

Precedential Patent Case Decisions During July 2020

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I. Introduction

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

II. Abstracts and New Points of Law

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

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

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

Judge O’Malley wrote the majority decision.

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

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

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

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

Gensetix’s attempt to limit the Eleventh Amendment to its text—i.e., to cases “against” a state—is contrary to Supreme Court guidance. “[T]he sovereign immunity reflected in (rather than created by) the Eleventh Amendment transcends the narrow text of the Amendment itself.” *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Ed. Expense Bd.*, 527 U.S. 666, 687 n.5 (1999). The Supreme Court has “understood the Eleventh Amendment to stand not so much for what it says, but for the presupposition . . . which it confirms.” *Seminole Tribe of Fla. v. Fla.*, 517 U.S. 44, 54 (1996) (quoting *Blatchford v. Native Vill. of Noatak*, 501 U.S. 775, 779 (1991)). Importantly, the Court has made clear that “[t]he Eleventh Amendment does not exist solely in order to prevent federal-court judgments that must be paid out of a State’s treasury; it also serves to avoid the indignity of subjecting a State to the coercive process of judicial tribunals at the instance of private parties.” *Seminole Tribe*, 517 U.S. at 58 (citations and internal quotation marks omitted). [*Gensetix, Inc. v. Baylor College of Medicine*,

2019-1424 (Fed. Cir. 7/24/2020).]

We conclude that the key distinction between *Regents of UC* and the present case—that UT did not voluntarily invoke federal court jurisdiction—is dispositive. Unlike the sovereign in *Regents of UC*, UT did not attempt to avail itself of federal court jurisdiction, and, in fact, has repeatedly made clear that it does not want to participate in this litigation. [5] It is immaterial that there are no claims against UT, or that UT is named an involuntary plaintiff rather than an involuntary defendant. The Eleventh Amendment serves to prevent “the indignity of subjecting a State to the coercive process of judicial tribunals” against its will. *Seminole Tribe*, 517 U.S. at 58. Accordingly, Rule 19(a)(2) cannot be used to drag an unwilling UT into federal court. [*Gensetix, Inc. v. Baylor College of Medicine*, 2019-1424 (Fed. Cir. 7/24/2020).]

When it comes to suits between private parties, Gensetix is correct that a patentee who refuses to voluntarily join an infringement action initiated by its exclusive licensee can ordinarily be joined as an involuntary plaintiff under Rule 19(a). *See, e.g., Indep. Wireless*, 269 U.S. 459 (1926); *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225, 1237 (Fed. Cir. 2019) (collecting cases). But we refuse to extend that principle to this case, which involves coercive joinder of a state sovereign. Indeed, none of the cases identified by Gensetix examined the interplay between Rule 19(a) and state sovereign immunity. Accordingly, it is of no moment that the license agreement requires initiation of an infringement suit by Gensetix or cooperation by UT in any infringement suit. Although UT willingly entered into the license agreement, so too, did Gensetix. It agreed to terms expressly stating that UT was not waiving its sovereign immunity, and terms that allow UT to initiate a suit on behalf of Gensetix, but not the other way around. As we explain above, in the absence of a state voluntarily availing itself of federal court jurisdiction, or an express waiver of sovereign immunity, Rule 19(a) must yield to the state’s assertion of sovereign immunity. [*Gensetix, Inc. v. Baylor College of Medicine*, 2019-1424 (Fed. Cir. 7/24/2020).]

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

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

Rule 19(b) provides that, where joinder of a required party is not feasible, “the court must determine whether, in equity and good conscience, the action should proceed among the existing parties or should be dismissed.” Fed. R. Civ.

P. 19(b). This inquiry involves consideration of four factors: (1) the extent to which a judgment rendered might prejudice the missing required party or the existing parties; (2) the extent to which any prejudice could be lessened or avoided; (3) whether a judgment rendered in the required party's absence would be adequate; and (4) "whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder." *Id.* On appeal, Gensetix argues that the district court abused its discretion by failing to meaningfully analyze each of the Rule 19(b) factors. [8] As explained below, we agree. [Gensetix, Inc. v. Baylor College of Medicine, 2019-1424 (Fed. Cir. 7/24/2020).]

