allowing one who profited from the sale of the patent to attack it—apply in district court but not in Patent Office proceedings? Should we change the application of the doctrine in district court, or should we revisit our construction of the America Invents Act and reevaluate our interpretation of the statute as prohibiting the doctrine of assignor estoppel? [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

Given the odd circumstance created in this case, I suggest that it is time for this court to consider en banc the doctrine of assignor estoppel as it applies both in district court and in the Patent Office. We should seek to clarify this odd and seemingly illogical regime in which an assignor cannot present any invalidity defenses in district court but can present a limited set of invalidity grounds in an IPR proceeding. [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020)(J. Stoll, concurring).]

***Dragon Intellectual Property, LLC v. Dish Network*, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).**

**Legal issue: 35 USC 285, prevailing party, one that successfully rebuffs an “attempt to alter the parties’ legal relationship”**

The Federal Circuit held that the legal mechanism by which a party successfully rebuffs an “attempt to alter the parties' legal relationship” is not determinative.

We held that "even though the mootness decision was made possible by winning a battle on the merits before the PTO," Facebook was a prevailing party because it "rebuffed B.E.'s attempt to alter the parties' legal relationship in an infringement suit." *Id.* at 679. Although B.E. Technology involved the interpretation of prevailing party under Fed. R. Civ. P. 54(d), we see no meaningful distinction that would warrant a different interpretation under § 285. *See e.g., B.E. Tech.*, 940 F.3d at 677 ("We interpret the term [prevailing party] consistently between different fee-shifting statutes, and between Rule 54(d) and 35 U.S.C. § 285."). Like in *B.E. Technology*, Appellants succeeded in invalidating the asserted claims before the Board. After we affirmed the Board's decision, the district court vacated the judgment of noninfringement as moot. Therefore, as in *B.E. Technology*, Appellants successfully rebuffed Dragon's attempt to alter the parties' legal relationship in an infringement suit. [Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).]

At oral argument, Dragon attempted to distinguish *B.E. Technology* on the basis that the district court here vacated the judgment of noninfringement previously entered in favor of Appellants instead of merely dismissing the case as moot.[4] Oral Arg. 18:10-21:50. But such a distinction elevates form over substance and is inconsistent with the reasoning set forth in *B.E. Technology*. *See* 940 F.3d at 679 (holding that the distinction between a dismissal for mootness and a dismissal for lack of standing does not warrant a different result). The judgment of noninfringement was vacated only because the Appellants successfully invalidated the asserted claims in a parallel inter partes review proceeding, rendering moot Dragon's infringement action. If anything, Appellants' success in obtaining a judgment of noninfringement, although later vacated in view of Appellants' success in invalidating the asserted claims, further supports holding that they are prevailing parties. Therefore, consistent with our decision in *B.E. Technology*, we hold that DISH and SXM are prevailing parties. Accordingly, we vacate and remand the district court's order denying Appellants' motions for attorneys' fees under 35 U.S.C. § 285. [Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).]

**Legal issue: 35 USC 285, fee awards for corresponding PTAB proceeding instigated by the appellant**

The Federal Circuit found “no basis in the Patent Act for awarding fees under § 285 for work incurred in inter partes review proceedings that the Appellants voluntarily undertook.”

Appellants further argue that fees awarded under § 285 should include fees

incurred in related proceedings, including parallel proceedings under the Leahy-Smith America Invents Act and appeals therefrom, and that fees under § 285 should be awarded against counsel of record as jointly and severally liable with a party. Appellants request that we resolve these legal issues prior to any remand. Though we see no basis in the Patent Act for awarding fees under § 285 for work incurred in inter partes review proceedings that the Appellants voluntarily undertook, we remand to the district court for initial consideration of Appellants' fee motions. We note that fees are awarded only in exceptional cases, and not to every prevailing party. Should the district court determine that this is not an exceptional case, there would be no need to reach the additional issues regarding fee-shifting in inter partes reviews or joint and several liability of counsel. For this reason, we decline counsel's request that we resolve these issues in the first instance. [Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).]

**Thryv, Inc. v. Click-To-Call Technologies, LP, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).**

The Supreme Court considered again the scope of the 314(d) bar to judicial review of a PTAB IPR institution decision.

**Legal issue: 35 USC 314(d), 315(b), bar on review of PTAB decisions to institute.**

The Supreme Court held that 314(d) was a complete bar to review of a PTAB decision that 315(b) did not preclude institution.

The Supreme Court summarized its holding.

In this case, the agency instituted inter partes review in response to a petition from Thryv, Inc., resulting in the cancellation of several patent claims. Patent owner Click-to-Call Technologies, LP, appealed, contending that Thryv's petition was untimely under §315(b). The question before us: Does §314(d)'s bar on judicial review of the agency's decision to institute inter partes review preclude Click-to-Call's appeal? Our answer is yes. The agency's application of §315(b)'s time limit, we hold, is closely related to its decision whether to institute inter partes review and is therefore rendered nonappealable by §314(d). [Thryv, Inc. v. Click-To-Call Technologies, LP, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).]

The Supreme Court clarified its statutory analysis.

And §314(d) refers not to a determination under subsection (a), but to the determination “under this section.” That phrase indicates that §314 governs the Director’s institution of inter partes review. Titled “Institution of inter partes review,” §314 is the section housing the command to the Director to “determine whether to institute an inter partes review,” §314(b). Thus, every decision to institute is made “under” §314 but must take account of specifications in other provisions—such as the §312(a)(3) particularity requirement at issue in *Cuozzo*

and the §315(b) timeliness requirement at issue here. Similar clarifying language recurs throughout the AIA. \*\*\* If Congress had intended Click-to-Call’s meaning, it had at hand ready made language from a precursor to §314(d):“A determination by the Director under *subsection (a)* shall be final and non-appealable.” 35 U. S. C. §312(c) (2006 ed.) (emphasis added) (governing inter partes reexamination). Or Congress might have borrowed from a related provision:“A determination by the Director pursuant to *subsection (a) of this section that no substantial new question of patentability has been raised* will be final and nonappealable.” 35 U. S. C. §303(c) (emphasis added) (governing ex parte reexamination). Instead, Congress chose to shield from appellate review the determination “whether to *institute an inter partes review under this section.*” §314(d) (emphasis added). That departure in language suggests a departure in meaning. *See Henson v. Santander Consumer USA Inc.*, 582 U. S. \_\_\_, \_\_\_ (2017) (slip op., at 6). [*Thryv, Inc. v. Click-To-Call Technologies, LP*, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).]

The Supreme Court foreclosed other reasoning.

Click-to-Call presses an alternative reason why the Board’s ruling on its §315(b) objection is appealable. The Board’s final written decision addressed the §315(b) issue, so Click-to-Call argues that it may appeal under §319, which authorizes appeal from the final written decision. But even labeled as an appeal from the final written decision, Click-to-Call’s attempt to overturn the Board’s §315(b) ruling is still barred by §314(d). Because §315(b)’s sole office is to govern institution, Click-to-Call’s contention re-mains, essentially, that the agency should have refused to institute inter partes review. As explained, §314(d) makes that contention unreviewable. [*Thryv, Inc. v. Click-To-Call Technologies, LP*, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).]

**Keith Manufacturing Co. v. Larry D. Butterfield, 2019-1136 (Fed. Cir. 4/17/2020).**

This is an appeal from the D. Or. district court case 3:15-cv-02008-SI. Butterfield filed an FRCP 54(d) motion for attorney's fees after the parties filed a stipulation to dismiss all claims with prejudice under FRCP 41(a)(1)(A)(ii). The district court dismissed the motion. Butterfield appealed. The Federal Circuit vacated and remanded.

**Legal issue: FRCP 54(d), whether the filing of a FRCP 41(a)(1)(A)(ii) stipulated dismissal with prejudice bars consideration of a subsequently filed FRCP 54(d) motion for attorney’s fees.**

The Federal Circuit held that the filing of a stipulated dismissal with prejudice did not bar a subsequently filed FRCP 54(d) motion for attorney's fees.

Although the scope of Rule 54 “judgment” is broader than a § 1291 final decision, their shared purpose and general congruity mean that § 1291 can still inform the proper scope of Rule 54. But the district court’s reliance on *Microsoft’s* § 1291 analysis went too far because the concerns that animated the Supreme

Court's *Microsoft* decision are not present here. First, treating a voluntary stipulation with prejudice as a judgment for purposes of attorney's fees under Rule 54 will not invite parties to engage in piecemeal appellate litigation. The joint stipulation means that, except under rare circumstances, there will not be an appeal on the merits; only the attorney's fees issue remains. Second, because this case is not a class action, it will not undermine class action procedure. And because both parties can move for attorney's fees, permitting a Rule 54(d) motion for attorney's fees after a stipulated dismissal will not affect the overall balance of litigation. [Keith Manufacturing Co. v. Larry D. Butterfield, 2019-1136 (Fed. Cir. 4/17/2020).]

**Cardionet, LLC v. InfoBionic, Inc., 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020).**

This is a decision on an appeal from the D. Mass. district court case 1:17-cv-10445-IT. The district court granted a 12(b)(6) motion, concluding the claims eligible under 35 USC 101. Cardionet appealed. The Federal Circuit reversed.

**Legal Issue: 35 USC 101, *Alice*, step 1, abstract idea, whether claims focus on specific means or method that improves the relevant technology, instead of merely automating known techniques.**

The Federal Circuit found that the claims focus on specific means or method that improves the relevant technology, instead of merely automating known techniques.

We conclude instead that the asserted claims of the '207 patent are directed to a patent-eligible improvement to cardiac monitoring technology and are not directed to an abstract idea. \*\*\* At step one, the district court concluded that the claims are directed to the abstract idea that atrial fibrillation and atrial flutter "can be distinguished by focusing on the variability of the irregular heartbeat." *CardioNet, LLC v. InfoBionic, Inc.*, 348 F. Supp. 3d 87, 93 (D. Mass. 2018) (District Court Op.); *see also id.* at 97 (further defining the abstract idea as "identifying" atrial fibrillation or atrial flutter "by looking at the variability in time between heartbeats and taking into account ventricular beats"). \*\*\* We begin our analysis with *Alice* step one. In doing so, we look to whether the claims "focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO*, 837 F.3d at 1314 (citations omitted). We hold that the asserted claims of the '207 patent are directed to patent-eligible subject matter. [Cardionet, LLC v. InfoBionic, Inc., 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020).]

When read as a whole, and in light of the written description, we conclude that claim 1 of the '207 patent is directed to an improved cardiac monitoring device and not to an abstract idea. In particular, the language of claim 1 indicates that it is directed to a device that detects beat-to-beat timing of cardiac activity, detects premature ventricular beats, and determines the relevance of the

beat-to-beat timing to atrial fibrillation or atrial flutter, taking into account the variability in the beat-to-beat timing caused by premature ventricular beats identified by the device's ventricular beat detector. In our view, the claims "focus on a specific means or method that improves" cardiac monitoring technology; they are not "directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO*, 837 F.3d at 1314 (citations omitted). [*Cardionet, LLC v. InfoBionic, Inc.*, 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020)].

At the heart of the district court's erroneous step one analysis is the incorrect assumption that the claims are directed to automating known techniques. *See District Court Op.*, 348 F. Supp. 3d at 93. \*\*\* Likewise, the district court erred by disregarding the written description's recitation of the advantages of the claimed invention. \*\*\* Furthermore, the district court erred in analogizing the '207 patent claims to certain ineligible "computer-implemented claims for collecting and analyzing data to find specific events." \*\*\* Rather, as discussed above, they fit into the class of claims that focus on "an improvement in computers [and other technologies] as tools." *Id.* Accordingly, the district court's and InfoBionic's reliance on these cases was misplaced. [*Cardionet, LLC v. InfoBionic, Inc.*, 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020).]

**O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC, 2019-1134 (Fed. Cir. 4/13/2020).**

The district court denied Timney's 35 USC 285 motion for attorneys fees. Timney appealed. The Federal Circuit affirmed.

**Legal issue: 35 USC 285, "prevailing party," final decision, FRCP 41(a) dismissal without prejudice.**

The Federal Circuit held that a FRCP 41(a)(1)(A)(I) voluntary dismissal (aka before the filing of an answer or SJ motion) in a stayed case cannot result in a "prevailing party," within the meaning of 35 USC 285, and therefore forecloses attorneys fees in that situation. (Consequently, moving for attorneys' fees in a stayed case in which no answer or SJ motion had been filed, under this holding, would be futile.)

Following dismissal, Timney filed a motion to declare the case exceptional so that it could pursue attorney's fees. 35 U.S.C. § 285 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party."). But § 285 only allows a prevailing party to collect attorney's fees. The district court denied the motion, reasoning that Timney was not a "prevailing party" because a "Rule 41 dismissal without prejudice is not a decision on the merits and thus cannot be a judicial declaration altering the legal relationship between the parties." *O.F. Mossberg & Sons, Inc. v. TimneyTriggers, LLC*, No. 3:12-CV-00198, 2018 WL 4398249, at \*6 (D. Conn. Sept. 14, 2018); J.A. 11. \*\*\* But the issue here is not whether there was a final decision on the merits. It is whether there was a final

decision at all. Neither *CRST*, nor *Raniere*, nor *B.E. Technology* went so far as to hold that one could become a prevailing party without a final court decision. *E.g.*, *CRST*, 136 S. Ct. at 1651 (holding that a “defendant has . . . fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision,” and that a “defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason” (emphases added)). [*O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 2019-1134 (Fed. Cir. 4/13/2020).]

In this case, there was no such final court decision. A properly filed Rule 41(a)(1)(A)(I) voluntary dismissal becomes effective immediately upon plaintiff’s filing of the notice of dismissal. See Fed. R. Civ. P. 41(a)(1)(A) (for voluntary dismissals by the plaintiff “Without a Court Order,” the plaintiff may “dismiss an action without a court order” (emphasis added)). Although the district court in this case entered a dismissal order after Timney filed its notice of voluntary dismissal, that dismissal order had no legal effect. That leaves only the stay, which cannot “change . . . the legal relationship of the parties,” *Raniere*, 887 F.3d at 1306, because it remained in place while the parties determined the patent’s validity in a separate venue—the Patent Office. And the stay did not change the legal relationship between the parties; the Board’s invalidity decision and Mossberg’s voluntary Rule 41(a)(1)(A)(I) dismissal did. A stay, standing alone, is simply not a final court decision capable of establishing the judicial imprimatur required for a litigant to emerge as the prevailing party under § 285. [*O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 2019-1134 (Fed. Cir. 4/13/2020).]

**Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).**

This is a decision on appeals from PTAB cases CBM2017-00035 and CBM2017-00036. The PTAB found the claims of two patents ineligible under 35 USC 101. Bozeman appealed. The Federal Circuit affirmed.

**Legal issue: Waiver, situations under which the Federal Circuit will exercise discretion to consider an issue not raised below.**

The Federal Circuit decided to exercise its discretion to hear a new issue not raised below because it was a purely legal question of statutory interpretation and unlikely to prejudice the parties.

The general rule is “that a federal appellate court does not consider an issue not passed upon below.” *Singleton v. Wulff*, 428 U.S. 106, 120 (1976). We generally do not consider arguments not raised to the Board. *See In re Baxter*, 678 F.3d 1357, 1362 (Fed. Cir. 2012); *In re DBC*, 545 F.3d 1373 (Fed. Cir. 2008). We similarly consider arguments not raised in an appellant’s opening brief waived absent exceptional circumstances. *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006). There are circumstances where we will

exercise our discretion to consider an issue despite its not being raised below or in an appellant’s opening brief, however. *See Interactive Gift Exp., Inc. v. Compuserve, Inc.*, 256 F.3d 1323, 1344–45 (Fed. Cir. 2001); *L.E.A. Dynatech, Inc. v. Allina*, 49 F.3d 1527, 1531 (Fed. Cir. 1995); *Cemex, S.A. v. United States*, 133 F.3d 897, 902 (Fed. Cir. 1998); *Becton Dickinson & Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 800 (Fed. Cir. 1990). Here, we find that the circumstances warrant deviating from the general rule of waiver. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

Whether the Banks are “persons” for purposes of the AIA is an issue of statutory interpretation, a purely legal question. Resolving this issue is limited to interpretation of provisions of the AIA that apply to the Board, an issue that would only be appealable to this court, even if addressed by the Board in the first instance. Patent law questions of this sort fall squarely within the role of this court to create a uniform body of patent law. Reaching the issue is unlikely to substantially prejudice the parties. Bozeman moved for supplemental briefing to address the Supreme Court’s decision in *Return Mail*, which the Banks opposed, arguing that Bozeman forfeited its argument by not raising that argument in its opening brief. That motion was granted and the parties were given the opportunity to brief the issue. While resolution of this issue may not have a large impact (beyond this case) on pending post-issuance proceedings before the Board, it is pertinent to multiple pending and future patent litigations involving the Banks. Oral Arg. at 23:08–12. Because the issue is narrow and legal, and the parties are not prejudiced by our resolution, we exercise our discretion to reach the issue. We note that this decision is limited to the status of the Banks and does not prejudice other entities whose status as “persons” under the AIA may separately be questioned. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

**Legal issue: 35 USC 321(a), “person” and by extension 35 USC 311(a), “person,” whether “person” includes Federal Reserve Banks, allowing them to be petitioners in AIA proceedings.**

The Federal Circuit concluded that Federal Reserve Banks were persons for purposes of entitlement to be petitioners in PTAB AIA proceedings.

Turning to the merits, we hold that the Banks are “persons” under the AIA and the Board had authority to resolve the issues raised in their petitions. In *Return Mail*, the Supreme Court held that federal agencies are not “persons” able to seek post-issuance review of a patent under the AIA. 139 S. Ct. at 1858. The Court held that the government was not a “person,” such that it was capable of petitioning for any of the three post-issuance proceedings before the USPTO—inter partes review, post-grant review, and CBM review. The Banks argue that they are distinct from the government for purposes of the AIA, such

that they are “persons” capable of bringing petitions for post-issuance review under the AIA. We agree. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

In support of their holding, the Federal Circuit reasoned as follows.

The Federal Reserve Banks were established as chartered corporate instrumentalities of the United States under the Federal Reserve Act of 1913. *See* 12 U.S.C. § 221 et seq. Unlike the Postal Service, which was at issue in *Return Mail*, the Banks’s enabling statute does not establish them as part of an executive agency, but rather each bank is a “body corporate.” 12 U.S.C. § 341. Like any other private corporation, the Banks each have a board of directors to enact bylaws and to govern the business of banking. *Id.* Moreover, the Banks may sue or be sued in “any court of law or equity.” *Id.* [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

It is significant that the Banks are subject to suit for patent infringement in any court. The Supreme Court recognized that federal agencies face less risk for patent infringement than do private entities, and recognized that lessened risk as a reason for Congress to treat federal agencies differently. *Return Mail*, 139 S. Ct. at 1867. A patent owner’s remedy is limited when it sues the government rather than private entities.<sup>3</sup> 28 U.S.C. § 1498(a). Patent owners’ ability to sue the Banks in any district court, and to seek remedies they would be prohibited from in a suit against the government, favors a finding that the Banks are separate from the government and Congress intended the Banks have access to post-issuance proceedings. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

The Banks are not structured as government agencies. The Banks do not receive congressionally appropriated funds. 12 U.S.C. § 244. No Bank official is appointed by the President or any other Government official. 12 U.S.C. § 341. Moreover, the government exercises limited control over the operation of the Banks. Instead, the “direct supervision and control of each Bank is exercised by its board of directors.” 12 U.S.C. § 301. And the Banks cannot promulgate regulations with the force of law. *Scott v. Fed. Reserve Bank*, 406 F.3d 532, 535 (8th Cir. 2005). [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

For these reasons, we conclude that the Banks are distinct from the government for purposes of the AIA. We recognize that there may be circumstances where the structure of the Banks does not render them distinct from the government for purposes of statutes other than the AIA. For purposes of the AIA, however, we conclude the Banks are “persons” capable of petitioning for

post-issuance review under the AIA. The Board therefore had authority to decide the CBM petitions at issue here. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

**Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).**

This is a decision on an appeal from PTAB case IPR2013-00067. The PTAB refused to enter substitute claims 47-50, finding them unpatentable. Nike appealed. The Federal Circuit affirmed as to claims 47, 48, and 50, but vacated and remanded with instructions, as to claim 49.

**Legal issue: 35 USC 318(a), PTAB authority to sua sponte raise patentability issues for proposed substitute claims.**

The Federal Circuit held that the PTAB may sua sponte raise patentability issues based upon the prior art record, for proposed substitute claims.

This case presents part of the question posed but left undecided in *Aqua Products*. We hold today that the Board may sua sponte identify a patentability issue for a proposed substitute claim based on the prior art of record.[1] If the Board sua sponte identifies a patentability issue for a proposed substitute claim, however, it must provide notice of the issue and an opportunity for the parties to respond before issuing a final decision under 35 U.S.C. § 318(a). [Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).]

Because this case involves a motion to amend, we conclude that the Board should not be constrained to arguments and theories raised by the petitioner in its petition or opposition to the motion to amend. That principle—announced in *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341 (Fed. Cir. 2016), *Magnum Oil*, and other cases—does not apply in the context of motions to amend where the patent owner has introduced new claims into the proceedings. Otherwise, were a petitioner not to oppose a motion to amend, the Patent Office would be left with no ability to examine the new claims. *See Aqua Prods.*, 872 F.3d at 1311 ("[W]here the challenger ceases to participate in the IPR and the Board proceeds to final judgment, it is the Board that must justify any finding of unpatentability by reference to the evidence of record in the IPR." (discussing *Cuozzo*, 136 S. Ct. at 2144)). It makes little sense to limit the Board, in its role within the agency responsible for issuing patents, to the petitioner's arguments in this context. Rather, based on consideration of the entire record, the Board must determine whether the patent owner's newly-presented, narrower claims are "supported by the patent's written description" and "unpatentable in the face of the prior art cited in the IPR." *Id.* at 1314 (citing 35 U.S.C. § 316(d)(3)). [Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).]

**Legal issue: 5 USC 554(b)(3), notice and opportunity to respond to patentability issues raised sua sponte by the PTAB**

The Federal Circuit held that there was a right to notice and opportunity to respond to a

patentability issue raised *sua sponte* by the PTAB

Although the Board was permitted to raise a patentability theory based on Spencer, the notice provisions of the APA and our case law require that the Board provide notice of its intent to rely on Spencer and an opportunity for the parties to respond before issuing a final decision relying on Spencer. Under the APA, "[p]ersons entitled to notice of an agency hearing shall be timely informed of ... the matters of fact and law asserted," 5 U.S.C. § 554(b)(3), and the agency "shall give all interested parties opportunity for ... the submission and consideration of facts [and] arguments," *id.* § 554(c)(1). \*\*\* While none of *Magnum Oil*, *SAS*, or *IPR Licensing* was decided in the context of a motion to amend, we see no reason why their holdings and principles regarding fair notice and an opportunity to respond would not apply to all aspects of an IPR proceeding. We therefore adopt these holdings and principles to apply in the context of a motion to amend. Accordingly, we hold that it is appropriate for the Board to *sua sponte* raise unpatentability grounds based on the IPR record and not be limited to the unpatentability grounds asserted by the petitioner in its petition or opposition to the motion to amend, provided that the Board gives the parties notice and an opportunity to respond. [*Nike, Inc. v. Adidas AG*, 2019-1262 (Fed. Cir. 4/9/2020).]

**Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).**

This is a decision on an appeal from the D. N.J. district court cases 2:15-cv-08180-SRC-CLW; 2:15-cv-08353-SRC-CLW; 2:16-cv-00035-SRC-CLW; 2:16-cv-00889-SRC-CLW; and 2:17-cv-06714-SRC-CLW. The district court granted SJ that claim 8 of the '025 patent was not invalid. Mylan appealed. The Federal Circuit reversed and remanded.

**Legal issue: 35 USC 103, obviousness, prima facie obviousness requirements.**

The Federal Circuit concluded that prior art ranges for solutions, of structurally and functionally similar compounds that overlap with a claimed range, can establish a prima facie case of obviousness (and did in this case).

The Federal Circuit reasoned as follows.

Our previous cases address claims to compounds and their uses. But the principle established in these cases applies more broadly: a person of skill in the art can expect that compounds with common properties are likely to share other related properties as well. *See Anacor Pharms., Inc. v. Iancu*, 889 F.3d 1372, 1384 (Fed. Cir. 2018) ("Where the patent is directed to a new treatment using a known compound, it is reasonable to assume that similar compounds that share certain common properties are apt to share other related properties as well." (citing *Merck*, 800 F.2d at 1096)). When compounds share significant structural and

functional similarity, those compounds are likely to share other properties, including optimal formulation for long-term stability. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

Here, the art teaches stable formulations of naloxone, naltrexone, and methylnaltrexone. All three compounds are well-known opioid antagonists that operate by binding to the body's opioid receptors without activating them. Each is an oxymorphone derivative, and the group members have remarkably similar structures, as indicated earlier. The only structural difference between these three molecules is the identity of the functional group attached to the nitrogen atom. Naloxone is a neutral tertiary amine. Naltrexone, also a neutral tertiary amine, has a cyclopropylmethyl group attached to the nitrogen. Methylnaltrexone, a derivative of naltrexone, is a quaternary ammonium salt and has both a cyclopropylmethyl group and a methyl group attached to its nitrogen with a positive charge. Because of the strong structural and functional similarity between the molecules, a person of skill could expect similar stability of the molecules at similar pH ranges in solution. The district court erred by rejecting this inference as a matter of law at the summary judgment stage. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

Because these three molecules bear significant structural and functionality similarity, and because the prior art of record teaches pH ranges that overlap with the pH range recited in claim 8, Mylan has at least raised a prima facie case of obviousness sufficient to survive summary judgment. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

The Federal Circuit however cautioned that whether molecules with similar structure and similar function are expected to exhibit similar properties for formulation was a question of fact, and whether a prima facie case was rebutted, was a question of fact.

Our holding should not be misconstrued to mean that molecules with similar structure and similar function can always be expected to exhibit similar properties for formulation. Indeed, when this case is tried to a factfinder, the factfinder should consider whether Valeant has rebutted Mylan's prima facie case, by, for example, establishing that the claimed pH range is critical or that the quaternary nitrogen results in unexpected beneficial properties. *See, e.g., Geisler*, 116 F.3d at 1469; *Woodruff*, 919 F.2d at 1578. Valeant may also attempt to rebut Mylan's case by showing that the prior art teaches away from the claimed invention in any respect. *Peterson*, 315 F.3d at 1331 (citing *Geisler*, 116 F.3d at 1469). Whether methylnaltrexone's structural similarity in an overlapping range

of pH in solution is sufficient to yield a prima facie case of obviousness depends on the facts of record. *In re Jones*, 958 F.2d 347, 350 (Fed. Cir. 1992) (“Every case, particularly those raising the issue of obviousness under section 103, must necessarily be decided upon its own facts.”). Contrary to the district court’s view in this case, however, such a theory of obviousness is not defective as a matter of law, and summary judgment to that effect was granted in error. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 103, obviousness to try requirement**, ranges defined by a continuous variable, practical number of contained ranges.

The Federal Circuit concluded that merely because a variable was continuous over a range did not imply an infinite number of possibilities given the practical accuracy of measurement of the variable.

...In evaluating Mylan’s obvious-to-try argument, the district court held that there was not a finite number of options between pH ranges falling between 3 and 7. The court held that, as a matter of “basic math,” “given any two unequal numbers, the quantity of number ranges falling between the two is infinite, not finite.” Decision, 2018 WL 2023537, at \*5. \*\*\* The bounded range of pH 3 to 4 presents a finite number of narrower pH ranges for a skilled artisan to try. As a matter of math, there may be an infinite potential number of ranges within the range 3 to 4, but only if the realities of pH values (and the limitations of commercially available pH meters) are ignored. But on this record, there is no indication that pH is measured to any significant figure beyond two digits. And in our view of basic math and based on the record, there is only one significant figure after the decimal point, in which case the range of pH variables is ten, or, if one considers two significant figures after the decimal point, one hundred, not an infinity. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 103, obviousness to try requirement**, selection of variables, whether the claimed variable need not be the first variable a POSITA would consider varying.

