Precedential Patent Case Decisions During December 2018

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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

In re Marco Guldenaar Holding B.V., 2017-2465 (Fed. Cir. 12/28/2018).

This is a decision on an appeal from PTAB case 13/078,196. The examiner had rejected the claims as patent ineligible. The PTAB affirmed. Marco appealed. The Federal Circuit affirmed. Judge Mayer concurred, stating that "claims directed to dice, card, and board games can never meet the section 101 threshold because they endeavor to influence human behavior rather than effect technological change."

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 2, and printed matter doctrine.

The appellant argued that novel indicia on dice used in the claimed dice game were unconventional and amounted to significantly more than an abstract idea. The Federal Circuit disagreed, noting the indicia provided no new functionality, and therefore were mere, patent ineligible, printed matter.

> Appellant's argument on appeal has a different focus from what it argued below. It now contends that "the specifically-claimed di[c]e" that have markings on one, two, or three die faces are not conventional and their recitation in the claims amounts to "significantly more" than the abstract idea. Appellant Op. Br. 20. The markings on Appellant's dice, however, constitute printed matter, as pointed out by the Board, and this court has generally found printed matter to fall outside the scope of § 101. *See AstraZeneca LP v. Apotex, Inc.*, 633 F.3d 1042, 1064 (Fed. Cir. 2010). "Claim limitations directed to the content of information and lacking a requisite functional relationship are not entitled to patentable weight because such information is not patent eligible subject matter under 35 U.S.C. § 101." *Praxair Distrib., Inc. v. Mallinckrodt Hosp. Prod. IP Ltd.*, 890 F.3d 1024, 1032 (Fed. Cir. 2018). Each die's marking or lack of marking communicates information to participants indicating whether the player has won or lost a wager, similar to the markings on a typical die or a deck of cards. Accordingly, the recited claim limitations are directed to information. Additionally, the printed indicia on each die are not functionally related to the substrate of the dice. Unlike in *In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983), where digits were printed on a band in such a manner that the digits exploited the endless nature of the band,

and the particular sequence of digits was critical to the invention disclosed in the claims, or *In re Miller*, 418 F.2d 1392 (CCPA 1969), where the volumetric indicia on the side of a cup created a specialized measuring cup, the markings on each of Appellant's dice do not cause the die itself to become a manufacture with new functionality. [In re Marco Guldenaar Holding B.V., 2017-2465 (Fed. Cir. 12/28/2019).]

Spineology, Inc. v. Wright Medical Technology, Inc., 2018-1276 (Fed. Cir. 12/14/2018).

This is a decision on an appeal from the D. Minn. district court case 0:15-cv-00180-JNE-FLN. The district court denied Wright's motion for attorney's fees. Wright appealed. The Federal Circuit affirmed.

Legal issue: District court discretion to decide motions for attorney's fees.

The Federal Circuit made it clear that it was displeased with attempts to require district courts to do unnecessary work on fees motions.

A district court need not, as Wright seems to urge, litigate to resolution every issue mooted by summary judgment to rule on a motion for attorney fees. And we need not, as Wright requests, get into the weeds on issues the district court never reached. We see no abuse of discretion in the district court's determination that "the arguments made by Spineology to support its damages theory . . . are not so meritless as to render the case exceptional." J.A. 65. We see no error in the district court's determination that, on this record, the case was not exceptional, and we caution future litigants to tread carefully in their complaints about district courts not doing enough. [Spineology, Inc. v. Wright Medical Technology, Inc., 2018-1276 (Fed. Cir. 12/14/2018).]

Virnetx Inc. v. Apple, Inc., 2017-2490, 2017-2494 (Fed. Cir. 12/10/2018).

This is a decision on two appeals from PTAB case IPR2016-00331. The PTAB held that claims of the patent were unpatentable for obviousness. Vernetx appealed. The Federal Circuit affirmed, stating in relevant part that "Because VirnetX is collaterally estopped from relitigating the threshold issue of whether prior art reference RFC 24011 was a printed publication ... we affirm."

Legal issue: Collateral estoppel based upon a rule 36 affirmance.

The Federal Circuit noted that the finding that a certain reference was a prior art printed publication was "essential or necessary to the Rule 36 judgment" in a prior case involving the same parties, and, therefore concluded that collateral estoppel applied to the same finding in this case.