The parties argue at length about the facts applicable to each factor, but we need not delve into each argument to assess the appropriateness of the district court's analysis. We conclude that the district court abused its discretion by collapsing the multi-factorial Rule 19(b) inquiry into one dispositive fact: UT's status as a sovereign. For example, in evaluating the prejudice to UT, the district court relied on our decision in *A123* and concluded that it must give weight to the fact that the sovereign risked losing rights in its patent without an opportunity to defend itself. *Gensetix*, 354 F. Supp. 3d at 764. But in *A123*, we noted that the interests of the licensee and licensor were "overlapping" not "identical," because the licensee had only a field-of-use license. *A123*, 626 F.3d at 1221. We concluded that this left open the possibility of the licensee advancing arguments during litigation that served its own interests but not that of the absent licensor. *Id.* Here, as Gensetix correctly points out, it has a license in every field, and, as such, the parties' interests in the validity of the patents-in-suit are identical. Appellant's Br. 27. The prejudice to UT is minimal, or at least substantially mitigated, because, unlike the licensee in *A123*, Gensetix will adequately protect UT's interests in the validity of the patents-in-suit. [Gensetix, Inc. v. Baylor College of Medicine, 2019-1424 (Fed. Cir. 7/24/2020).]

Likewise, the court dismissed the lack of an adequate remedy for Gensetix resulting from UT's nonjoinder—i.e., the fourth Rule 19(b) factor—as simply "an inherent risk for anyone who chooses to contract with a sovereign entity." *Id.* That may be true, but this fact is more relevant to joinder under Rule 19(a) than it is to the Rule 19(b) analysis. Rather than cede control, once again, to UT's claim of sovereign immunity, the district court should have given weight to the fact that Gensetix is without recourse to assert its patent rights because UT cannot be feasibly joined. Accordingly, we conclude that the district court abused its discretion in giving overwhelming weight to UT's sovereign status to the exclusion of all other facts. [Gensetix, Inc. v. Baylor College of Medicine, 2019-1424 (Fed. Cir. 7/24/2020).]

The proper analysis of the Rule 19(b) factors is far more nuanced than the district court's. As to the prejudice to UT, the interests of UT and Gensetix are aligned. Despite UT's sovereign status, given Gensetix's identical interest in the

validity of the patents-in-suit, any prejudice to UT is greatly reduced. There is also no risk of multiple suits because, under the express terms of the parties' agreement, UT may not sue Baylor once Gensetix has commenced litigation. And, as an exclusive licensee with less than all substantial rights in the patents-in-suit, Gensetix cannot enforce its patent rights without the court allowing the suit to proceed in UT's absence. Given this clear factual record, we conclude that it was an abuse of discretion to find that the suit may not proceed in UT's absence. Accordingly, we reverse the district court on this point. [Gensetix, Inc. v. Baylor College of Medicine, 2019-1424 (Fed. Cir. 7/24/2020).]

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

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

This is an appeal from PTAB case IPR2017-00948. The PTAB denied Uniloc's motion to amend on the basis that the substitute claims violated 35 USC 101. Uniloc appealed. A majority (consisting of Judges Wallach and Taranto), of the Federal Circuit panel, affirmed. Judge O'Malley dissented. Note that the PTAB made the decision appealed from precedential. *See Amazon.com, Inc. v. Uniloc Luxembourg S.A.*, IPR2017-00948, Paper 34 (Jan. 18, 2019) (designated precedential Mar. 18, 2019).

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

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

In dissent, Judge O'Malley summarized the majority holding:

After concluding that an invalid patent can serve as a vehicle to reach the merits of this appeal, the majority announces that, when it comes to substitute claims, the Board can engage in a full-blown examination. This revelation runs contrary to the plain language of the statute and the policy of efficiency that underlies the IPR system. [Uniloc 2017 LLC v. Hulu, LLC, 2019-1686 (Fed Cir 7/22/2020); Judge O'Malley dissenting.]

The majority summarized the proceeding below, stating:

In its Final Written Decision, the PTAB, in addition to explaining why the challenged original claims are unpatentable, denied Uniloc's Motion to Amend the claims, concluding that "[Hulu] ha[d] shown by a preponderance of the evidence that [the Substitute Claims] are directed to non-statutory subject matter under 35 U.S.C. § 101." Final Written Decision, 2018 WL 3695200, at *30; *id.* at *24–27. Ineligibility was the sole ground on which the PTAB denied

the motion to amend. The PTAB rejected Hulu’s other objections to the Substitute Claims—obviousness in violation of § 103, enlargement of claim scope in violation of § 316(d), and indefiniteness in violation of § 112(a). *Id.* at *27–30. *** Uniloc requested a rehearing *** The PTAB denied Uniloc’s Request for Rehearing, concluding that § 101 eligibility may be considered by the PTAB in determining proposed substitute claim patentability in IPR proceedings. *** The USPTO Director designated the Rehearing Denial as precedential. [Uniloc 2017 LLC v. Hulu, LLC, 2019-1686 (Fed Cir 7/22/2020).]

The majority then addressed and discounted mootness issues, and then reached the 316(d) issue.