The Federal Circuit held that the claimed variable need not be the first variable a POSITA would consider varying to make a claimed range for that variable obvious to try.

The court also rejected Mylan’s citations of expert testimony and prior art references because none of the references identified pH as the “first variable” that an experienced formulator would consider and because Mylan’s expert concluded that a person of skill would have expected only “stable formulations,” not formulations stable for 24 months at room temperature. *Id.* at \*6–7. \*\*\* The district court rejected record evidence because no reference listed pH as the “first variable” that an artisan would manipulate. But there is no requirement that for a

variable to be obvious to try, it must be the first variable a person of skill would alter. And as to the stability limitation, a factfinder could draw the inference from this record that trying a pH of 3–4 would lead to a methylnaltrexone formulation stable at room temperature. Absolute predictability that the proposed pH range would yield the exact stability parameters in the claim is not required. Moreover, it is important to note that pH is in fact the only variable in claim 8, not one of many variables that can be experimented with. And, lacking anything in the claim that is a stabilizer, it can be presumed, if the claim is valid, that the stability for up to 24 months must be due to the nature of the compound in the solution and the claimed pH level. Thus, the district court’s grant of summary judgment on Mylan’s obvious-to-try theory was in error. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

**Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).**

This is an appeal from PTAB cases IPR2017-01287; IPR2018-00263; and IPR2018-00269. The PTAB had determined that Technical Consumer Products, Inc. (TCP) had not demonstrated by a preponderance of the evidence that, inter alia, claims depending on claim 1 were anticipated or obvious. TCP appealed. As to the claims depending on claim 1, the Federal Circuit vacated and remanded.

**Legal Issue: 35 USC 112, claim construction as applied to values determined from a prior art reference.**

The Federal Circuit concluded that the PTAB had erred by failing to limit the claimed heat sink to that element that was “substantially ring-shaped and being disposed around and coupled to an outer periphery of the heat spreader,” as recited in claim 1.

Claim 1 recites in relevant part:

A luminaire, comprising: a heat spreader and a heat sink thermally coupled to the heat spreader, the heat sink being substantially ring-shaped and being disposed around and coupled to an outer periphery of the heat spreader; an outer optic ... wherein the heat spreader, the heat sink and the outer optic, in combination, have an overall height H and an overall outside dimension D such that the ratio of H/D is equal to or less than 0.25;

The Federal Circuit reasoned as follows.

The H/D limitation requires that “the heat spreader, the heat sink and the outer optic, in combination, have an overall height H and an overall outside dimension D such that the ratio of H/D is equal to or less than 0.25.” ’968 patent col. 10 ll. 32–35. The antecedent basis for “the heat sink” in the H/D limitation is found earlier in the claims and requires “a heat sink thermally coupled to the heat

spreader, the heat sink being substantially ring-shaped and being disposed around and coupled to an outer periphery of the heat spreader.” *Id.* at col. 10 ll. 21–24. No other heat sink is specified in the claim. Consequently, “the heat sink” that is used in the calculation of the height-to-diameter ratio is the same heat sink that is annularly coupled to the heat spreader. [Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).]

TCP argued to the Board that Chou’s outer flange 22 corresponds to the “heat sink” described in the ’968 patent claims. In response, LSG did not dispute that outer flange 22 is a “heat sink,” or that it is configured in a ring-shape around the heat spreader trim 12. Rather, LSG argued that both of Chou’s heat sinks, i.e., outer flange 22 and heat sink 14, must be included in the calculation of the H/D limitation’s height-to-diameter ratio. The Board agreed. [Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).]

This argument, however, contradicts the plain language of claim 1. The claim only requires that a specific heat sink—the one annularly coupled to the heat spreader—be included in the H/D ratio calculation. The claim does not suggest that all heat sinks in the luminaire must be included in this calculation, nor does it suggest that there must be only one heat sink. Indeed, the “comprising” language in the preamble suggests that there may be additional, unclaimed elements in the device, including additional heat sinks. *See Crystal Semiconductor Corp. v. TriTech Microelects. Int’l, Inc.*, 246 F.3d 1336, 1348 (Fed. Cir. 2001) (explaining that the word “comprising” in a claim “creates a presumption that the recited elements are only a part of the device, that the claim does not exclude additional, unrecited elements” (citing *KCJCorp. v. Kinetic Concepts, Inc.*, 223 F.3d 1351, 1356 (Fed. Cir. 2000))). And the figures and specification make clear that outer flange 22 and heat sink 14 are separate components of the light fixture that dissipate heat in different directions. *See* Chou col. 5 ll. 3–10 (describing how the majority of heat is vented through the flange outside the can housing, while a portion of the heat is dissipated via heat sink 14 into the can housing). [Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).]

**BASF Corporation v. SNF Holding Company, 2019 1243 (Fed. Cir. 4/8/2020).**

This is a decision on an appeal from the S.D. Ga. district court case 4:17-cv-00251-RSB-BWC. The district court entered SJ that claims 1 and 3-7 of the ‘329 patent were invalid as obvious. BASF appealed. The Federal Circuit reversed and remanded.

**Legal issue: Pre-AIA 35 USC 102(a) known or used by others, whether knowledge shared under confidentiality is available prior art under 102(a).**

The Federal Circuit concluded that knowledge shared under an agreement of confidentiality was not available as prior art under 102(a).

In its summary judgment order, the district court agreed with SNF that “one person’s use or knowledge” is all that is required for an invention to be “known or used” by others under § 102(a), and “whether prior use is secret or confidential is immaterial.” *Decision*, slip op. at 22–23. \*\*\* BASF first argues that the district court misinterpreted the phrase “known or used” in § 102(a) and erroneously disregarded the confidentiality of Celanese’s knowledge and use. In BASF’s view, knowledge or use that is not publicly accessible does not qualify as prior art under § 102(a), and knowledge or use protected by confidentiality obligations is not publicly accessible. Because confidentiality agreements applied to both the technical information Sanyo provided Celanese concerning the Sanwet® Process and Celanese’s performance of that process in the Portsmouth plant, BASF contends that neither is available as evidence of prior art knowledge or use. \*\*\* We agree with BASF that the district court’s interpretation of § 102(a) was erroneous. This court has uniformly interpreted the “known or used” prong of § 102(a) to mean “knowledge or use which is accessible to the public.” *Carella v. Starlight Archery & Pro Line Co.*, 804 F.2d 135, 139 (Fed. Cir. 1986); *accord Woodland Tr. v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1370 (Fed. Cir. 1998) (quoting *Carella*, 804 F.2d at 139), and *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1306 (Fed. Cir. 2002). \*\*\* We therefore reverse the district court’s summary judgment of invalidity and remand for a determination of SNF’s § 102(a) defense at trial. [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

**Legal issue: Pre-AIA 35 USC 102(b), public-use bar, evidence required to conclude a method claim was in public use, resulting in a 102(b) bar.**

The Federal Circuit concluded that the district court erred in finding the claimed method publicly accessible where (1) there was no evidence that suggested that any of member of the public allowed to view the tubular reactor used to practice the claimed method was a POSITA and (2) the parties disputed whether limitations the method claim were disclosed to the public.

The district court also granted summary judgment of invalidity on both the public-use and on-sale bars of § 102(b). [4] It found no genuine dispute that Celanese commercially exploited the Sanwet® Process before the critical date, and that its use was “in many respects accessible to the public.” *Decision*, slip op. at 28–29 (noting that Celanese and Hoechst gave tours of the Portsmouth plant and that a newspaper article depicted the plant’s interior). \*\*\* BASF also argues that the district court’s summary judgment on public use was in error. Specifically, BASF contends that the district court misinterpreted the public-use bar of § 102(b) to apply to a third party’s secret commercial use. BASF also maintains that the district court’s other basis for its decision—that Celanese’s use of the Sanwet® Process was not, in any event, secret—was erroneous because the record does not establish that members of the public could observe every step of the Sanwet® Process on tours Celanese gave of the Portsmouth plant or that it

could get such information from the newspaper articles the district court cited. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

We agree with BASF. In *Shimadzu*, the Supreme Court explained that the public-use bar applies to uses of the invention “not purposely hidden” and held that the use of a process in the ordinary course of business—where the process was “well known to the employees” and no “efforts were made to conceal” it from anyone else—is a public use. *Id.* at 20–21. In our public-use cases, we have applied the rule of *Shimadzu* to assess whether a use was successfully concealed or hidden and therefore inaccessible to the public. *See, e.g., Motionless Keyboard Co. v. Microsoft Corp.*, 486 F.3d 1376, 1384–85 (Fed. Cir. 2007); *Invitrogen Corp. v. Biocrest Mfg., L.P.*, 424 F.3d 1374, 1382 (Fed. Cir. 2005); *New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co.*, 298 F.3d 1290, 1297 (Fed. Cir. 2002); *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1548–50 (Fed. Cir. 1983). If the use identified by the defendant was not successfully concealed or hidden from those who lack any “limitation or restriction, or injunction of secrecy,” *Egbert v. Lippmann*, 104 U.S. (14 Otto) 333, 336 (1881), then it is a public use within the meaning of § 102(b). *But see, e.g., City of Elizabeth v. Am. Nicholson Pavement Co.*, 97 U.S. 126, 133–37 (1877) (experimental use is not public use). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

We conclude that the district court erred in finding, on summary judgment, that the claimed process was publicly accessible. As an initial matter, we disagree with BASF that public use under § 102(b) requires a finding that the public was made aware of every limitation of the claimed process. Our precedent is clear that a factfinder should consider whether certain elements of the claimed invention were already in the public domain at the time of the alleged public-use or on-sale activity. Thus, we have held that § 102(b) “does not require a strict identity between the claimed invention and the device involved in the public use or on sale activities;” it only requires that “the differences between the claimed invention and the device used or sold would have been obvious to one skilled in the art.” *In re Smith*, 714 F.2d 1127, 1137 n.13 (Fed. Cir. 1983) (citing *In re Corcoran*, 640 F.2d 1331, 1333 (CCPA 1981)); *see also In re Blaisdell*, 242 F.2d 779, 783 (CCPA 1957) (finding public use even where some elements of the invention are by their nature concealed from view) (citing *Hall v. Macneale*, 107 U.S. (17 Otto) 90, 96–97 (1883)). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

But, on this record, genuine issues of material fact prevent entry of summary judgment on SNF’s public-use defense. Neither party disputes that members of the public were given access to the Portsmouth plant on numerous occasions, where they could view the shape of the conical taper, and that no evidence suggests that any of these guests was a skilled artisan. The parties

dispute whether the remaining elements of the Sanwet® Process were known, and to the extent they were not, whether they were concealed from the public on these tours, in newspaper articles, and in the commemoration video. While the public-use inquiry is often context-specific, we have identified factors which may, in a given case, prove relevant. *See, e.g., Dey, L.P. v. Sunovion Pharm., Inc.*, 715 F.3d 1351, 1355–56 (Fed. Cir. 2012) (the nature of the activity that occurred in public, public access to and knowledge of the public use, existence of an actual or implied confidentiality obligation, and the relevant skill and knowledge of observers (citations omitted)). A factfinder would be entitled to make reasonable inferences about these activities in deciding whether Celanese’s use of the Sanwet® Process was a public use, and summary judgment is therefore improper. *See id.* at 1357 (“The ‘public use’ inquiry is replete with factual considerations . . . .”); *Barry v. Medtronic, Inc.*, 914 F.3d 1310, 1327 (Fed. Cir. 2019) (acknowledging that the jury is permitted to make reasonable inferences about public accessibility and confidentiality). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

**Legal issue: Pre-AIA 35 USC 102(b), public-use bar**, whether a third party’s commercial exploitation of a secret process, per se, gives rise to a 102(b) public use bar.

The Federal Circuit concluded that a third party’s commercial exploitation of a secret process, per se, does not give rise to a 102(b) public use bar.

SNF’s second contention—that a third party’s commercial exploitation of a secret process creates a per se public-use bar to another inventor—is simply wrong. In *Gore*, this court held that a third party’s sale of products made by a secret process, more than one year before the critical date, does not create a bar to another inventor patenting the process. 721 F.2d at 1550 (citing *Metallizing*, 153 F.2d 516). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

In *Metallizing*, the defendant raised a public-use defense based on the patentee’s earlier commercial exploitation of his then-secret process. Judge Learned Hand, writing for the Second Circuit, recognized that a secret process was neither “publicly” used, nor itself on sale, under a literal construction of § 102(b). Nevertheless, he reasoned that an inventor’s commercial exploitation of the secret process squarely implicated the Supreme Court’s rationale for creating the statutory bars in the first place, *see Pennock*, 27 U.S. (2 Pet.)1, and that the statute would be frustrated were such an exception recognized. *Metallizing*, 153 F.2d at 519–20. Thus, the Second Circuit held that an inventor’s commercial exploitation of his invention before the critical date created a public-use bar—“regardless of how little the public may have learned about the invention.” *Id.* at 520 (“[I]t is a condition upon an inventor’s right to a patent that he shall not exploit his discovery competitively after it is ready for patenting; he must content

himself with either secrecy, or legal monopoly.”). At the same time, *Metallizing* reaffirmed the holding of *Gillman*, 114 F.2d at 30–31, that such exploitation by a third party does not create a public-use bar. 153 F.2d at 518–19. The *Metallizing* rule was subsequently adopted as precedent by this court in *Gore*, 721 F.2d at 1550. [6] See also *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 68–69 (1998) (citing the *Metallizing* rule); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 149 (1989) (same). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

**Legal issue: Pre-AIA 35 USC 102(b), on-sale bar, agreement to license a method patent, corporate acquisition.**

The Federal Circuit concluded that neither an agreement to license a method patent, nor a corporate sale of the licensee to another company were on-sale events imposing an on-sale bar.

