

## Precedential Patent Case Decisions During June 2017

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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 relating to the PTAB are in red text. Cases of extraordinary importance are in blue text.

### II. Abstracts of New Points of Law

#### **Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).**

Procedural issue, 28 USC 1400(b), venue, factors determining existence of a "regular and established place of business." The E.D. Tex. district court reviewed prior case law and synthesized a four factor test for determining if an entity had a "regular and established place of business" within the meaning of 28 USC 1400(b).

The following factors, gleaned from prior courts and adapted to apply in the modern era, serve two purposes. First, they focus the regular and established place of business analysis such that parties may address only the relevant facts of the case and avoid costly and far-flung venue discovery, wherever possible. Second, while promoting administrative simplicity, they nonetheless encompass the flexibility earlier courts found appropriate when interpreting the statutory text in light of diverse business structures and practices which evolve with advances in technology. In sum, these guideposts are intended to provide a tailored "totality of the circumstances" approach to venue, guided by the important goal of administrative simplicity. [Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).]

First, the Court considers the extent to which a defendant has a physical presence in the district, including but not limited to property, inventory, infrastructure, or people. At the most basic level, a retail store, warehouse, or other facility in the district weighs strongly in favor of finding a regular and established place of business. However, as many courts have reasoned, including the Court in *Cordis*, the lack of a physical building in the district is not dispositive. \*\*\* Facts supporting a physical presence could also include the presence of equipment or infrastructure that is owned (or leased) by a defendant and used to provide services to customers. Additionally, courts have considered the presence of employees [footnote 9 omitted] in the district when determining whether a defendant has a regular and established place of business. *See Cordis*, 769 F.2d at 735. The Court is persuaded that any such type of physical presence in the district favors a finding that a defendant has a regular and established place

of business in the district. [Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).]

Second, the Court looks at the extent to which a defendant represents, internally or externally, that it has a presence in the district. \*\*\* Such representations weigh in favor of finding that a defendant has a regular and established place of business in a district. [Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).]

Third, the Court considers the extent to which a defendant derives benefits from its presence in the district, including but not limited to sales revenue. Courts have often looked to the benefits a defendant has received from its business in a particular district as a factor supporting a regular and established place of business, especially where a defendant has generated significant revenue from such business. [Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).]

Finally, the Court looks at the extent to which a defendant interacts in a targeted way with existing or potential customers, consumers, users, or entities within a district, including but not limited to through localized customer support, ongoing contractual relationships, or targeted marketing efforts. For example, in *Cordis*, the defendant's employees in the district also served as "technical consultants" who were present in the operating room during many surgeries involving the defendant's product. *Cordis*, 769 F.2d at 735. Likewise, a defendant's ongoing contractual relationships with customers in a district may be some evidence that a defendant maintains an established and continuous presence in the district. \*\*\* Although such contractual relationships are not dispositive, they weigh in favor of finding that a defendant has a regular and established place of business in the district. In other contexts, a defendant may seek to promote its brand strength and business goodwill by targeting particular communities in the district, with or without generating concurrent revenue. Such efforts may include localized marketing or sponsorships intended to promote the business. Many domestic corporations budget annual expenditures for "business development," and the use of these funds within a particular district may be a reasonable area of inquiry. These types of localized customer interactions (through whatever means) weigh in favor of a finding that a defendant has a regular and established place of business in a district. [Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).]

None of these factors should alone be dispositive, and other realities present in individual cases should likewise be considered. Courts should endeavor to determine whether a domestic business enterprise seeks to materially further its commercial goals within a specific district through ways and means that are ongoing and continuous. Such a conclusion should be driven by a fair

consideration of the totality of the circumstances, and not by the siren call of bright line rules or an overt attachment to form. [Raytheon Company v. Cray, Inc., Civil Action No. 2:15-CV-01554-JRG (E.D.Tex. 6/29/2017).]

**Stanford v. The Chinese University of Hong Kong, 2015-2011 (Fed. Cir. 6/27/2017).**

This was an appeal from a transfer from N.D. Cal. district court case 3:12-cv-00865-SI, of PTAB interference cases 105,920; 105,923; and 105,924. The PTAB found Stanford's claims were unpatentable because they lacked written description. Stanford filed a civil action pursuant to 35 USC 146 in the N.D. Cal. district court. The parties engaged in discovery and motions practice before the district court. The district court denied CHUK's motion for summary judgement. Then, the district court transferred the case to the Federal Circuit (in view of *Biogen MA, Inc. v. Japanese Found. for Cancer Research*, 785 F.3d 648 (Fed. Cir. 2015)'s holding that the AIA eliminated 35 USC 146 for interferences declared after September 15, 2012). The Federal Circuit vacated and remanded to the PTAB.