The PTAB correctly concluded that it is not limited by § 311(b) in its review of proposed substitute claims in an IPR, and that it may consider § 101 eligibility. The determination is supported by the text, structure, and history of the IPR Statutes, which indicate Congress’s unambiguous intent to permit the PTAB to review proposed substitute claims more broadly than those bases provided in § 311(b). See *Chevron*, 467 U.S. at 842. First, the text of the IPR Statutes supports the conclusion that the PTAB may consider § 101 eligibility when reviewing substitute claims. The IPR Statutes plainly and repeatedly require the PTAB to determine the “patentability” of proposed substitute claims. Section 318 requires the PTAB “issue a final written decision with respect to the *patentability* of . . . any new claim added under [§] 316(d).” 35 U.S.C. § 318(a) (emphasis added). It further provides that “the Director shall issue and publish a certificate . . . incorporating in the patent by operation of the certificate any new or amended claim determined to be *patentable*.” *Id.* § 318(b) (emphasis added). Moreover, it states that “[a]ny proposed amended or new *claim determined to be patentable* and incorporated into a patent following an [IPR]” will “have the same effect as” if it had been originally granted. *Id.* § 318(c) (emphasis added) (incorporating by reference 35 U.S.C. § 252). As we have concluded, a § 101 analysis constitutes a “patentability” determination. See *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1329–31 (Fed. Cir. 2015) (explaining that the use of the phrase “conditions of patentability” in the AIA extends to § 101 challenges); see also *id.* at 1330 (“[B]oth our opinions and the Supreme Court’s opinions over the years have established that § 101 challenges [are] . . . patentability challenges.”); *Aristocrat Techs. Austl. Ltd. v. Int’l Game Tech.*, 543 F.3d 657, 661 (Fed. Cir. 2008) (“It has long been understood that the Patent Act sets out the conditions for patentability in three sections: [§§] 101, 102, and 103.” (citing *Graham v. John Deere*, 383 U.S. 1, 12 (1966))). The plain language of the IPR Statutes demonstrates Congress’s intent for the PTAB to review proposed substitute claims for overall “patentability”—including under § 101—of the claims. [Uniloc 2017 LLC v. Hulu, LLC, 2019-1686 (Fed Cir 7/22/2020).]

Interestingly, the majority clarified that the same rule applied to new claims presented

during reexamination, and relied upon prior case law on reexaminations to support the holding here, stating:

The IPR Statutes’ legislative history also confirms that the PTAB is permitted to review proposed substitute claims for patentability outside of anticipation and obviousness. “Reexamination proceedings . . . are intended to ‘permit any party to petition the [US]PTO to review the efficacy of a patent, following its issuance, on the basis of new information about preexisting technology that may have escaped review at the time of the initial examination.’” *In re NTP, Inc.*, 654 F.3d 1268, 1275 (Fed. Cir. 2011) (alteration omitted) (quoting H.R. REP. No. 66-1307, 96th Cong., 2d Sess. (1980), at 3–4). As we explained in *NTP*, “[t]he scope of reexamination proceedings is limited to ‘substantial new question[s] of patentability,’ 35 U.S.C. § 303(a) [(2006)], which are questions that have not previously been considered by the [US]PTO,” *NTP*, 654 F.3d at 1275 (citation omitted). While we noted that the request for reexamination under § 302 may be based only on prior art citations and the patent owner’s written statements, *id.* (citing 35 U.S.C. §§ 301, 302), we cabined the scope of these limitations to the patent’s “original claims,” stating that “other challenges to the *patentability of original claims*—such as qualification as patentable subject matter under § 101 . . . —may not be raised in reexamination proceedings[.]” *id.* at 1275–76 (citing 35 U.S.C. §§ 301, 302) (emphasis added). Moreover, we concluded that “[t]here is no statutory limitation during a reexamination proceeding prohibiting the examiner from conducting a priority analysis[.]” under 35 U.S.C. § 120, as a prohibition on such analysis would “strip[] [the examiner] of a critical legal tool needed in performing a proper reexamination.” *Id.* at 1277. As we explained in *NTP*, it was Congress’s intent to permit the PTAB to address issues that “have escaped review at the time of the initial examination.” *Id.* at 1275 (quoting H.R. REP. No. 66-1307, 96th Cong., 2d Sess. (1980), at 3–4). [*Uniloc 2017 LLC v. Hulu, LLC*, 2019-1686 (Fed Cir 7/22/2020).]