BASF further requests reversal of the district court’s decision on SNF’s § 102(b) on-sale defense. It argues that the agreement between Sanyo and Celanese to license the Sanwet® Process was not a sale under *In re Kollar*, 286 F.3d 1326 (Fed. Cir. 2002). BASF further denies that Hoechst’s acquisition of Celanese in 1987, including the operational Portsmouth plant, constitutes a sale of the process. \*\*\* We agree with BASF that the district court’s judgment must be reversed. Neither the Sanyo-Celanese license agreement nor the 1987 Hoechst acquisition of Celanese is a sale of the invention within the meaning of § 102(b). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

An invention is “on sale” under § 102(b) when it is “the subject of a commercial offer for sale,” and is ready for patenting. *Pfaff*, 525 U.S. at 67. The invention itself must be sold or offered for sale, and the mere existence of a “commercial benefit . . . is not enough to trigger the on-sale bar” on its own. *Medicines Co. v. Hospira, Inc.*, 827 F.3d 1363, 1373 (Fed. Cir. 2016) (en banc). To determine whether such a commercial sale or offer for sale has occurred, we look to how those terms are defined in the Uniform Commercial Code. *Id.* at 1365, 1375 (“[T]he Uniform Commercial Code describes a ‘sale’ as ‘the passing of title from the seller to the buyer for a price.’ U.C.C. § 2-106(1).”); *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1048 (Fed. Cir. 2001) (“[A] commercial offer for sale [under § 102(b) is] one which the other party could make into a binding contract by simple acceptance (assuming consideration) . . . .”). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

But we have often recognized that “[a] process, however, is a different kind of invention; it consists of acts, rather than a tangible item,” *Kollar*, 286 F.3d at 1332, as is contemplated by the U.C.C.’s definition of sale. Yet, in certain circumstances, a process may be sold in a manner which triggers the on-sale bar.

For example, performing the process itself for consideration is sufficient. *See Scaltech, Inc. v. Retec/Tetra, LLC*, 269 F.3d 1321, 1328–29 (Fed. Cir. 2001) (offer to perform process for treating oil refinery waste placed the invention on sale). So is a patentee’s sale of a product made by his later-patented process, i.e., the *Metallizing* rule. *D.L. Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, 1147–48 (Fed. Cir. 1983)(applying the *Metallizing* rule as an on-sale bar). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

In *Kollar*, this court decided that a chemical process for preparing peroxides was not placed on sale by the patentee’s contract with Celanese, which called for Kollar to license his future patents covering the invention, provide Celanese with technical “know-how” for implementing the process, and to coordinate possible future commercialization, in exchange for a royalty. We first explained that no products made using Kollar’s process had ever been sold or offered for sale, and, as a result, potential plans to commercialize the invention in the future were irrelevant. 286 F.3d at 1330–31. Absent such a forfeiture, *D.L. Auld*, 714 F.2d 1144, the arrangement amounted to an ordinary license agreement. Thus, the holding of *Kollar* rested on the well-established principle that the grant of a license to practice a patented invention, with or without accompanying technical information, does not itself create an on-sale bar. *Id.* at 1333; *see Mas-Hamilton Grp. v. LaGard, Inc.*, 156 F.3d 1206, 1216–17 (Fed. Cir. 1998); *Moleculon*, 793 F.2d at 1267. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

Shortly thereafter, we decided *Minton*, which concerned a computer system programmed to facilitate securities trading and methods of doing so using the claimed system. We held there that, unlike the transaction at issue in *Kollar*, *Minton*’s lease of his trading system to a local brokerage firm raised an on-sale bar against his method claims because the system substantially “embod[ied] the claimed method.” 336 F.3d at 1378; *see also J.A. LaPorte*, 787 F.2d at 1583. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

As the Supreme Court observed, in the context of the patent exhaustion doctrine, a product and methods of using that product “may approach each other so nearly that it will be difficult to distinguish the process from the function of the apparatus.” *Quanta Comput., Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 629 (2008) (quoting *United States ex rel. Steinmetz v. Allen*, 192 U.S. 543, 559 (1904)). In that circumstance, where a product “embodie[s] essential features of [the] patented invention,” *Quanta*, 553 U.S. at 632 (quoting *United States v. Univis Lens Co.*, 316 U.S. 241, 249–51 (1942)), a sale of the product is tantamount to a sale of the process performed by that product and thus creates an on-sale bar to the process claims as well. *See Minton*, 336 F.3d at 1377–78. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

Under these precedents, it is clear that *Kollar* governs this case. The Sanyo-Celanese agreement provided Celanese with a license to practice the Sanwet® Process, exhaustive technical information about performing it, and the in-person assistance of Sanyo’s employees. This agreement differs from *Kollar*’s license agreement with Celanese only to the extent that Sanyo might have provided Celanese with more assistance to enable it to perform the claimed process, but it was not a sale of the Sanwet® Process. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

The district court’s error arose from its misunderstanding of our holding in *Minton*—as does SNF’s for that matter. As we explained above, *Minton* did not hold that transmitting information about an operative process to enable a licensee to perform it invokes the on-sale bar. The on-sale bar does not turn on whether or not the patentee’s process information and assistance are helpful to the licensee or whether the licensee is capable of performing the licensed process. Unlike in *Minton*, the essential features of the claimed process here were not embodied in a product sold or offered for sale before the critical date. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

Finally, we reject SNF’s argument for its alternative ground of affirmance. Hoechst’s acquisition of Celanese did not create an on-sale bar for the same reason that the Sanyo-Celanese license did not: there was no product sold as part of the transaction that embodied the essential features of the Sanwet® Process. While SNF argues that either the Portsmouth plant itself or the plant’s equipment used to perform the Sanwet® Process is such a product, we disagree. The record contains no indication that the equipment substantially embodies the claimed process; indeed, SNF’s declarant asserted that the reactors used were “conventional polymerizing vessel[s].” J.A. 4219. In other words, the equipment was capable of numerous uses apart from its use in the Sanwet® Process and therefore does not substantially embody the essential features of the ’329 patent claims. See *Quanta*, 553 F.3d at 631–32. It follows, a fortiori, that neither does the entire Portsmouth plant or all of Celanese as it existed before its acquisition by Hoechst. For a typical acquisition such as this, the purchase of a company is not, under the patent law tantamount to a purchase, or in inverse terms a sale, of every asset held by the acquired company. See *Micro-Magnetic Indus., Inc. v. Advance Automatic Sales Co.*, 488 F.2d 771, 772–73 (9th Cir. 1973). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

**Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).**

This is a decision on an appeals from PTAB cases IPR2017-00854; IPR2017-01550; IPR2017-01929; and IPR2017-01946.

Argentum appealed. The Federal Circuit held that Argentum lacked standing to appeal.

**Issue: Article III, standing, injury in fact requirement, 35 USC 315(e)**

Standing is a fact based inquiry. Here, Argentum could have, in the past, taken actions that would have resulted in facts resulting in its having standing. Like timely filing an ANDA, and owning a piece of the action.

The Federal Circuit held that Argentum lacked standing due to the facts that: Argentum had not filed an ANDA; Argentum's (speculative) loss was not tied to the product for which an ANDA would be requested; and that 315(e) estoppel against Argentum was a legally insufficient injury.

The Federal Circuit stated:

Because we hold that Argentum lacks Article III standing, we dismiss the appeal and do not reach the merits of the Board's ruling on the claims of the '405 patent. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).]

...First, Argentum argues that without an opportunity to seek this Court's redress, it faces a real and imminent threat of litigation as it jointly pursues, along with its partner KVK-Tech, Inc., a generic version of Novartis' Gilenya® product for which they are in the process of filing an ANDA. \*\*\* No ANDA has been filed here, and Argentum has not provided evidence showing that it would bear the risk of any infringement suit or anything related to its involvement in the ANDA process beyond generic statements. *See, e.g., id.* ¶ 11. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).]

...Second, Argentum argues that it will incur significant economic injury as its investments in developing a generic version of Gilenya® and preparing an ANDA would be at risk with a "looming infringement action by Novartis." Appellant's Br. 49. \*\*\* Argentum has not provided sufficient evidence to establish an injury in fact through economic harm. \*\*\* Mr. Tabasso specifically states that "[t]he generic version of PAZEO®," a drug unrelated to the patent at issue, "will be produced in KVK's new manufacturing space which will come online in the next year." \*\*\* Argentum likewise has failed to provide sufficient evidence that it invested in KVK's generic Gilenya® product or ANDA. \*\*\* And its assertion that it will suffer at least \$10–50 million per year in lost profits once the FDA grants provisional approval to the ANDA is both conclusory and speculative. [Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation, 2018-2273 (Fed. Cir. 4/23/2020).]

Third, Argentum argues that absent relief from this court, Argentum would be estopped under 35 U.S.C. § 315(e) from raising the patentability and validity issues in a future infringement action. \*\*\* As the court stated in *AVX*, "we have already rejected invocation of the estoppel provision as a sufficient basis for

standing.” 923 F.3d at 1362–63 (citing *Phigenix*, 845 F.3d at 1175–76 (“§ 315(e) do[es] not constitute an injury in fact when, as here, the appellant is not engaged in any activity that would give rise to a possible infringement suit.”) (alteration in original) (internal quotations omitted)); *see also JTEKT*, 898 F.3d at 1221; *General Electric*, 928 F.3d at 1355. Accordingly, we hold that Argentum has failed to prove that it has suffered an injury in fact necessary to establish standing. [*Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation*, 2018-2273 (Fed. Cir. 4/23/2020).]

**Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).**

This is a decision on appeals from the D. Del. district court case 1:15-cv-01031-JFB-SRF. The district court granted Hologic’s motions for SJ that the doctrine of assignor estoppel barred Minerva from challenging the validity of the two patents-in-suit; for SJ of no invalidity; and for SJ of infringement. Both parties appealed.

**Legal issue: Doctrine of assignor estoppel, effect of an intervening Federal Circuit affirmation of unpatentability.**

The Federal Circuit held that the existence of an intervening Federal Circuit affirmation of unpatentability vitiated the assignor estoppel doctrine.

The Federal Circuit first restated its doctrine of assignor estoppel.

This court first examined and affirmed the vitality of the doctrine of assignor estoppel in *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220 (Fed. Cir. 1988). We defined assignor estoppel as “an equitable doctrine that prevents one who has assigned the rights to a patent (or patent application) from later contending that what was assigned is a nullity.” *Diamond Sci.*, 848 F.2d at 1224. \*\*\* Since *Diamond Scientific*, this court has continued to apply the doctrine in a variety of circumstances, often citing prevention of “unfairness and injustice” as the primary justification for its application. \*\*\* Consistent with the Supreme Court’s guidance in *Westinghouse* and *Scott Paper*, however, we have recognized certain limits to the doctrine. For instance, although estopped parties “cannot challenge the validity of” the patent at issue, “assignor estoppel does not limit their ability to defend themselves in other ways,” including “arguing that the patentee is itself collaterally estopped from asserting a patent found invalid in a prior proceeding.” *Mentor Graphics*, 150 F.3d at 1379 (first citing *Blonder–Tongue Lab., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971); then citing *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 481–83 (Fed. Cir. 1991)). In addition, an estopped party “may also argue for a narrow claim construction, or that the accused devices are within the prior art and therefore cannot infringe.” *Id.* at 1380 (first citing *Westinghouse*, 266 U.S. at 351; then citing *Scott Paper*, 326 U.S. at 257–58). [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

The Federal Circuit then concluded that its doctrine of assignor estoppel did not bar the defendant from asserting the claims were *void ab initio*, when there existed an intervening Federal Circuit affirmance of a PTAB final decision that held the claims unpatentable.

Hologic, for its part, moved for summary judgment that the doctrine of assignor estoppel bars Minerva from challenging the validity of the '183 and '348 patent claims in district court. The district court granted Hologic's motion for both patents. \*\*\* The district court also granted summary judgment of infringement of the asserted '183 and '348 patent claims. \*\*\* [L]ater, this court affirmed the Board's decision that the '183 patent claims are invalid as obvious under 35 U.S.C. § 103. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

\*\*\* Hologic asserts that assignor estoppel precludes Minerva from relying on this court's *Hologic* decision to escape liability for infringement. It argues that “the final outcome of the IPR is irrelevant to the district court proceeding” and that “[t]o hold otherwise would be to hold that the America Invents Act (‘AIA’) abrogated the assignor estoppel doctrine in a district court infringement action.” Appellant’s Br. 36. Based on our precedent, we disagree. \*\*\* Based on our precedent and the limits it places on the assignor estoppel doctrine, we conclude that assignor estoppel does not preclude Minerva from relying on the *Hologic* decision to argue that the '183 patent claims are *void ab initio*. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

We are mindful of the seeming unfairness to Hologic in this situation. Although Minerva would have been estopped from challenging the validity of the '183 patent claims in district court, it was able to challenge their validity in an IPR proceeding and, hence, circumvent the assignor estoppel doctrine. Minerva had the right to do so under the AIA and this court's precedent. This court has held that the doctrine of assignor estoppel does not bar an assignor from filing a petition for IPR. *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 804 (Fed. Cir. 2018). In *Arista*, the patent owner argued that assignor estoppel barred the assignor-petitioner's IPR challenge to the patent's validity. *Id.* at 798. We interpreted the statute at issue, 35 U.S.C. § 311(a)—which provides that “a person who is not the owner of a patent” may file an IPR—to determine whether Congress intended for assignor estoppel to apply in an IPR proceeding. *Id.* at 802–03. We concluded that the plain language of the statute was unambiguous and provided that “an assignor, who is no longer the owner of a patent, may file an IPR petition as to that patent.” *Id.* at 803. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

While we understand Hologic's predicament, we nevertheless conclude that the district court did not abuse its discretion in denying Hologic its requested

injunctive and monetary relief following a finding of patent infringement. *See Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1147 (Fed. Cir. 2011) (denial of a permanent injunction is reviewed for abuse of discretion). Generally, “when a [patent] claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot.” *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013). Because the ’183 patent claims are invalid, Hologic cannot assert those claims or seek ongoing monetary or injunctive relief based on infringement. Our affirmance of the Board’s invalidity decision in Hologic is dispositive of the validity of the ’183 patent claims, regardless of how the validity question came to this court, and regardless of whether assignor estoppel bars Minerva from challenging the patent’s validity in this district court case. [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

**Legal issue: Continued viability of the Federal Circuit’s doctrine of assignor estoppel.**

In a concurring opinion, Judge Stool signaled that the Federal Circuit should reconsider the continued viability of its doctrine of assignor estoppel.