A party is collaterally estopped from relitigating an issue if:["] (1) a prior action presents an identical issue; (2) the prior action actually litigated and adjudged that issue; (3) the judgment in that prior action necessarily required determination of the identical issue; and (4) the prior action featured full

representation of the estopped party. {"] *Stephen Slesinger, Inc. v. Disney Enterprises, Inc.*, 702 F.3d 640, 644 (Fed. Cir. 2012). Collateral estoppel or "issue preclusion applies where the[se] . . . [elements] of collateral estoppel are carefully observed." *B & B Hard-ware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1306(2015) (quotations omitted). This is no different in the context of a Rule 36 judgment. *Phil-Insul Corp. v. Airlite Plastics Co.*, 854 F.3d 1344, 1356 (Fed. Cir. 2017). While not all Rule 36 judgments will "satisfy those ordinary elements, that does not mean none will." *See B & B Hardware*, 135 S. Ct. at 1306. Accordingly, we have held that a Rule 36 judgment may serve as a basis for collateral estoppel so long as these elements—including the element that the resolution of the issue was essential or necessary to the Rule 36 judgment—are carefully observed. *Phil-Insul*, 854 F.3d at 1356–57. [Virnetx Inc. v. Apple, Inc., 2017-2490, 2017-2494 (Fed. Cir. 12/10/2018).]

Here, Apple is correct that VirnetX is collaterally estopped by our Rule 36 judgment in VirnetX I from relitigating the question of whether RFC 2401 was a printed publication. The parties dispute only the question of whether the issue was necessary or essential to the judgment in *VirnetX I*. We find that it was. Each ground of unpatentability that VirnetX appealed in *VirnetX I* relied on RFC 2401. Even VirnetX conceded during oral argument that the printed publication issue was a threshold issue in *VirnetX* I. See Oral Arg. at 5:04, http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2017-2490.mp3 (" [T]he finding that RFC 2401 was a printed publication was indeed a threshold issue [in *VirnetX I*] so I think, under that analysis, the court would have addressed that question." (emphasis added)). Indeed, in three of the seven final written decisions appealed in *VirnetX I*, the only issue raised was whether RFC 2401 was a printed publication. Accordingly, by affirming all seven of the Board's decisions, this court in *VirnetX I*. [Virnetx Inc. v. Apple, Inc., 2017-2490, 2017-2494 (Fed. Cir. 12/10/2018).]

Novartis AG v. Ezra Ventures LLC, 2017-2284 (Fed. Cir. 12/7/2018).

This is a decision on appeals from the D. Del. district court cases 1:15-cv-00150-LPS and 1:15-cv-00975-LPS. The district court found the '229 patent valid, unexpired, and enforceable with the PTE, found infringement of the '229 patent, and imposed an injunction on Ezra's ANDA product until the expiration of the '229 patent in 2019. Ezra appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 156(c)(4), construction of "in no event shall more than one patent be extended."

The Federal Circuit held that the limit to extension of the term of one patent per product in 35 USC 156(c)(4) referred to the one patent for which PTE was requested pursuant to 35 USC 156, and that 35 USC 156(c)(4) did not include any patent whose exclusive right was effectively extended as a result of PTE on the requested patent.

35 USC 156(c)(4) states:

> c) The term of a patent eligible for extension under subsection (a) shall be extended by the time equal to the regulatory review period for the approved product which period occurs after the date the patent is issued, except that *** (4) in no event shall more than one patent be extended under subsection (e)(I) for the same regulatory review period for any product.

The '229 patent claims compounds including fingolimod, the active ingredient in Gilenya®. The '565 patent claims a method of administering fingolimod. Novartis obtained a 35 USC 156 PTE for the '229 patent. Ezra argued that the PTE for the '229 patent also applied to the '565 patent, in violation of the one-patent-per-product extension authorized by 156. The district court disagree, and the Federal Circuit agreed with the district court.