Proposed substitute claims in an IPR proceeding have not undergone a patentability review by the USPTO, *see* 35 U.S.C. § 316, and so the “substantial new questions of patentability” that “have not previously been considered by the [US]PTO” include all patentability questions, including § 101 patent eligibility, *NTP*, 654 F.3d at 1275 (internal quotation marks, alteration, and citations omitted). Prohibiting the PTAB from reviewing patent eligibility would indeed “strip[] [the PTAB] of a critical legal tool[.]” *Id.* at 1277. While *NTP* addressed pre-AIA reexamination proceedings, its reasoning is applicable here, as the underlying motivation for an IPR proceeding did not change with the AIA. *Regents*, 926 F.3d at 1335 (explaining that “[a]lthough Congress changed the name from ‘reexamination’ to ‘review,’” the “basic purposes” of “reexamin[ing] an earlier agency decision” remained); *see* H.R. REP. 112-98, pt. I, at 46–47 (2011) (explaining that the AIA’s alterations to the inter partes reexamination

includes an “expan[sion] [of] the category of documents that may be cited” to, a “conver[sion] [of the] inter partes reexamination from an examinational to an adjudicative proceeding,” and a number of “improvements to th[e] proceeding”); USPTO REPORT TO CONGRESS ON INTER PARTES REEXAMINATION (2004), at 1 (recommending three areas of improvement to the inter partes reexamination process by: clarifying estoppel provisions, providing petitioners with additional opportunities to provide input, and extending statutory deadlines). Moreover, § 311 is premised on the pre-AIA reexamination statute, providing analogous language and a comparable procedural position to the pre-AIA reexamination statute. *Compare* 35 U.S.C. § 311 (2012) (providing that a petitioner “may file with the [USPTO] a petition to institute an [IPR] of the patent[,]” “request[ing] to cancel as unpatentable [one] or more claims of a patent only on a ground that could be raised under [§] 102 or [§] 103 and only on the basis of prior art consisting of patents or printed publications”), with 35 U.S.C. § 302 (2006) (“Any person at any time may file a request for reexamination by the [USPTO] of any claim of a patent on the basis of any prior art cited under the provisions of [§] 301[.]”); *see id.* § 301 (2006) (providing prior art as “consisting of patents or printed publications which [the petitioner] believes to have a bearing on the patentability of any claim of a particular patent”). [Uniloc 2017 LLC v. Hulu, LLC, 2019-1686 (Fed Cir 7/22/2020).]

As the USPTO explains, “if a patent owner seeking amendments in an IPR were not bound by § 101 and § 112, then in virtually any case, it could overcome prior art and obtain new claims simply by going outside the boundaries of patent eligibility and the invention described in the specification[,]” Intervenor Br. 25, allowing patents with otherwise invalidated claims “to return from the dead as IPR amendments[,]” *id.* at 26. Because the proposed substitute claims have not been assessed for patentability by the USPTO, the PTAB achieves the purpose set forth by Congress to review “substantial new questions of patentability” based on claims “that have not previously been considered by the [US]PTO.” *NTP*, 654 F.3d at 1275 (internal quotation marks, alteration, and citations omitted). Indeed, Uniloc has not identified any other context under Title 35—e.g., original applications, reexaminations, reissue, etc.—in which the USPTO is required or authorized to newly issue a patent claim without ever having determined that the particular claim meets the statutory requirements for patentability. The result suggested by Uniloc—that the USPTO must issue the Substitute Claims without considering § 101, and leave consideration of eligibility to post issuance challenges—would therefore be grossly out of keeping with the statutory regime as a whole. The PTAB correctly concluded that it may consider § 101 patent eligibility when considering the patentability of proposed substitute claims in an IPR. [Uniloc 2017 LLC v. Hulu, LLC, 2019-1686 (Fed Cir 7/22/2020).]

Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).
This is a decision on an appeal from the E.D. Tx. district court case 2:16-cv-00230-JRG.

The district court entered judgment of infringement and lack of invalidity of claims of several patents, of pre-suit damages, enhanced damages, and an ongoing royalty for future infringement. A majority of the Federal Circuit panel, consisting of Judges Lourie and Hughes affirmed, and Judge Reyna concurred in part, but dissented on majority's *Alice*, step 1, conclusion.

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

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

Likewise, in *SRI International, Inc. v. Cisco Systems, Inc.*, 930 F.3d 1295 (Fed. Cir. 2019), cert. denied, 140 S. Ct. 1108 (2020) (Mem.), we held claims drawn to a method of hierarchical computer network monitoring to be patent eligible. The *SRI* claims recited a series of steps, including “deploying” network monitors, which detect “suspicious network activity based on analysis of network traffic data,” and generate and integrate “reports of . . . suspicious activity.” *Id.* at 1301. At step one, we held that the claims were not directed to an abstract idea because they were “necessarily rooted in computer technology in order to solve a specific problem in the realm of computer networks.” *Id.* at 1303. We recognized that the claims were not using a computer as a tool but, instead, recited a specific technique for improving computer network security. In informing our understanding of the technology and its relationship to the art, we relied on statements in the specification that the claimed invention purported to solve weaknesses in the prior art by providing a framework for recognition of global threats to interdomain connectivity. As relevant here, the *SRI* claims recited general steps for network monitoring with minimal detail present in the claim limitations themselves. Like the *SRI* claims, claim 19 purports to meet a challenge unique to computer networks, identifying disjointed connection flows in a network environment. *** The asserted patents’ specifications make clear that the claimed invention presented a technological solution to a technological problem. [Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).]