I write separately to highlight and question the peculiar circumstance created in this case by this court’s precedent, which the panel is bound to follow. In *Arista*, we held that the judge-made doctrine of assignor estoppel does not apply in the context of an inter partes review. In other words, an assignor who sold his patent rights may file a petition for IPR challenging the validity of that patent. *Arista Networks, Inc. v. Cisco Sys., Inc.*, 908 F.3d 792, 803–04 (Fed. Cir. 2018). At the same time, we continue to bar assignors from challenging in district court the validity of the patents they assigned. *See, e.g., Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275, 1280–83 (Fed. Cir. 2017). Our precedent thus presents an odd situation where an assignor can circumvent the doctrine of assignor estoppel by attacking the validity of a patent claim in the Patent Office, but cannot do the same in district court. Do the principles underlying assignor estoppel—unfairness in allowing one who profited from the sale of the patent to attack it—apply in district court but not in Patent Office proceedings? Should we change the application of the doctrine in district court, or should we revisit our construction of the America Invents Act and reevaluate our interpretation of the statute as prohibiting the doctrine of assignor estoppel? [*Hologic, Inc., v. Minerva Surgical, Inc.*, 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020).]

Given the odd circumstance created in this case, I suggest that it is time for this court to consider en banc the doctrine of assignor estoppel as it applies both in district court and in the Patent Office. We should seek to clarify this odd and seemingly illogical regime in which an assignor cannot present any invalidity defenses in district court but can present a limited set of invalidity grounds in an

IPR proceeding. [Hologic, Inc., v. Minerva Surgical, Inc., 2019-2054, 2019-2081 (Fed. Cir. 4/22/2020)(J. Stoll, concurring).]

**Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).**

**Legal issue: 35 USC 285, prevailing party, one that successfully rebuffs an “attempt to alter the parties' legal relationship”**

The Federal Circuit held that the legal mechanism by which a party successfully rebuffs an “attempt to alter the parties' legal relationship” is not determinative.

We held that "even though the mootness decision was made possible by winning a battle on the merits before the PTO," Facebook was a prevailing party because it "rebuffed B.E.'s attempt to alter the parties' legal relationship in an infringement suit." *Id.* at 679. Although *B.E. Technology* involved the interpretation of prevailing party under Fed. R. Civ. P. 54(d), we see no meaningful distinction that would warrant a different interpretation under § 285. *See e.g., B.E. Tech.*, 940 F.3d at 677 ("We interpret the term [prevailing party] consistently between different fee-shifting statutes, and between Rule 54(d) and 35 U.S.C. § 285."). Like in *B.E. Technology*, Appellants succeeded in invalidating the asserted claims before the Board. After we affirmed the Board's decision, the district court vacated the judgment of noninfringement as moot. Therefore, as in *B.E. Technology*, Appellants successfully rebuffed Dragon's attempt to alter the parties' legal relationship in an infringement suit. [Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).]

At oral argument, Dragon attempted to distinguish *B.E. Technology* on the basis that the district court here vacated the judgment of noninfringement previously entered in favor of Appellants instead of merely dismissing the case as moot.[4] Oral Arg. 18:10-21:50. But such a distinction elevates form over substance and is inconsistent with the reasoning set forth in *B.E. Technology*. *See* 940 F.3d at 679 (holding that the distinction between a dismissal for mootness and a dismissal for lack of standing does not warrant a different result). The judgment of noninfringement was vacated only because the Appellants successfully invalidated the asserted claims in a parallel inter partes review proceeding, rendering moot Dragon's infringement action. If anything, Appellants' success in obtaining a judgment of noninfringement, although later vacated in view of Appellants' success in invalidating the asserted claims, further supports holding that they are prevailing parties. Therefore, consistent with our decision in *B.E. Technology*, we hold that DISH and SXM are prevailing parties. Accordingly, we vacate and remand the district court's order denying Appellants' motions for attorneys' fees under 35 U.S.C. § 285. [Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).]

**Legal issue: 35 USC 285, fee awards for corresponding PTAB proceeding instigated by the appellant**

The Federal Circuit found “no basis in the Patent Act for awarding fees under § 285 for work incurred in inter partes review proceedings that the Appellants voluntarily undertook.”

Appellants further argue that fees awarded under § 285 should include fees incurred in related proceedings, including parallel proceedings under the Leahy-Smith America Invents Act and appeals therefrom, and that fees under § 285 should be awarded against counsel of record as jointly and severally liable with a party. Appellants request that we resolve these legal issues prior to any remand. Though we see no basis in the Patent Act for awarding fees under § 285 for work incurred in inter partes review proceedings that the Appellants voluntarily undertook, we remand to the district court for initial consideration of Appellants' fee motions. We note that fees are awarded only in exceptional cases, and not to every prevailing party. Should the district court determine that this is not an exceptional case, there would be no need to reach the additional issues regarding fee-shifting in inter partes reviews or joint and several liability of counsel. For this reason, we decline counsel's request that we resolve these issues in the first instance. [Dragon Intellectual Property, LLC v. Dish Network, 2019-1283 2019-1284, 956 F. 3d 1358 (Fed. Cir. 4/21/2020).]

**Thryv, Inc. v. Click-To-Call Technologies, LP, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).**

The Supreme Court considered again the scope of the 314(d) bar to judicial review of a PTAB IPR institution decision.

**Legal issue: 35 USC 314(d), 315(b), bar on review of PTAB decisions to institute.**

The Supreme Court held that 314(d) was a complete bar to review of a PTAB decision that 315(b) did not preclude institution.

The Supreme Court summarized its holding.

In this case, the agency instituted inter partes review in response to a petition from Thryv, Inc., resulting in the cancellation of several patent claims. Patent owner Click-to-Call Technologies, LP, appealed, contending that Thryv's petition was untimely under §315(b). The question before us: Does §314(d)'s bar on judicial review of the agency's decision to institute inter partes review preclude Click-to-Call's appeal? Our answer is yes. The agency's application of §315(b)'s time limit, we hold, is closely related to its decision whether to institute inter partes review and is therefore rendered nonappealable by §314(d). [Thryv, Inc. v. Click-To-Call Technologies, LP, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).]

The Supreme Court clarified its statutory analysis.

And §314(d) refers not to a determination under subsection (a), but to the

determination “under this section.” That phrase indicates that §314 governs the Director’s institution of inter partes review. Titled “Institution of inter partes review,” §314 is the section housing the command to the Director to “determine whether to institute an inter partes review,” §314(b). Thus, every decision to institute is made “under” §314 but must take account of specifications in other provisions—such as the §312(a)(3) particularity requirement at issue in *Cuozzo* and the §315(b) timeliness requirement at issue here. Similar clarifying language recurs throughout the AIA. \*\*\* If Congress had intended Click-to-Call’s meaning, it had at hand ready made language from a precursor to §314(d): “A determination by the Director under *subsection (a)* shall be final and non-appealable.” 35 U. S. C. §312(c) (2006 ed.) (emphasis added) (governing inter partes reexamination). Or Congress might have borrowed from a related provision: “A determination by the Director pursuant to *subsection (a) of this section that no substantial new question of patentability has been raised* will be final and nonappealable.” 35 U. S. C. §303(c) (emphasis added) (governing ex parte reexamination). Instead, Congress chose to shield from appellate review the determination “whether to institute an inter partes review under *this section*.” §314(d) (emphasis added). That departure in language suggests a departure in meaning. *See Henson v. Santander Consumer USA Inc.*, 582 U. S. \_\_\_, \_\_\_ (2017) (slip op., at 6). [*Thryv, Inc. v. Click-To-Call Technologies, LP*, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).]

The Supreme Court foreclosed other reasoning.

Click-to-Call presses an alternative reason why the Board’s ruling on its §315(b) objection is appealable. The Board’s final written decision addressed the §315(b) issue, so Click-to-Call argues that it may appeal under §319, which authorizes appeal from the final written decision. But even labeled as an appeal from the final written decision, Click-to-Call’s attempt to overturn the Board’s §315(b) ruling is still barred by §314(d). Because §315(b)’s sole office is to govern institution, Click-to-Call’s contention re-mains, essentially, that the agency should have refused to institute inter partes review. As explained, §314(d) makes that contention unreviewable. [*Thryv, Inc. v. Click-To-Call Technologies, LP*, 18–916, 590 U. S. \_\_\_\_ (4/20/2020).]

**Keith Manufacturing Co. v. Larry D. Butterfield, 2019-1136 (Fed. Cir. 4/17/2020).**

This is an appeal from the D. Or. district court case 3:15-cv-02008-SI. Butterfield filed an FRCP 54(d) motion for attorney’s fees after the parties filed a stipulation to dismiss all claims with prejudice under FRCP 41(a)(1)(A)(ii). The district court dismissed the motion. Butterfield appealed. The Federal Circuit vacated and remanded.

**Legal issue: FRCP 54(d), whether the filing of a FRCP 41(a)(1)(A)(ii) stipulated dismissal with prejudice bars consideration of a subsequently filed FRCP 54(d) motion for attorney’s fees.**

The Federal Circuit held that the filing of a stipulated dismissal with prejudice did not bar a subsequently filed FRCP 54(d) motion for attorney's fees.

Although the scope of Rule 54 “judgment” is broader than a § 1291 final decision, their shared purpose and general congruity mean that § 1291 can still inform the proper scope of Rule 54. But the district court’s reliance on *Microsoft’s* § 1291 analysis went too far because the concerns that animated the Supreme Court’s *Microsoft* decision are not present here. First, treating a voluntary stipulation with prejudice as a judgment for purposes of attorney’s fees under Rule 54 will not invite parties to engage in piecemeal appellate litigation. The joint stipulation means that, except under rare circumstances, there will not be an appeal on the merits; only the attorney’s fees issue remains. Second, because this case is not a class action, it will not undermine class action procedure. And because both parties can move for attorney’s fees, permitting a Rule 54(d) motion for attorney’s fees after a stipulated dismissal will not affect the overall balance of litigation. [*Keith Manufacturing Co. v. Larry D. Butterfield*, 2019-1136 (Fed. Cir. 4/17/2020).]

**Cardionet, LLC v. InfoBionic, Inc., 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020).**

This is a decision on an appeal from the D. Mass. district court case 1:17-cv-10445-IT. The district court granted a 12(b)(6) motion, concluding the claims eligible under 35 USC 101. Cardionet appealed. The Federal Circuit reversed.

**Legal Issue: 35 USC 101, *Alice*, step 1, abstract idea, whether claims focus on specific means or method that improves the relevant technology, instead of merely automating known techniques.**

The Federal Circuit found that the claims focus on specific means or method that improves the relevant technology, instead of merely automating known techniques.

We conclude instead that the asserted claims of the '207 patent are directed to a patent-eligible improvement to cardiac monitoring technology and are not directed to an abstract idea. \*\*\* At step one, the district court concluded that the claims are directed to the abstract idea that atrial fibrillation and atrial flutter "can be distinguished by focusing on the variability of the irregular heartbeat." *CardioNet, LLC v. InfoBionic, Inc.*, 348 F. Supp. 3d 87, 93 (D. Mass. 2018) (District Court Op.); *see also id.* at 97 (further defining the abstract idea as "identifying" atrial fibrillation or atrial flutter "by looking at the variability in time between heartbeats and taking into account ventricular beats"). \*\*\* We begin our analysis with *Alice* step one. In doing so, we look to whether the claims "focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO*, 837 F.3d at 1314 (citations omitted). We hold that the asserted claims of the '207 patent are directed to patent-eligible subject matter. [*Cardionet, LLC v. InfoBionic, Inc.*, 2019-1149, 955 F. 3d 1358

(Fed. Cir. 4/17/2020).]

When read as a whole, and in light of the written description, we conclude that claim 1 of the '207 patent is directed to an improved cardiac monitoring device and not to an abstract idea. In particular, the language of claim 1 indicates that it is directed to a device that detects beat-to-beat timing of cardiac activity, detects premature ventricular beats, and determines the relevance of the beat-to-beat timing to atrial fibrillation or atrial flutter, taking into account the variability in the beat-to-beat timing caused by premature ventricular beats identified by the device's ventricular beat detector. In our view, the claims "focus on a specific means or method that improves" cardiac monitoring technology; they are not "directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO*, 837 F.3d at 1314 (citations omitted). [Cardionet, LLC v. InfoBionic, Inc., 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020)].

At the heart of the district court's erroneous step one analysis is the incorrect assumption that the claims are directed to automating known techniques. *See District Court Op.*, 348 F. Supp. 3d at 93. \*\*\* Likewise, the district court erred by disregarding the written description's recitation of the advantages of the claimed invention. \*\*\* Furthermore, the district court erred in analogizing the '207 patent claims to certain ineligible "computer-implemented claims for collecting and analyzing data to find specific events." \*\*\* Rather, as discussed above, they fit into the class of claims that focus on "an improvement in computers [and other technologies] as tools." *Id.* Accordingly, the district court's and InfoBionic's reliance on these cases was misplaced. [Cardionet, LLC v. InfoBionic, Inc., 2019-1149, 955 F. 3d 1358 (Fed. Cir. 4/17/2020)].

**O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC, 2019-1134 (Fed. Cir. 4/13/2020).**

The district court denied Timney's 35 USC 285 motion for attorneys fees. Timney appealed. The Federal Circuit affirmed.