Legal issue, 35 USC 146, applicability to interferences declared after September 15, 2012.

...While Stanford argued in its opening brief that *Biogen* was wrongly decided and that we should rethink our holding there, once the Supreme Court denied certiorari, Stanford did not revisit that argument in its reply brief and did not raise the point at oral argument. To the extent Stanford has not abandoned its objection to *Biogen*, we decline to accept Stanford's invitation to criticize it. *Biogen* is the law in this circuit and we, as a panel, will not revisit it. [Stanford v. The Chinese University of Hong Kong, 2015-2011 (Fed. Cir. 6/27/2017).]

Legal issue, subject matter jurisdiction, applicability of district court record.

We next turn to the question of whether there is any role the information elicited during discovery in the district court can play in these proceedings. \*\*\* Given that the district court did not have subject matter jurisdiction to review the Board's interference decisions, Stanford's attempt to include evidence elicited during proceedings there is inappropriate—the activities in the district court are a nullity when the district court lacks subject matter jurisdiction to consider a matter. \*\*\* CUHK cannot waive the district court's lack of jurisdiction through its consent to litigate pre-*Biogen*. See *Ins. Corp. of Ir., Ltd. v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 702 (1982) (“[N]o action of the parties can confer subject-matter jurisdiction upon a federal court. Thus, the consent of the parties is irrelevant . . . and a party does not waive the requirement by failing to challenge jurisdiction early in the proceedings.”) (citations omitted). [Stanford v. The Chinese University of Hong Kong, 2015-2011 (Fed. Cir. 6/27/2017).]

Procedural issue, PTAB admission of district court record evidence. The Court left the issue whether to reopen the record, to the PTAB.

... CUHK correctly asks that we treat the district court proceedings as if they never occurred. While we ultimately vacate the Board's decision for other reasons, moreover, we do not do so because new evidence may have been developed in the district court proceedings. It will be up to the Board to decide whether it wishes to reopen the record for that reason, or any other; we express no opinion on whether it should do so. [Stanford v. The Chinese University of Hong Kong, 2015-2011 (Fed. Cir. 6/27/2017).]

Legal issue, 35 USC 112 written description, and the time at which written description is to be determined. The Federal Circuit stated:

... On this issue, the Board had to determine what the '018 specification's reference to Illumina products meant *at the time of the invention*, and whether such a reference encompassed random and/or targeted sequencing. "Written description is a question of fact, judged from the perspective of one of ordinary skill in the art as of the relevant filing date." *Falko-Gunter*, 448 F.3d at 1363 (citing *Vas-Cath*, 935 F.2d at 1563-64). The parties do not dispute the February 2007 priority date as it applies to this issue. [Stanford v. The Chinese University of Hong Kong, 2015-2011 (Fed. Cir. 6/27/2017).]

I assume that the Court's reference to the relevant time being "at the time of the invention" is error. Written description compliance has traditionally been determined based upon time of filing, not time of invention. (I emailed the clerk of the court, noting this issue.)

**Nantkwest, Inc. v. Joseph Matal, 2016-1794 (Fed. Cir. 6/23/2017)(subsequently overruled, by the en banc court).**

This was an appeal from E.D. Va. district court case 1:13-cv-01566-GBLTCB. The district court denied that part of the PTO's motion for fees requesting attorneys' fees. The Federal Circuit majority (consisting of Judges Prost and Dyk) reversed. Judge Stoll dissented.

Legal issue: 35 USC 145, definition of "expenses." The last sentence of 35 USC 145 reads "All the expenses of the proceedings shall be paid by the applicant." The Federal Circuit held that "expenses" include the costs of paying the PTO's attorneys to defend the appeal.

The principal issue on appeal is whether § 145's "[a]ll expenses of the proceedings" provision authorizes an award of the USPTO's attorneys' fees under this section. \*\*\* In agreement with two other circuits, we conclude that "expenses" here includes attorneys' fees. *See Shammas*, 784 F.3d at 222-23 (holding that the term "expenses" covers the USPTO's attorneys' fees); *United States v. 110-118 Riverside Tenants Corp.*, 886 F.2d 514, 520 (2d Cir. 1989) (observing that attorneys' fees are "expenses of the proceedings" under § 6342 of the Internal Revenue Code). \*\*\* Given the Supreme Court's construction of "expenses," the guidance dictionary and treatises provide on this term, and the context in which Congress applied it, we conclude that the term "expenses" includes the USPTO's attorneys' fees under § 145. \*\*\* Accordingly, we hold that

“[a]ll expenses of the proceedings” under § 145 includes the pro-rata share of the attorneys’ fees the USPTO incurred to defend applicant’s appeal. \*\*\* For the foregoing reasons, we reverse the district court and remand the case for it to enter an additional award of \$78,592.50 in favor of the Director. [Nantkwest, Inc. v. Joseph Matal, 2016-1794 (Fed. Cir. 6/23/2017)(subsequently overruled, by the en banc court).]