The asserted patents’ specifications make clear that the claimed invention presented a technological solution to a technological problem. The specifications explain that known network monitors were unable to identify disjointed connection flows to each other, and the focus of the claims is a specific improvement in computer technology: a more granular, nuanced, and useful classification of network traffic. *See, e.g.*, ’751 patent col. 2 ll. 53–56; col. 3 l. 2–col. 4 l. 6. The specifications likewise explain how the elements recited in the claims refer to specific technological features functioning together to provide that granular, nuanced, and useful classification of network traffic, rather than an

abstract result. *See, e.g.*, ’789 patent col. 23 l. 38—col. 27 l. 50 (describing the technological implementation of the lookup engine and flow insertion engine as used in the claims); see also ’725 patent col. 10 l. 3—col. 13 l. 4. *** Here, because we have concluded that the claims are not directed to an abstract idea, we do not reach step two. *SRI*, 930 F.3d at 1304 (citing *Enfish*, 822 F.3d at 1339). [Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).]

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

In asserting that the claims are nonetheless directed to a specific technological solution, the district court determined that “[t]aken together, the claims and the specification do teach how to identify that certain packets belong to the same conversational flow.” J.A. 390 (CL59) (emphasis added). But the relevant inquiry for § 101 purposes is not whether the patent as a whole teaches a concrete means for achieving an abstract result, but whether such a concrete means is claimed. While a claim must be read “in light of the specification” to understand what is claimed and the relative significance of the claimed components, *see, e.g. Enfish*, 822 F.3d at 1335, a court cannot rely on unclaimed details in the specification as the “focus” of the claim for § 101 purposes. Our case law is clear that the § 101 inquiry must be based “on the language of the Asserted Claims themselves, and the specification cannot be used to import details from the specification if those details are not claimed.” *ChargePoint, Inc. v. SemaConnect, Inc.*, 920 F.3d 759, 769–70 (Fed. Cir. 2019) (citing *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016)). Indeed, this focus on the claimed subject matter distinguishes the § 101 inquiry from the enablement and written description inquiries under § 112, which focus on the specification as a whole. Contrary to the majority’s suggestion, Slip Op. 15, this principle is not limited solely to the *Alice* Step 2 inquiry. *See Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 939 F.3d 1355, 1363 (Fed. Cir. 2019) (“We have repeatedly held that features that are not claimed are irrelevant as to step 1 or step 2 of the *Mayo/Alice* analysis.”). Indeed, it would be an anomalous result if we were not permitted to look to unclaimed details at *Alice* Step 2 in determining whether an asserted claim recites an inventive concept, but could use the same details as the “focus” of the claim at *Alice* Step 1 to avoid reaching Step 2. For these reasons, I believe the asserted claims fail at *Alice* Step 1 and must be examined at *Alice* Step 2. [Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).]

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

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

pre-suit damages.

Packet Intelligence submits that it met its burden in two ways: (1) by showing that the MeterFlow product was mentioned in a provisional application that the '789 patent claims priority from and that the inventors removed that reference before filing non-provisional applications, and (2) with testimony from Mr. Dietz, a named inventor, who stated that MeterWorks, a different product, did not embody his invention. This evidence is, however, insufficient to carry Packet Intelligence's burden of proving that the MeterFlow product does not practice the '789 patent. The fact that the inventors chose to cease referencing Meter-Flow in later patent applications does not support the inference that MeterFlow does not practice the patent. Mr. Dietz testified that the reference to MeterFlow was removed because MeterFlow was software that "evolved," and using the term would have suggested that past versions of the software using the "marketing term" MeterFlow "were the current version." J.A. 1122:15–24. Crediting Mr. Dietz's testimony, it appears that the exclusion of MeterFlow was to prevent "confusion" about an evolving product, J.A. 1122:21–22, not to comment on whether MeterFlow practiced the '789 patent. [Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).]

Packet Intelligence also relies on Mr. Dietz's testimony that MeterWorks did not embody the invention. But Mr. Dietz was not qualified as an expert in this case and did not provide an infringement opinion regarding the MeterFlow product. Mr. Dietz testified to the ultimate question of noninfringement about a different Exar product, MeterWorks. Even if Mr. Dietz had testified about the correct product and was permitted to offer an expert opinion on whether MeterFlow practiced the asserted claims, his conclusory testimony failed to address what claim limitations were purportedly missing from the product and would have been insufficient to carry Packet Intelligence's burden of proving that MeterFlow did not practice the '789 patent. [Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).]