> Ezra argues that Novartis violated § 156(c)(4) because, in its view, two patents were extended here: the extension of the '229 patent's term " effectively" extended the '565 patent's term as well, because the '229 patent covers a compound necessary to practice the methods claimed by the '565 patent. We agree with the district court, however, that there is no reason to read "effectively" as a modifier to "extend" in the language of § 156(c)(4). As a basic principle of statutory construction, courts "ordinarily resist[] reading words into a statute that do not appear on its face." *Bates v. United States*, 522 U.S. 23, 29 (1997). Further, as the district court found, "throughout the rest of § 156, 'ex-tend,' 'extension,' and 'extending' refer to the legal status conferred upon a patent chosen to benefit from PTE." *Novartis*, 2016 WL 5334464, at *2 (citing 35 U.S.C. § 156(a) and (b)). This legal status is the literal changing of the patent's expiration date by the Director under § 156, ensuring a government-granted de jure exclusionary right for an extended time period—as opposed to an"effective" or "de facto" exclusion. Section 156(c)(4)'s language that "in no event shall more than one patent be extended under subsection (e)(1) for the same regulatory review period for any product" was intended to limit a legally conferred PTE (not an "effective" or "de facto" PTE) to one patent selected by the patent owner. Here, only the '229 patent was selected and then legally extended with a certificate of extension "recorded in the official file of the patent and . . . considered as part of the original patent." 35 U.S.C. § 156(e)(1). That the method of the '565 patent cannot be practiced during the '229 patent's extended term is a permissible consequence of the legal status conferred upon the '229 patent by § 156. [Novartis AG v. Ezra Ventures LLC, 2017-2284 (Fed. Cir. 12/7/2018).]

Legal issue: 35 USC 156 PTE, and double patenting invalidity.

In dicta, the Federal Circuit concluded that a patent accorded PTE for which there is obviousness-type double patenting over another patent and in which no terminal disclaimer was filed would be invalid for double patenting.

> Finally, Ezra argues that a PTE must not be granted if such an extension violates other provisions of law, such as invalidity under 35 U.S.C. §§ 102 and 103 or obviousness-type double patenting. We agree to the extent of considering a patent's validity without a § 156 extension. For example, if a patent, under its original expiration date without a PTE, should have been (but was not) terminally disclaimed because of obviousness-type double patenting, then this court's obviousness-type double patenting case law would apply, and the patent could be invalidated. However, if a patent, under its pre-PTE expiration date, is valid under all other provisions of law, then it is entitled to the full term of its PTE. [Novartis AG v. Ezra Ventures LLC, 2017-2284 (Fed. Cir. 12/7/2018).]

Novartis Pharmaceuticals Corporation v. Breckenridge Pharmaceutical Inc., 2017-2173, 2017-2175, 2017-2176, 2017-2178, 2017-2179, 2017-2180, 2017-2182, 2017-2183, 2017-2184 (Fed. Cir. 12/7/2018).

This is a decision on appeals from the D. Del. district court cases: 1:14-cv-01043-RGA; 1:14-cv-01196-RGA; 1:14-cv-01289-RGA; 1:14-cv-01494-RGA; 1:14-cv-01508-RGA; 1:15-cv-00078-RGA; 1:15-cv-00128-RGA; 1:16-cv-00431-RGA; 1:17-cv-00389-RGA; and 1:17-cv-00420-RGA.

Legal issue: Non statutory double patenting, whether a post-URAA patent having (1) the same effective filing date as a pre-URAA patent and (2) a relatively earlier expiration date than the pre-URAA patent, is a double patenting reference against the pre-URAA patent.

URAA means the Uruguay Round Agreements Act of 1994 (URAA), § 532, Pub. L. No. 103-465, 108 Stat. 4809, 4983, which is effective for all applications filed after June 7, 1995.

A pre-URAA patent is a patent having a term of 17 years from issue date.

A post-URAA patent is a patent having a term of 20 years from US non-provisional filing date, plus any patent term adjustment.

The Federal Circuit held that a post-URAA patent having (1) the same effective filing date as a pre-URAA patent and (2) a relatively earlier expiration date than the pre-URAA patent, is not a double patenting reference against the pre-URAA patent.

Two other Federal Circuit holdings relate directly to this case. *Gilead Sciences, Inc. v. Natco Pharma Ltd.*, 753 F.3d 1208, 1212 (Fed. Cir. 2014) holds that a post-URAA patent (1) with a relatively earlier effective filing and (2) a relatively later issue date than *another* post-URAA, is a double patenting reference against *the other* post-URAA patent. *AbbVie, Inc. v. Mathilda & Terence Kennedy Institute of Rheumatology Trust*, 764 F.3d 1366 (Fed. Cir. 2014) holds that obviousness-type double patenting continues to apply, post-URAA.