**Legal issue: 35 USC 285, "prevailing party," final decision, FRCP 41(a) dismissal without prejudice.**

The Federal Circuit held that a FRCP 41(a)(1)(A)(I) voluntary dismissal (aka before the filing of an answer or SJ motion) in a stayed case cannot result in a "prevailing party," within the meaning of 35 USC 285, and therefore forecloses attorneys fees in that situation. (Consequently, moving for attorneys' fees in a stayed case in which no answer or SJ motion had been filed, under this holding, would be futile.)

Following dismissal, Timney filed a motion to declare the case exceptional so that it could pursue attorney's fees. 35 U.S.C. § 285 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party."). But § 285

only allows a prevailing party to collect attorney’s fees. The district court denied the motion, reasoning that Timney was not a “prevailing party” because a “Rule 41 dismissal without prejudice is not a decision on the merits and thus cannot be a judicial declaration altering the legal relationship between the parties.” *O.F. Mossberg & Sons, Inc. v. TimneyTriggers, LLC*, No. 3:12-CV-00198, 2018 WL 4398249, at \*6 (D. Conn. Sept. 14, 2018); J.A. 11. \*\*\* But the issue here is not whether there was a final decision on the merits. It is whether there was a final decision at all. Neither *CRST*, nor *Raniere*, nor *B.E. Technology* went so far as to hold that one could become a prevailing party without a final court decision. *E.g.*, *CRST*, 136 S. Ct. at 1651 (holding that a “defendant has . . . fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision,” and that a “defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason” (emphases added)). [*O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 2019-1134 (Fed. Cir. 4/13/2020).]

In this case, there was no such final court decision. A properly filed Rule 41(a)(1)(A)(I) voluntary dismissal becomes effective immediately upon plaintiff’s filing of the notice of dismissal. See Fed. R. Civ. P. 41(a)(1)(A) (for voluntary dismissals by the plaintiff “Without a Court Order,” the plaintiff may “dismiss an action without a court order” (emphasis added)). Although the district court in this case entered a dismissal order after Timney filed its notice of voluntary dismissal, that dismissal order had no legal effect. That leaves only the stay, which cannot “change . . . the legal relationship of the parties,” *Raniere*, 887 F.3d at 1306, because it remained in place while the parties determined the patent’s validity in a separate venue—the Patent Office. And the stay did not change the legal relationship between the parties; the Board’s invalidity decision and Mossberg’s voluntary Rule 41(a)(1)(A)(I) dismissal did. A stay, standing alone, is simply not a final court decision capable of establishing the judicial imprimatur required for a litigant to emerge as the prevailing party under § 285. [*O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 2019-1134 (Fed. Cir. 4/13/2020).]

**[Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 \(Fed. Cir. 4/10/2020\).](#)**

This is a decision on appeals from PTAB cases CBM2017-00035 and CBM2017-00036. The PTAB found the claims of two patents ineligible under 35 USC 101. Bozeman appealed. The Federal Circuit affirmed.

**Legal issue: Waiver, situations under which the Federal Circuit will exercise discretion to consider an issue not raised below.**

The Federal Circuit decided to exercise its discretion to hear a new issue not raised below because it was a purely legal question of statutory interpretation and unlikely to prejudice the parties.

The general rule is “that a federal appellate court does not consider an issue not passed upon below.” *Singleton v. Wulff*, 428 U.S. 106, 120 (1976). We generally do not consider arguments not raised to the Board. *See In re Baxter*, 678 F.3d 1357, 1362 (Fed. Cir. 2012); *In re DBC*, 545 F.3d 1373 (Fed. Cir. 2008). We similarly consider arguments not raised in an appellant’s opening brief waived absent exceptional circumstances. *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006). There are circumstances where we will exercise our discretion to consider an issue despite its not being raised below or in an appellant’s opening brief, however. *See Interactive Gift Exp., Inc. v. Compuserve, Inc.*, 256 F.3d 1323, 1344–45 (Fed. Cir. 2001); *L.E.A. Dynatech, Inc. v. Allina*, 49 F.3d 1527, 1531 (Fed. Cir. 1995); *Cemex, S.A. v. United States*, 133 F.3d 897, 902 (Fed. Cir. 1998); *Becton Dickinson & Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 800 (Fed. Cir. 1990). Here, we find that the circumstances warrant deviating from the general rule of waiver. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

Whether the Banks are “persons” for purposes of the AIA is an issue of statutory interpretation, a purely legal question. Resolving this issue is limited to interpretation of provisions of the AIA that apply to the Board, an issue that would only be appealable to this court, even if addressed by the Board in the first instance. Patent law questions of this sort fall squarely within the role of this court to create a uniform body of patent law. Reaching the issue is unlikely to substantially prejudice the parties. Bozeman moved for supplemental briefing to address the Supreme Court’s decision in *Return Mail*, which the Banks opposed, arguing that Bozeman forfeited its argument by not raising that argument in its opening brief. That motion was granted and the parties were given the opportunity to brief the issue. While resolution of this issue may not have a large impact (beyond this case) on pending post-issuance proceedings before the Board, it is pertinent to multiple pending and future patent litigations involving the Banks. Oral Arg. at 23:08–12. Because the issue is narrow and legal, and the parties are not prejudiced by our resolution, we exercise our discretion to reach the issue. We note that this decision is limited to the status of the Banks and does not prejudice other entities whose status as “persons” under the AIA may separately be questioned. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

**Legal issue: 35 USC 321(a), “person” and by extension 35 USC 311(a), “person,” whether “person” includes Federal Reserve Banks, allowing them to be petitioners in AIA proceedings.**

The Federal Circuit concluded that Federal Reserve Banks were persons for purposes of entitlement to be petitioners in PTAB AIA proceedings.

Turning to the merits, we hold that the Banks are “persons” under the AIA

and the Board had authority to resolve the issues raised in their petitions. In *Return Mail*, the Supreme Court held that federal agencies are not “persons” able to seek post-issuance review of a patent under the AIA. 139 S. Ct. at 1858. The Court held that the government was not a “person,” such that it was capable of petitioning for any of the three post-issuance proceedings before the USPTO—inter partes review, post-grant review, and CBM review. The Banks argue that they are distinct from the government for purposes of the AIA, such that they are “persons” capable of bringing petitions for post-issuance review under the AIA. We agree. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

In support of their holding, the Federal Circuit reasoned as follows.

The Federal Reserve Banks were established as chartered corporate instrumentalities of the United States under the Federal Reserve Act of 1913. *See* 12 U.S.C. § 221 et seq. Unlike the Postal Service, which was at issue in *Return Mail*, the Banks’s enabling statute does not establish them as part of an executive agency, but rather each bank is a “body corporate.” 12 U.S.C. § 341. Like any other private corporation, the Banks each have a board of directors to enact bylaws and to govern the business of banking. *Id.* Moreover, the Banks may sue or be sued in “any court of law or equity.” *Id.* [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

It is significant that the Banks are subject to suit for patent infringement in any court. The Supreme Court recognized that federal agencies face less risk for patent infringement than do private entities, and recognized that lessened risk as a reason for Congress to treat federal agencies differently. *Return Mail*, 139 S. Ct. at 1867. A patent owner’s remedy is limited when it sues the government rather than private entities.<sup>3</sup> 28 U.S.C. § 1498(a). Patent owners’ ability to sue the Banks in any district court, and to seek remedies they would be prohibited from in a suit against the government, favors a finding that the Banks are separate from the government and Congress intended the Banks have access to post-issuance proceedings. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

The Banks are not structured as government agencies. The Banks do not receive congressionally appropriated funds. 12 U.S.C. § 244. No Bank official is appointed by the President or any other Government official. 12 U.S.C. § 341. Moreover, the government exercises limited control over the operation of the Banks. Instead, the “direct supervision and control of each Bank is exercised by its board of directors.” 12 U.S.C. § 301. And the Banks cannot promulgate regulations with the force of law. *Scott v. Fed. Reserve Bank*, 406 F.3d 532, 535 (8th Cir. 2005). [Bozeman Financial LLC v. Various Federal Reserve Banks,

2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

For these reasons, we conclude that the Banks are distinct from the government for purposes of the AIA. We recognize that there may be circumstances where the structure of the Banks does not render them distinct from the government for purposes of statutes other than the AIA. For purposes of the AIA, however, we conclude the Banks are “persons” capable of petitioning for post-issuance review under the AIA. The Board therefore had authority to decide the CBM petitions at issue here. [Bozeman Financial LLC v. Various Federal Reserve Banks, 2019-1018, 2019-1020 (Fed. Cir. 4/10/2020).]

**Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).**

This is a decision on an appeal from PTAB case IPR2013-00067. The PTAB refused to enter substitute claims 47-50, finding them unpatentable. Nike appealed. The Federal Circuit affirmed as to claims 47, 48, and 50, but vacated and remanded with instructions, as to claim 49.

**Legal issue: 35 USC 318(a), PTAB authority to sua sponte raise patentability issues for proposed substitute claims.**

The Federal Circuit held that the PTAB may sua sponte raise patentability issues based upon the prior art record, for proposed substitute claims.

This case presents part of the question posed but left undecided in *Aqua Products*. We hold today that the Board may sua sponte identify a patentability issue for a proposed substitute claim based on the prior art of record.[1] If the Board sua sponte identifies a patentability issue for a proposed substitute claim, however, it must provide notice of the issue and an opportunity for the parties to respond before issuing a final decision under 35 U.S.C. § 318(a). [Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).]

Because this case involves a motion to amend, we conclude that the Board should not be constrained to arguments and theories raised by the petitioner in its petition or opposition to the motion to amend. That principle—announced in *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341 (Fed. Cir. 2016), *Magnum Oil*, and other cases—does not apply in the context of motions to amend where the patent owner has introduced new claims into the proceedings. Otherwise, were a petitioner not to oppose a motion to amend, the Patent Office would be left with no ability to examine the new claims. *See Aqua Prods.*, 872 F.3d at 1311 (“[W]here the challenger ceases to participate in the IPR and the Board proceeds to final judgment, it is the Board that must justify any finding of unpatentability by reference to the evidence of record in the IPR.” (discussing *Cuozzo*, 136 S. Ct. at 2144)). It makes little sense to limit the Board, in its role within the agency responsible for issuing patents, to the petitioner’s arguments in this context. Rather, based on consideration of the entire record, the Board must determine whether the patent owner’s newly-presented, narrower claims are “supported by

the patent's written description" and "unpatentable in the face of the prior art cited in the IPR." *Id.* at 1314 (citing 35 U.S.C. § 316(d)(3)). [Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).]

**Legal issue: 5 USC 554(b)(3), notice and opportunity to respond to patentability issues raised sua sponte by the PTAB**

The Federal Circuit held that there was a right to notice and opportunity to respond to a patentability issue raised *sua sponte* by the PTAB

Although the Board was permitted to raise a patentability theory based on Spencer, the notice provisions of the APA and our case law require that the Board provide notice of its intent to rely on Spencer and an opportunity for the parties to respond before issuing a final decision relying on Spencer. Under the APA, "[p]ersons entitled to notice of an agency hearing shall be timely informed of ... the matters of fact and law asserted," 5 U.S.C. § 554(b)(3), and the agency "shall give all interested parties opportunity for ... the submission and consideration of facts [and] arguments," *id.* § 554(c)(1). \*\*\* While none of *Magnum Oil*, *SAS*, or *IPR Licensing* was decided in the context of a motion to amend, we see no reason why their holdings and principles regarding fair notice and an opportunity to respond would not apply to all aspects of an IPR proceeding. We therefore adopt these holdings and principles to apply in the context of a motion to amend. Accordingly, we hold that it is appropriate for the Board to sua sponte raise unpatentability grounds based on the IPR record and not be limited to the unpatentability grounds asserted by the petitioner in its petition or opposition to the motion to amend, provided that the Board gives the parties notice and an opportunity to respond. [Nike, Inc. v. Adidas AG, 2019-1262 (Fed. Cir. 4/9/2020).]

**Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).**

This is a decision on an appeal from the D. N.J. district court cases 2:15-cv-08180-SRC-CLW; 2:15-cv-08353-SRC-CLW; 2:16-cv-00035-SRC-CLW; 2:16-cv-00889-SRC-CLW; and 2:17-cv-06714-SRC-CLW. The district court granted SJ that claim 8 of the '025 patent was not invalid. Mylan appealed. The Federal Circuit reversed and remanded.

**Legal issue: 35 USC 103, obviousness, prima facie obviousness requirements.**

The Federal Circuit concluded that prior art ranges for solutions, of structurally and functionally similar compounds that overlap with a claimed range, can establish a prima facie case of obviousness (and did in this case).

The Federal Circuit reasoned as follows.

Our previous cases address claims to compounds and their uses. But the

principle established in these cases applies more broadly: a person of skill in the art can expect that compounds with common properties are likely to share other related properties as well. *See Anacor Pharms., Inc. v. Iancu*, 889 F.3d 1372, 1384 (Fed. Cir. 2018) (“Where the patent is directed to a new treatment using a known compound, it is reasonable to assume that similar compounds that share certain common properties are apt to share other related properties as well.” (citing *Merck*, 800 F.2d at 1096)). When compounds share significant structural and functional similarity, those compounds are likely to share other properties, including optimal formulation for long-term stability. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

Here, the art teaches stable formulations of naloxone, naltrexone, and methylnaltrexone. All three compounds are well-known opioid antagonists that operate by binding to the body’s opioid receptors without activating them. Each is an oxymorphone derivative, and the group members have remarkably similar structures, as indicated earlier. The only structural difference between these three molecules is the identity of the functional group attached to the nitrogen atom. Naloxone is a neutral tertiary amine. Naltrexone, also a neutral tertiary amine, has a cyclopropylmethyl group attached to the nitrogen. Methylnaltrexone, a derivative of naltrexone, is a quaternary ammonium salt and has both a cyclopropylmethyl group and a methyl group attached to its nitrogen with a positive charge. Because of the strong structural and functional similarity between the molecules, a person of skill could expect similar stability of the molecules at similar pH ranges in solution. The district court erred by rejecting this inference as a matter of law at the summary judgment stage. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

Because these three molecules bear significant structural and functionality similarity, and because the prior art of record teaches pH ranges that overlap with the pH range recited in claim 8, Mylan has at least raised a prima facie case of obviousness sufficient to survive summary judgment. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

The Federal Circuit however cautioned that whether molecules with similar structure and similar function are expected to exhibit similar properties for formulation was a question of fact, and whether a prima facie case was rebutted, was a question of fact.