Because Packet Intelligence failed to present substantial evidence to the jury that matched the limitations in any claim of the '789 patent to the features of the MeterFlow product, NetScout is entitled to judgment as a matter of law that it is not liable for pre-suit damages based on infringement of the '789 patent. [Packet Intelligence LLC v. Netscout Systems, Inc., 2019-2041 (Fed. Cir. 7/14/2020).]

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

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

affirmed. As to information belonging to third parties, the Federal Circuit vacated and remanded.

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

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

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

On appeal, Uniloc does not meaningfully dispute that its original motion to seal was overbroad. Instead, it argues that since it agreed, in connection with its motion for leave to file for reconsideration, to make public more than ninety percent of the materials it originally sought to seal, J.A. 552, the district court abused its discretion in refusing to grant its new, narrower request to seal. We do not find this argument persuasive. [*Uniloc 2017 LLC v. Apple, Inc.*, 2019-1922 et al (Fed. Cir. 7/9/2020).]

In denying Uniloc’s sweeping motion to seal, the district court sent a strong message that litigants should submit narrow, well-supported sealing requests in the first instance, thereby obviating the need for judicial intervention. Because the court “took seriously the presumption of public access and did so in accord with precedent from the Supreme Court and [the Ninth Circuit],” *Kamakana*, 447 F.3d at 1187, we conclude that there was no abuse of discretion in its decision to deny Uniloc’s requests to seal its purportedly confidential information and that of its related entities. [*Uniloc 2017 LLC v. Apple, Inc.*, 2019-1922 et al (Fed. Cir. 7/9/2020).]

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

We now turn to the purportedly confidential information belonging to Uniloc’s licensees and other third parties. Such third parties were not responsible for Uniloc’s filing of an overbroad sealing request. Their information calls for an analysis not dependent on the overbreadth rationale just discussed. *** As to these third-party materials, we conclude that the district court failed to make findings sufficient to allow us to adequately assess whether it properly balanced the public’s right of access against the interests of the third parties in shielding their financial and licensing information from public view. *See Midland*, 686 F.3d at 1119 (explaining that “[w]hen ruling on a motion to seal court records, the district court must balance the competing interests of the public and the party

seeking to seal judicial records”); *Foltz v. State Farm Mut. Auto. Ins. Co.*, 331 F.3d 1122, 1135 (9th Cir. 2003) (emphasizing that a district court must explain its reasoning when making a decision on sealing in order to permit “meaningful appellate review of whether relevant factors were considered and given appropriate weight” (citations and internal quotation marks omitted)). In this regard, there is no indication in the record that the court assessed whether any of the third-party information was “protectable as a trade secret or otherwise entitled to protection under the law,” N.D. Cal. Civ. Local R. 79-5(f)(2); see *Apple II*, 658 F.3d at 1162. We therefore vacate those portions of the district court’s orders which denied sealing or redaction of the purportedly confidential information of third parties and remand so that the court may make particularized determinations as to whether and, if so, to what extent, the materials of each of these parties should be made public.[9] See *Apple II*, 658 F.3d at 1162; see also *Foltz*, 331 F.3d at 1137 (concluding that “third-party medical and personnel records [should] be redacted . . . to protect third-party privacy interests”). [*Uniloc 2017 LLC v. Apple, Inc.*, 2019-1922 et al (Fed. Cir. 7/9/2020).]

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

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

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

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

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

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

The Board “granted [] Fitbit’s request to join as party,” *** The patent statute provides for IPR appeal by “any party,” as follows: [“]35 U.S.C. § 319 *** Any party to the inter partes review shall have the right to be a party to the appeal.[”] Precedent has confirmed that: “Joined parties, as provided in § 315, may appeal pursuant to § 319.” *Mylan Pharm. Inc. v. Research Corp. Techs., Inc.*, 914 F.3d 1366, 1373 (Fed. Cir. 2019). *** Fitbit states that after its joinder with Apple’s IPR there was only one IPR, and points to the Board’s statement that both parties are bound by the decision. Fitbit acknowledges that it did not seek to

file a separate brief after claims 3–5 were added to the IPR, and states that such separate brief was not required in order to present the issues. We agree with Fitbit that these circumstances do not override Fitbit’s statutory right of appeal. *** We conclude that Fitbit’s rights as a joined party applies to the entirety of the proceedings and includes the right of appeal, conforming to the statutory purpose of avoiding redundant actions by facilitating consolidation, while preserving statutory rights, including judicial review. [Fitbit, Inc. v. Valencell, Inc., 2019-1048 (Fed. Cir. 7/8/2020).]