> In this particular situation where we have an earlier-filed, earlier-issued, pre-URAA patent that expires after the later-filed, later-issued, post-URAA patent due to a change in statutory patent term law, we decline to invalidate the challenged pre-URAA patent by finding the post-URAA patent to be a proper obviousness-type double patenting reference.3 Instead, we apply our traditional, pre-URAA obviousness-type double patenting practice, see supra, to Novartis's

challenged pre-URAA patent. That s, we use the '772 patent's issuance date as the reference point for our obviousness-type double patenting analysis. As we recognized in *Gilead*, looking to the patent issuance dates pre-URAA serves as a reliable guide for assessing whether a patent may serve as a double patenting reference against another patent. *See* 753 F.3d at 1215. Under this analysis, the '990 patent is not a proper obviousness-type double patenting reference for the '772 patent. When the '772 patent issued, the '990 patent had not yet issued and thus did not exist as a double patenting reference against the '772 patent. [Novartis Pharmaceuticals Corporation v. Breckenridge Pharmaceutical Inc., 2017-2173 et al. (Fed. Cir. 12/7/2018).]

...The fact that the law for the term of a patent changed, resulting in the later-issued '990 patent having an earlier expiration date than it would have pre-URAA should not affect the '772 patent's statutorily-granted 17-year patent term. Rather than Novartis receiving a windfall with a 17-year term for its '772 patent, its '990 patent's term was truncated by the intervening change in law. To find that obviousness-type double patenting applies here because a post-URAA patent expires earlier would abrogate Novartis's right to enjoy one full patent term on its invention. [Novartis Pharmaceuticals Corporation v. Breckenridge Pharmaceutical Inc., 2017-2173 et al. (Fed. Cir. 12/7/2018).]

Jack Henry & Associates, Inc. v. Plano Encryption Technologies LLC, 2016-2700 (Fed. Cir. 12/7/2018).

This is a decision on an appeal from the N.D. Tex. case 3:15-cv-03745-N. The district court dismissed Jack's complaint for a DJ action, for lack of personal jurisdiction over Plano Encryption Technologies ("PET"). Jack appealed. The Federal Circuit reversed.

Legal issue: Personal jurisdiction, minimum contacts, letters asserting patent infringement from a different judicial district in the same state as the district court.

PET resides in Plano Texas, which is in the eastern district of Texas. It sent letter with detailed accusations of patent infringement to several banks. Jack (provider of the alleged infringing software) and the banks filed a DJ action in the northern district of Texas.

The Federal Circuit clarified that its prior holding in *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324, 1333 (Fed. Cir. 2008) that a resident in Taiwan was not subject to personal jurisdiction for a DJ action was filed in Alabama "did not establish a general rule applicable to all circumstances and all forms of contact and all locales."

The Federal Circuit explained that:

The district court granted PET's motion for dismissal, stating that PET's actions do not subject it to personal jurisdiction in the Northern District of Texas. The district court stated that the Federal Circuit has established "unique" rules for patent cases, and explained: ["] While such letters might be expected to support an assertion of specific jurisdiction over the patentee because the letters are purposefully directed at the forum and the declaratory judgment action arises out

of the letters, [the Federal Circuit has] held that, based on policy considerations unique to the patent context, letters threatening suit for patent infringement sent to the alleged infringer by themselves do not suffice to create personal jurisdiction. ["] Dist. Ct. Op. at *3. The district court cited the Federal Circuit's decision in *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324, 1333 (Fed. Cir. 2008). However, our decision in *Avocent* did not establish the generalization that letter charging infringement can never provide specific jurisdiction, and did not depart from due process precedent on this aspect of venue. [Jack Henry & Associates, Inc. v. Plano Encryption Technologies LLC, 2016-2700 (Fed. Cir. 12/7/2018).]

In *Avocent* the patentee was a resident of Taiwan and the declaratory action was filed in Alabama; the parties were already engaged in patent litigation in district court in the state of Washington. The *Avocent* court stated: "[d]etermining whether personal jurisdiction exists over an out-of-state defendant involves two inquiries: whether a forum state's long-arm statute permits service of process, and whether the assertion of personal jurisdiction would violate due process." *Avocent*, 552 F.3d at 1329 (quoting *Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1359 (Fed. Cir. 2001) (citing *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 471–76 (1985)). In holding that the Alabama venue violated due process as to the defendant, the court did not establish a general rule applicable to all circumstances and all forms of contact and all locales. [Jack Henry & Associates, Inc. v. Plano Encryption Technologies LLC, 2016-2700 (Fed. Cir. 12/7/2018).]