Our holding should not be misconstrued to mean that molecules with similar structure and similar function can always be expected to exhibit similar properties for formulation. Indeed, when this case is tried to a factfinder, the

factfinder should consider whether Valeant has rebutted Mylan’s prima facie case, by, for example, establishing that the claimed pH range is critical or that the quaternary nitrogen results in unexpected beneficial properties. *See, e.g., Geisler*, 116 F.3d at 1469; *Woodruff*, 919 F.2d at 1578. Valeant may also attempt to rebut Mylan’s case by showing that the prior art teaches away from the claimed invention in any respect. *Peterson*, 315 F.3d at 1331 (citing *Geisler*, 116 F.3d at 1469). Whether methylaltrexone’s structural similarity in an overlapping range of pH in solution is sufficient to yield a prima facie case of obviousness depends on the facts of record. *In re Jones*, 958 F.2d 347, 350 (Fed. Cir. 1992) (“Every case, particularly those raising the issue of obviousness under section 103, must necessarily be decided upon its own facts.”). Contrary to the district court’s view in this case, however, such a theory of obviousness is not defective as a matter of law, and summary judgment to that effect was granted in error. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 103, obviousness to try requirement**, ranges defined by a continuous variable, practical number of contained ranges.

The Federal Circuit concluded that merely because a variable was continuous over a range did not imply an infinite number of possibilities given the practical accuracy of measurement of the variable.

...In evaluating Mylan’s obvious-to-try argument, the district court held that there was not a finite number of options between pH ranges falling between 3 and 7. The court held that, as a matter of “basic math,” “given any two unequal numbers, the quantity of number ranges falling between the two is infinite, not finite.” Decision, 2018 WL 2023537, at \*5. \*\*\* The bounded range of pH 3 to 4 presents a finite number of narrower pH ranges for a skilled artisan to try. As a matter of math, there may be an infinite potential number of ranges within the range 3 to 4, but only if the realities of pH values (and the limitations of commercially available pH meters) are ignored. But on this record, there is no indication that pH is measured to any significant figure beyond two digits. And in our view of basic math and based on the record, there is only one significant figure after the decimal point, in which case the range of pH variables is ten, or, if one considers two significant figures after the decimal point, one hundred, not an infinity. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 103, obviousness to try requirement**, selection of variables, whether the claimed variable need not be the first variable a POSITA would consider varying.

The Federal Circuit held that the claimed variable need not be the first variable a POSITA would consider varying to make a claimed range for that variable obvious to try.

The court also rejected Mylan’s citations of expert testimony and prior art references because none of the references identified pH as the “first variable” that an experienced formulator would consider and because Mylan’s expert concluded that a person of skill would have expected only “stable formulations,” not formulations stable for 24 months at room temperature. Id. at \*6–7. \*\*\* The district court rejected record evidence because no reference listed pH as the “first variable” that an artisan would manipulate. But there is no requirement that for a variable to be obvious to try, it must be the first variable a person of skill would alter. And as to the stability limitation, a factfinder could draw the inference from this record that trying a pH of 3–4 would lead to a methylnaltrexone formulation stable at room temperature. Absolute predictability that the proposed pH range would yield the exact stability parameters in the claim is not required. Moreover, it is important to note that pH is in fact the only variable in claim 8, not one of many variables that can be experimented with. And, lacking anything in the claim that is a stabilizer, it can be presumed, if the claim is valid, that the stability for up to 24 months must be due to the nature of the compound in the solution and the claimed pH level. Thus, the district court’s grant of summary judgment on Mylan’s obvious-to-try theory was in error. [Valeant Pharmaceuticals International, Inc. v. Mylan Pharmaceuticals Inc., 2018-2097 (Fed. Cir. 4/8/2020).]

**Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).**

This is an appeal from PTAB cases IPR2017-01287; IPR2018-00263; and IPR2018-00269. The PTAB had determined that Technical Consumer Products, Inc. (TCP) had not demonstrated by a preponderance of the evidence that, inter alia, claims depending on claim 1 were anticipated of obvious. TCP appealed. As to the claims depending on claim 1, the Federal Circuit vacated and remanded.

**Legal Issue: 35 USC 112, claim construction as applied to values determined from a prior art reference.**

The Federal Circuit concluded that the PTAB had erred by failing to limit the claimed heat sink to that element that was “substantially ring-shaped and being disposed around and coupled to an outer periphery of the heat spreader,” as recited in claim 1.

Claim 1 recites in relevant part:

A luminaire, comprising: a heat spreader and a heat sink thermally coupled to the heat spreader, the heat sink being substantially ring-shaped and being disposed around and coupled to an outer periphery of the heat spreader; an outer optic ... wherein the heat spreader, the heat sink and the outer optic, in combination, have an overall height H and an overall outside dimension D such that the ratio of H/D is equal to or less than 0.25;

The Federal Circuit reasoned as follows.

The H/D limitation requires that “the heat spreader, the heat sink and the outer optic, in combination, have an overall height H and an overall outside dimension D such that the ratio of H/D is equal to or less than 0.25.” ’968 patent col. 10 ll. 32–35. The antecedent basis for “the heat sink” in the H/D limitation is found earlier in the claims and requires “a heat sink thermally coupled to the heat spreader, the heat sink being substantially ring-shaped and being disposed around and coupled to an outer periphery of the heat spreader.” *Id.* at col. 10 ll. 21–24. No other heat sink is specified in the claim. Consequently, “the heat sink” that is used in the calculation of the height-to-diameter ratio is the same heat sink that is annularly coupled to the heat spreader. [Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).]

TCP argued to the Board that Chou’s outer flange 22 corresponds to the “heat sink” described in the ’968 patent claims. In response, LSG did not dispute that outer flange 22 is a “heat sink,” or that it is configured in a ring-shape around the heat spreader trim 12. Rather, LSG argued that both of Chou’s heat sinks, i.e., outer flange 22 and heat sink 14, must be included in the calculation of the H/D limitation’s height-to-diameter ratio. The Board agreed. [Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).]

This argument, however, contradicts the plain language of claim 1. The claim only requires that a specific heat sink—the one annularly coupled to the heat spreader—be included in the H/D ratio calculation. The claim does not suggest that all heat sinks in the luminaire must be included in this calculation, nor does it suggest that there must be only one heat sink. Indeed, the “comprising” language in the preamble suggests that there may be additional, unclaimed elements in the device, including additional heat sinks. *See Crystal Semiconductor Corp. v. TriTech Microelects. Int’l, Inc.*, 246 F.3d 1336, 1348 (Fed. Cir. 2001) (explaining that the word “comprising” in a claim “creates a presumption that the recited elements are only a part of the device, that the claim does not exclude additional, unrecited elements” (citing *KCJCorp. v. Kinetic Concepts, Inc.*, 223 F.3d 1351, 1356 (Fed. Cir. 2000))). And the figures and specification make clear that outer flange 22 and heat sink 14 are separate components of the light fixture that dissipate heat in different directions. *See* Chou col. 5 ll. 3–10 (describing how the majority of heat is vented through the flange outside the can housing, while a portion of the heat is dissipated via heat sink 14 into the can housing). [Technical Consumer Products, Inc. v. Lighting Science Group Corporation, 2019-1361 (Fed. Cir. 4/8/2020).]

**BASF Corporation v. SNF Holding Company, 2019 1243 (Fed. Cir. 4/8/2020).**

This is a decision on an appeal from the S.D. Ga. district court case 4:17-cv-00251-RSB-BWC. The district court entered SJ that claims 1 and 3-7 of the '329 patent were invalid as obvious. BASF appealed. The Federal Circuit reversed and remanded.

**Legal issue: 35 USC 102(a) known or used by others, whether knowledge shared under confidentiality is available prior art under 102(a).**

The Federal Circuit concluded that knowledge shared under an agreement of confidentiality was not available as prior art under 102(a).

In its summary judgment order, the district court agreed with SNF that “one person’s use or knowledge” is all that is required for an invention to be “known or used” by others under § 102(a), and “whether prior use is secret or confidential is immaterial.” *Decision*, slip op. at 22–23. \*\*\* BASF first argues that the district court misinterpreted the phrase “known or used” in § 102(a) and erroneously disregarded the confidentiality of Celanese’s knowledge and use. In BASF’s view, knowledge or use that is not publicly accessible does not qualify as prior art under § 102(a), and knowledge or use protected by confidentiality obligations is not publicly accessible. Because confidentiality agreements applied to both the technical information Sanyo provided Celanese concerning the Sanwet® Process and Celanese’s performance of that process in the Portsmouth plant, BASF contends that neither is available as evidence of prior art knowledge or use. \*\*\* We agree with BASF that the district court’s interpretation of § 102(a) was erroneous. This court has uniformly interpreted the “known or used” prong of § 102(a) to mean “knowledge or use which is accessible to the public.” *Carella v. Starlight Archery & Pro Line Co.*, 804 F.2d 135, 139 (Fed. Cir. 1986); *accord Woodland Tr. v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1370 (Fed. Cir. 1998) (quoting *Carella*, 804 F.2d at 139), and *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1306 (Fed. Cir. 2002). \*\*\* We therefore reverse the district court’s summary judgment of invalidity and remand for a determination of SNF’s § 102(a) defense at trial. [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 102(b), public-use bar, evidence required to conclude a method claim was in public use, resulting in a 102(b) bar.**

The Federal Circuit concluded that the district court erred in finding the claimed method publicly accessible where (1) there was no evidence that suggested that any of member of the public allowed to view the tubular reactor used to practice the claimed method was a POSITA and (2) the parties disputed whether limitations the method claim were disclosed to the public.

The district court also granted summary judgment of invalidity on both the public-use and on-sale bars of § 102(b).<sup>4</sup> It found no genuine dispute that Celanese commercially exploited the Sanwet® Process before the critical date, and that its use was “in many respects accessible to the public.” *Decision*, slip op. at 28–29 (noting that Celanese and Hoechst gave tours of the Portsmouth plant and that a

newspaper article depicted the plant’s interior). \*\*\* BASF also argues that the district court’s summary judgment on public use was in error. Specifically, BASF contends that the district court misinterpreted the public-use bar of § 102(b) to apply to a third party’s secret commercial use. BASF also maintains that the district court’s other basis for its decision—that Celanese’s use of the Sanwet® Process was not, in any event, secret—was erroneous because the record does not establish that members of the public could observe every step of the Sanwet® Process on tours Celanese gave of the Portsmouth plant or that it could get such information from the newspaper articles the district court cited. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

We agree with BASF. In *Shimadzu*, the Supreme Court explained that the public-use bar applies to uses of the invention “not purposely hidden” and held that the use of a process in the ordinary course of business—where the process was “well known to the employees” and no “efforts were made to conceal” it from anyone else—is a public use. *Id.* at 20–21. In our public-use cases, we have applied the rule of *Shimadzu* to assess whether a use was successfully concealed or hidden and therefore inaccessible to the public. *See, e.g., Motionless Keyboard Co. v. Microsoft Corp.*, 486 F.3d 1376, 1384–85 (Fed. Cir. 2007); *Invitrogen Corp. v. Biocrest Mfg., L.P.*, 424 F.3d 1374, 1382 (Fed. Cir. 2005); *New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co.*, 298 F.3d 1290, 1297 (Fed. Cir. 2002); *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1548–50 (Fed. Cir. 1983). If the use identified by the defendant was not successfully concealed or hidden from those who lack any “limitation or restriction, or injunction of secrecy,” *Egbert v. Lippmann*, 104 U.S. (14 Otto) 333, 336 (1881), then it is a public use within the meaning of § 102(b). *But see, e.g., City of Elizabeth v. Am. Nicholson Pavement Co.*, 97 U.S. 126, 133–37 (1877) (experimental use is not public use). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

We conclude that the district court erred in finding, on summary judgment, that the claimed process was publicly accessible. As an initial matter, we disagree with BASF that public use under § 102(b) requires a finding that the public was made aware of every limitation of the claimed process. Our precedent is clear that a factfinder should consider whether certain elements of the claimed invention were already in the public domain at the time of the alleged public-use or on-sale activity. Thus, we have held that § 102(b) “does not require a strict identity between the claimed invention and the device involved in the public use or on sale activities;” it only requires that “the differences between the claimed invention and the device used or sold would have been obvious to one skilled in the art.” *In re Smith*, 714 F.2d 1127, 1137 n.13 (Fed. Cir. 1983) (citing *In re Corcoran*, 640 F.2d 1331, 1333 (CCPA 1981)); *see also In re Blaisdell*, 242 F.2d 779, 783 (CCPA 1957) (finding public use even where some elements of the invention are by their nature concealed from view) (citing *Hall v. Macneale*, 107 U.S. (17 Otto)

90, 96–97 (1883)). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

But, on this record, genuine issues of material fact prevent entry of summary judgment on SNF’s public-use defense. Neither party disputes that members of the public were given access to the Portsmouth plant on numerous occasions, where they could view the shape of the conical taper, and that no evidence suggests that any of these guests was a skilled artisan. The parties dispute whether the remaining elements of the Sanwet® Process were known, and to the extent they were not, whether they were concealed from the public on these tours, in newspaper articles, and in the commemoration video. While the public-use inquiry is often context-specific, we have identified factors which may, in a given case, prove relevant. *See, e.g., Dey, L.P. v. Sunovion Pharm., Inc.*, 715 F.3d 1351, 1355–56 (Fed. Cir. 2012) (the nature of the activity that occurred in public, public access to and knowledge of the public use, existence of an actual or implied confidentiality obligation, and the relevant skill and knowledge of observers (citations omitted)). A factfinder would be entitled to make reasonable inferences about these activities in deciding whether Celanese’s use of the Sanwet® Process was a public use, and summary judgment is therefore improper. *See id.* at 1357 (“The ‘public use’ inquiry is replete with factual considerations . . . .”); *Barry v. Medtronic, Inc.*, 914 F.3d 1310, 1327 (Fed. Cir. 2019) (acknowledging that the jury is permitted to make reasonable inferences about public accessibility and confidentiality). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 102(b), public-use bar**, whether a third party’s commercial exploitation of a secret process, per se, gives rise to a 102(b) public use bar.