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

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

Fitbit had argued before the Board that claim 3 and the claims dependent thereon are invalid as obvious over several cited prior art references. However, after the Board rejected Fitbit’s claim construction, the Board conducted no further analysis, and did not assess patentability of claim 3 against the cited prior art references. *** Fitbit criticizes the Board’s procedure for holding claim 3 not unpatentable by Final Written Decision without considering any of the references cited and on the grounds of obviousness. Fitbit states that *SAS Institute*, 138 S. Ct. at 1357, confirmed this obligation. Fitbit correctly states that claim construction is only the first step in establishing the meaning and scope of a claim, whereby patentability is assessed for the claim as construed. The Board erred in holding that since it did not adopt Fitbit’s claim construction, that decided the question of patentability. It was improper to hold claim 3 “not unpatentable” by Final Written Decision, without determination of the asserted grounds of obviousness. [Fitbit, Inc. v. Valencell, Inc., 2019-1048 (Fed. Cir. 7/8/2020).]

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

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

The IPR petition also challenged validity of claims 4 and 5 on grounds of obviousness in view of references to Luo⁷, Craw⁸, and Wolf⁹. The Board held claims 4 and 5 not unpatentable in its Final Written Decision, on the ground that the Board could not determine the meaning of the claims because the term “the application” lacked antecedent basis. The Board did not apply the cited prior art

references, on which there were evidence and argument, instead stating that the meaning of the claims were “speculative.” *** The Board held that Fitbit had not met its burden of proving obviousness, and claims 4 and 5 were ruled not unpatentable. *** The prosecution history shows this conspicuous error, for claims 4 and 5, as filed and throughout the prosecution, correctly recited their antecedent; and, in a claim chart filed in preparation for issuance the examiner was told that there was “no change.” It appears that neither the applicant nor the examiner caught the error. However, the error has come to light, and the Board declined to accept the parties’ shared view of the correct antecedent. [Fitbit, Inc. v. Valencell, Inc., 2019-1048 (Fed. Cir. 7/8/2020).]

It is not alleged that the error herein was other than inadvertent, for the dependency of then-claim 5 from then-claim 4 was correctly stated in the claims as filed and throughout prosecution. Although the Board states that the intended meaning of the claims is “subject to reasonable debate,” we perceive no debate. Rather, the parties to this proceeding agree as to the error and its correction. The Board erred in declining to accept the parties’ uniform position and correct the error that claim 4 depend from claim 3. With this correction, the rejection of claims 4 and 5 for absence of antecedent basis for “the application” disappears. [Fitbit, Inc. v. Valencell, Inc., 2019-1048 (Fed. Cir. 7/8/2020).]

We conclude that the Agency’s treatment of this error as the basis of a Final Written Decision of patentability is not a reasonable resolution, and does not comport with the Agency’s assignment to resolve patentability issues. On the correct antecedent basis, the petition’s issue of obviousness may be resolved by the Board, in furtherance of resolution of the parties’ dispute in concurrent district court litigation. [Fitbit, Inc. v. Valencell, Inc., 2019-1048 (Fed. Cir. 7/8/2020).]

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

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

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

The preferable agency action is to seek to serve the agency’s assignment under the America Invents Act, and to resolve the merits of patentability. Although the Board does not discuss its authority to correct errors, there is foundation for such authority in the America Invents Act, which assured that the Board has authority to amend claims of issued patents. See 35 U.S.C. § 316(d). And precedent has provided guidelines for district courts to correct errors in issued patents. See *Novo Indus., L.P. v. Micro Molds Corp.*, 350 F.3d 1348, 1354 (Fed. Cir. 2003) (“[A] district court can do so if (1) the correction is not subject to reasonable debate based on consideration of the claim language and the

specification and (2) the prosecution history does not suggest a different interpretation of the claims.”); *see also CBT Flint Partners, LLC v. Return Path, Inc.*, 654 F.3d 1353, 1358 (Fed. Cir. 2011) (the district court can correct an obvious drafting error). The concept of error correction is not new to the Agency, which is authorized to issue Certificates of Correction. [*Fitbit, Inc. v. Valencell, Inc.*, 2019-1048 (Fed. Cir. 7/8/2020).]

We conclude that the Agency’s treatment of this error as the basis of a Final Written Decision of patentability is not a reasonable resolution, and does not comport with the Agency’s assignment to resolve patentability issues. On the correct antecedent basis, the petition’s issue of obviousness may be resolved by the Board, in furtherance of resolution of the parties’ dispute in concurrent district court litigation. [*Fitbit, Inc. v. Valencell, Inc.*, 2019-1048 (Fed. Cir. 7/8/2020).]

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

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

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

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

In both *Arthrex* and *VirnetX*, this court held that the appropriate remedy for such a constitutional violation was to vacate the Board's decision and to remand for the purpose of reassigning the matter to a different panel of APJs for a new hearing and decision. *Arthrex*, 941 F.3d at 1338-39; *VirnetX Inc. v. Cisco Sys., Inc.*, No. 2019-1671, slip op. at 2 (Fed. Cir. Jan. 24, 2020). The Director urges that the same remedy should not be extended to ex parte proceedings because, according to the Director, he possesses "complete control over the initial examination" and could at any time prior to the Board proceedings have directed the issuance of Boloro's patents but did not, consistent with the Board's subsequent decisions. But the Director having conceded that the APJ's appointments were unconstitutional, we see no principled reason to depart here from the resulting remedy applied in *Arthrex* and *VirnetX*. *** Boloro's motion to vacate and remand is granted. The Patent Trial and Appeal Board's decision is vacated, and the case is remanded to the Board for proceedings consistent with this court's decision in *Arthrex*. [*In re Boloro Global Limited*, 2019-2349, -2351, -2353 (Fed. Cir. 7/7/2020).]

Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67

(PTAB 7/6/2020)(Precedential).

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

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

The precedential decision states:

A. The Board’s Ability to Raise New Grounds *** In sum, we determine that the Board *may* raise a ground of unpatentability that a petitioner did not advance, or insufficiently developed, against substitute claims in a motion to amend, but *should* only do so under rare circumstances. [Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67 (PTAB 7/6/2020)(Precedential).]

B. Notice of New Grounds *** Thus, due process requires that a patent owner receive notice of how the prior art allegedly discloses the newly-added limitations of each proposed substitute claim, as well as a theory of unpatentability asserted against those claims. And the patent owner must have the opportunity to respond to those factual allegations and legal theories. [Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67 (PTAB 7/6/2020)(Precedential).]

Initially, we determine anticipation is the only ground of unpatentability fully analyzed in the Final Written Decision in relation to substitute claims proposed in the Motion to Amend. *** In the present case, by contrast, the newly raised argument against the proposed amended claims is an entirely new theory of unpatentability and the evidence relied upon is applied against new claim limitations that did not exist at the time the Petition was filed. As discussed above, raising a ground of unpatentability in a petition against original claims in a patent does not provide a patent owner with sufficient notice that new arguments would be asserted using that same reference against new substitute claims proposed in a motion to amend. See *supra* § II.B. Accordingly, the anticipation ground based on Schacherer, which was raised only in the Petition with respect to the original claims, was not advanced, much less sufficiently developed, by Petitioner against proposed substitute claims 16–22. [Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67 (PTAB 7/6/2020)(Precedential).]

In view of our determination that Petitioner did not advance an anticipation ground based on Schacherer against proposed substitute claims 16–22, we now address whether the Board should have raised that ground against the proposed substitute claims in the Final Written Decision. We conclude that, as

a policy matter, the Board should not have raised the Schacherer anticipation ground. We do not find the circumstances of this case to qualify as one of the rare circumstances necessitating the Board to advance a ground of unpatentability that Petitioner did not advance or sufficiently develop. *** Here, Petitioner did not bring the Schacherer anticipation ground to the Board’s attention. *** The public interest is preserved by a well-functioning adversarial system, which, in contrast to reexamination, is the basic set-up Congress envisioned for inter partes reviews. *** More specifically, Petitioner here decided to bring an IPR and not a reexamination, therefore assuming to itself the expected role in an adversarial proceeding. *** Nor do we agree that this case presents the potential for issuing substitute claims the Office “knows to be unpatentable.” *** Here, there is not the sort of readily identifiable and persuasive evidence of anticipation in the record that would justify the Board raising its own grounds of unpatentability. *** Though the Board decision interpreted Schacherer’s connector 30 to “act as a single housing” with housing 26 (Decision 28), this interpretation is not clearly stated by Schacherer and does not rise to the sort of readily identifiable and persuasive evidence that would justify the Board stepping in to raise anticipation on its own. [Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67 (PTAB 7/6/2020)(Precedential).]

3. Adequate Notice Even if this were a case in which the Board should have raised anticipation on its own, the parties lacked adequate notice of such an issue with respect to the proposed amended claims. *** The absence of adequate notice to the parties means the analysis of that issue in the Final Written Decision was not based on a fulsome development of the issue *by the parties*. See *Nike*, 955 F.3d at 54 (vacating a decision by the Board when the parties were not given notice that the Board would be relying on the cited prior art to teach a certain claim limitation). [Hunting Titan, Inc. v. Dynaenergetics Europe GMBH, IPR2018-00600, paper 67 (PTAB 7/6/2020)(Precedential).]