The Federal Circuit concluded that a third party’s commercial exploitation of a secret process, per se, does not give rise to a 102(b) public use bar.

SNF’s second contention—that a third party’s commercial exploitation of a secret process creates a per se public-use bar to another inventor—is simply wrong. In *Gore*, this court held that a third party’s sale of products made by a secret process, more than one year before the critical date, does not create a bar to another inventor patenting the process. 721 F.2d at 1550 (citing *Metallizing*, 153 F.2d 516). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

In *Metallizing*, the defendant raised a public-use defense based on the patentee’s earlier commercial exploitation of his then-secret process. Judge Learned Hand, writing for the Second Circuit, recognized that a secret process was neither “publicly” used, nor itself on sale, under a literal construction of § 102(b). Nevertheless, he reasoned that an inventor’s commercial exploitation of

the secret process squarely implicated the Supreme Court’s rationale for creating the statutory bars in the first place, *see Pennock*, 27 U.S. (2 Pet.)1, and that the statute would be frustrated were such an exception recognized. *Metallizing*, 153 F.2d at 519–20. Thus, the Second Circuit held that an inventor’s commercial exploitation of his invention before the critical date created a public-use bar—“regardless of how little the public may have learned about the invention.” *Id.* at 520 (“[I]t is a condition upon an inventor’s right to a patent that he shall not exploit his discovery competitively after it is ready for patenting; he must content himself with either secrecy, or legal monopoly.”). At the same time, *Metallizing* reaffirmed the holding of *Gillman*, 114 F.2d at 30–31, that such exploitation by a third party does not create a public-use bar. 153 F.2d at 518–19. The *Metallizing* rule was subsequently adopted as precedent by this court in *Gore*, 721 F.2d at 1550. [6] *See also Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 68–69 (1998) (citing the *Metallizing* rule); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 149 (1989) (same). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

**Legal issue: 35 USC 102(b), on-sale bar, agreement to license a method patent, corporate acquisition.**

The Federal Circuit concluded that neither an agreement to license a method patent, or a corporate sale of the licensee to another company were on-sale events imposing an on-sale bar.

BASF further requests reversal of the district court’s decision on SNF’s § 102(b) on-sale defense. It argues that the agreement between Sanyo and Celanese to license the Sanwet® Process was not a sale under *In re Kollar*, 286 F.3d 1326 (Fed. Cir. 2002). BASF further denies that Hoechst’s acquisition of Celanese in 1987, including the operational Portsmouth plant, constitutes a sale of the process. \*\*\* We agree with BASF that the district court’s judgment must be reversed. Neither the Sanyo-Celanese license agreement nor the 1987 Hoechst acquisition of Celanese is a sale of the invention within the meaning of § 102(b). [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

An invention is “on sale” under § 102(b) when it is “the subject of a commercial offer for sale,” and is ready for patenting. *Pfaff*, 525 U.S. at 67. The invention itself must be sold or offered for sale, and the mere existence of a “commercial benefit . . . is not enough to trigger the on-sale bar” on its own. *Medicines Co. v. Hospira, Inc.*, 827 F.3d 1363, 1373 (Fed. Cir. 2016) (en banc). To determine whether such a commercial sale or offer for sale has occurred, we look to how those terms are defined in the Uniform Commercial Code. *Id.* at 1365, 1375 (“[T]he Uniform Commercial Code describes a ‘sale’ as ‘the passing of title from the seller to the buyer for a price.’ U.C.C. § 2-106(1).”); *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1048 (Fed. Cir. 2001) (“[A] commercial offer for sale [under § 102(b) is] one which the other party could

make into a binding contract by simple acceptance (assuming consideration) . . . .”). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

But we have often recognized that “[a] process, however, is a different kind of invention; it consists of acts, rather than a tangible item,” *Kollar*, 286 F.3d at 1332, as is contemplated by the U.C.C.’s definition of sale. Yet, in certain circumstances, a process may be sold in a manner which triggers the on-sale bar. For example, performing the process itself for consideration is sufficient. *See Scaltech, Inc. v. Retec/Tetra, LLC*, 269 F.3d 1321, 1328–29 (Fed. Cir. 2001) (offer to perform process for treating oil refinery waste placed the invention on sale). So is a patentee’s sale of a product made by his later-patented process, i.e., the *Metallizing* rule. *D.L. Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, 1147–48 (Fed. Cir. 1983)(applying the *Metallizing* rule as an on-sale bar). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

In *Kollar*, this court decided that a chemical process for preparing peroxides was not placed on sale by the patentee’s contract with Celanese, which called for *Kollar* to license his future patents covering the invention, provide Celanese with technical “know-how” for implementing the process, and to coordinate possible future commercialization, in exchange for a royalty. We first explained that no products made using *Kollar*’s process had ever been sold or offered for sale, and, as a result, potential plans to commercialize the invention in the future were irrelevant. 286 F.3d at 1330–31. Absent such a forfeiture, *D.L. Auld*, 714 F.2d 1144, the arrangement amounted to an ordinary license agreement. Thus, the holding of *Kollar* rested on the well-established principle that the grant of a license to practice a patented invention, with or without accompanying technical information, does not itself create an on-sale bar. *Id.* at 1333; *see Mas-Hamilton Grp. v. LaGard, Inc.*, 156 F.3d 1206, 1216–17 (Fed. Cir. 1998); *Moleculon*, 793 F.2d at 1267. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

Shortly thereafter, we decided *Minton*, which concerned a computer system programmed to facilitate securities trading and methods of doing so using the claimed system. We held there that, unlike the transaction at issue in *Kollar*, *Minton*’s lease of his trading system to a local brokerage firm raised an on-sale bar against his method claims because the system substantially “embod[ied] the claimed method.” 336 F.3d at 1378; *see also J.A. LaPorte*, 787 F.2d at 1583. [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

As the Supreme Court observed, in the context of the patent exhaustion doctrine, a product and methods of using that product “may approach each other so nearly that it will be difficult to distinguish the process from the function of the

apparatus.” *Quanta Comput., Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 629 (2008) (quoting *United States ex rel. Steinmetz v. Allen*, 192 U.S. 543, 559 (1904)). In that circumstance, where a product “embodie[s] essential features of [the] patented invention,” *Quanta*, 553 U.S. at 632 (quoting *United States v. Univis Lens Co.*, 316 U.S. 241, 249–51 (1942)), a sale of the product is tantamount to a sale of the process performed by that product and thus creates an on-sale bar to the process claims as well. *See Minton*, 336 F.3d at 1377–78. [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

Under these precedents, it is clear that *Kollar* governs this case. The Sanyo-Celanese agreement provided Celanese with a license to practice the Sanwet® Process, exhaustive technical information about performing it, and the in-person assistance of Sanyo’s employees. This agreement differs from *Kollar*’s license agreement with Celanese only to the extent that Sanyo might have provided Celanese with more assistance to enable it to perform the claimed process, but it was not a sale of the Sanwet® Process. [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

The district court’s error arose from its misunderstanding of our holding in *Minton*—as does SNF’s for that matter. As we explained above, *Minton* did not hold that transmitting information about an operative process to enable a licensee to perform it invokes the on-sale bar. The on-sale bar does not turn on whether or not the patentee’s process information and assistance are helpful to the licensee or whether the licensee is capable of performing the licensed process. Unlike in *Minton*, the essential features of the claimed process here were not embodied in a product sold or offered for sale before the critical date. [*BASF Corporation v. SNF Holding Company*, 2019-1243 (Fed. Cir. 4/8/2020).]

Finally, we reject SNF’s argument for its alternative ground of affirmance. Hoechst’s acquisition of Celanese did not create an on-sale bar for the same reason that the Sanyo-Celanese license did not: there was no product sold as part of the transaction that embodied the essential features of the Sanwet® Process. While SNF argues that either the Portsmouth plant itself or the plant’s equipment used to perform the Sanwet® Process is such a product, we disagree. The record contains no indication that the equipment substantially embodies the claimed process; indeed, SNF’s declarant asserted that the reactors used were “conventional polymerizing vessel[s].” J.A. 4219. In other words, the equipment was capable of numerous uses apart from its use in the Sanwet® Process and therefore does not substantially embody the essential features of the ’329 patent claims. *See Quanta*, 553 F.3d at 631–32. It follows, a fortiori, that neither does the entire Portsmouth plant or all of Celanese as it existed before its acquisition by Hoechst. For a typical acquisition such as this, the purchase of a company is not, under the patent law tantamount to a purchase, or in inverse terms a sale, of every

asset held by the acquired company. *See Micro-Magnetic Indus., Inc. v. Advance Automatic Sales Co.*, 488 F.2d 771, 772–73 (9th Cir. 1973). [BASF Corporation v. SNF Holding Company, 2019-1243 (Fed. Cir. 4/8/2020).]

**Keith Manufacturing Co. v. Larry D. Butterfield, 2019-1136 (Fed. Cir. 4/17/2020).**

This is a decision in an appeal from the D. OR district court case 3:15-cv-02008-SI. The district court denied Butterfield’s FRCP 54 motion for attorney’s fees. Butterfield appealed. The Federal Circuit reversed and remanded.

**Legal issue: FRCP 54(d), whether an FRCP 41(a)(1)(A)(ii) stipulated dismissal with prejudice bars award of attorney's fees; qualifies as a judgement under FRCP 54(d).**

The Federal Circuit held that a voluntary stipulation with prejudice does not bars an attorney's fees award, and does qualify as a judgment under FRCP 54(d).

In October 2015, Keith Manufacturing Co. filed this lawsuit against its former employee, Mr. Butterfield, after he filed a patent application for what eventually issued as U.S. Patent No. 9,126,520. Keith alleged that the ’520 patent was based on inventions made during Mr. Butterfield’s employment. In April 2017, the parties filed a stipulation of dismissal with prejudice pursuant to Rule 41(a)(1)(A)(ii). \*\*\* Twelve days later, Mr. Butterfield moved for attorney’s fees under Fed. R. Civ. P. 54(d), Or. Rev. Stat. § 20.096, Or. Rev. Stat. § 646.467, and 35 U.S.C. § 285. \*\*\* In its order denying attorney’s fees, the district court held that Rule 54 requires a judgment, which the Rule defines as “a decree and any order from which an appeal lies.” *Keith Mfg., Co. v. Butterfield*, 256 F. Supp. 3d 1123, 1127 (D. Or. 2017) (quoting Fed. R. Civ. P. 54(a)). The district court then held that the parties’ stipulation to dismiss with prejudice did not satisfy Rule 54’s judgment requirement because under *Microsoft*, a stipulation to dismiss with prejudice is not an appealable order. *Id.* at 1130. \*\*\* But the district court’s reliance on *Microsoft*’s § 1291 analysis went too far because the concerns that animated the Supreme Court’s *Microsoft* decision are not present here. First, treating a voluntary stipulation with prejudice as a judgment for purposes of attorney’s fees under Rule 54 will not invite parties to engage in piecemeal appellate litigation. The joint stipulation means that, except under rare circumstances, there will not be an appeal on the merits; only the attorney’s fees issue remains. Second, because this case is not a class action, it will not undermine class action procedure. And because both parties can move for attorney’s fees, permitting a Rule 54(d) motion for attorney’s fees after a stipulated dismissal will not affect the overall balance of litigation. [Keith Manufacturing Co. v. Butterfield, 2019-1136 (Fed. Cir. 4/7/2020).]

The Federal Circuit gave this explanation:

The issue the district court considered here is whether the stipulated dismissal with prejudice constitutes a judgment for the purposes of Rule 54.

Although Rule 54(d) “posits a relationship between a judgment and its appealability,” *Castro Cty., Tex. v. Crespin*, 101 F.3d 121, 128 (D.C. Cir. 1996), this relationship exists for the prudential purpose of minimizing piecemeal appellate litigation, not because a shared technical construction mandates the relationship. Rule 54(d)(2)(B) was promulgated to “enable[] the court . . . to make its ruling on a fee request in time for any appellate review of a dispute over fees to proceed at the same time as review on the merits of the case,” Fed. R. Civ. P. 54 advisory committee’s note to 1993 amendment, in ser-vice of “minimiz[ing] the need for piecemeal appeals,” *see Weyant v. Okst*, 198 F.3d 311, 314 (2d Cir. 1999). [Keith Manufacturing Co. v. Butterfield, 2019-1136 (Fed. Cir. 4/7/2020).]

Given their common purpose, it is unsurprising that “judgment” in the context of Rule 54 is often congruent to a “final decision” under § 1291. *See Crespin*, 101 F.3d at 128. They are not, however, equivalent. The definition of judgment in Rule 54 indicates that some non-appealable orders can still constitute a judgment. Rule 54(a) states that judgment “includes . . . any order from which an appeal lies,” (emphasis added), not that judgment is any order from which an appeal lies. This inclusive language reveals that Rule 54 “judgment” includes more than just appealable orders. [Keith Manufacturing Co. v. Butterfield, 2019-1136 (Fed. Cir. 4/7/2020).]

The Tenth Circuit reached a similar conclusion in *Xlear, Inc. v. Focus Nutrition, LLC*, 893 F.3d 1227, 1235-36 (10th Cir. 2018), when it considered whether Microsoft should be extended to preclude attorney’s fees after a Rule 41(a)(1)(A)(ii) stipulation of dismissal. The Tenth Circuit also found Microsoft inapplicable, reasoning that it “address[es] the narrow situation where a hopeful class action plaintiff uses a stipulation of dismissal as a tactic to overcome the limitations placed on appellate jurisdiction by 28 U.S.C. § 1291.” *Id.* at 1236. [Keith Manufacturing Co. v. Butterfield, 2019-1136 (Fed. Cir. 4/7/2020).]