**Richard Storer v. Jeremy Clark, 2015-1802 (Fed. Cir. 6/21/2017).**

This was an appeal from PTAB interference 105,981. The PTAB entered judgment against Storer as a consequence of finding that Storer's provisional application was, according to the Federal Circuit, "not enabling for the count" [sic; claims?] of the interference. Consequently, the Board awarded priority to Clark. Storer appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 112, enablement. The case seems to stand for the proposition that the Board's legal conclusion of lack of enablement is affirmable based upon the PTAB's underlying factual finding supporting that conclusion. Keep in mind that the Federal Circuit's standard of review for the PTAB's legal conclusion of enablement, is de novo, whereas for factual findings of the PTAB, it is substantial evidence. The Federal Circuit carefully reviewed the factual record and findings and arguments of the parties below. In the end of the day, at the end of the opinion, the Federal Circuit stated, without relying on any particular legal theory or argument, that:

The Board found, on consideration of the entire record, that a person of ordinary skill, with the disclosure in the provisional application and knowledge of the prior art, would not have been led to make the target compound, and could not do so without undue experimentation. The Board received evidence that successful fluorination reactions of the desired stereochemistry had not been reported for structurally similar compounds.

We conclude that substantial evidence supports the Board’s finding that “a high amount of experimentation is necessary to synthesize” the target compound. The record before the Board showed sufficient variability and unpredictability to support the Board’s conclusion that Storer’s provisional application did not enable the interference subject matter. The Board’s decision is affirmed. [Richard Storer v. Jeremy Clark, 2015-1802 (Fed. Cir. 6/21/2017).]

**Nexlearn, LLC v. Allen Interactions, Inc., 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).**

This was an appeal from the district of Kansas district court case 6:15-cv-01294-EFM-KGG. The district court had dismissed, finding a lack of personal jurisdiction. NexLearn appealed. The Federal Circuit affirmed, stating that "NexLearn failed to allege sufficient minimum contacts with Allen to warrant the exercise of specific jurisdiction over its patent infringement claim in Kansas."

Legal issue, personal jurisdiction.

The Federal Circuit first concluded that contacts predating the issuance of the subject patent were not relevant to showing specific jurisdiction for infringement of the patent.

Allen’s pre-issuance emails, presentations, and advertisements are not relevant to NexLearn’s claim that Allen “infringes at least claims 1, 3–9, 11, 12, 14, and 25 of the ’522 patent.”<sup>2</sup> See J.A. 39. Specific jurisdiction requires that the plaintiff’s suit “arises out of or relates to the defendant’s contacts with the forum.” *Daimler*, 134 S. Ct. at 749 (citation and alterations omitted). If a defendant purposefully derives benefit from his activities within a forum, he may be sued in that forum “for consequences that arise proximately from such activities.” *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 474 (1985). Allen’s emails, presentations, and advertisements predating August 5, 2014 cannot constitute infringing acts giving rise to NexLearn’s claim because they did not occur “during the term of the patent.” [Footnote 3 omitted.] 35 U.S.C. § 271(a). Because NexLearn’s infringement claim does not proximately arise from these actions, they are not relevant to our specific jurisdiction inquiry. \*\*\* We agree with the district court’s determination that Allen’s contacts predating the issuance of the ’522 patent are not relevant contacts for establishing specific jurisdiction over NexLearn’s patent infringement claim. [*Nexlearn, LLC v. Allen Interactions, Inc.*, 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).]

The Federal Circuit first concluded that contacts based upon the defendant's website should be evaluated like any other contact. Addition of a "Kansas" as a selection in drop down menu was insufficient. That more than a showing of "store’s willingness to enter future transactions with out-of-state residents" was necessary for establishing minimum contacts for specific jurisdiction.

...We evaluate Allen’s website as we would any other contact under a specific jurisdiction theory; for there to be minimum contacts, there must be evidence that Allen purposefully availed itself of Kansas and that NexLearn’s claim arises out of or relates to those contacts. [Footnote 4 omitted.] The existence of Allen’s website, without more, is insufficient to show that Allen has minimum contacts with Kansas. \*\*\* We addressed whether a defendant’s website gave rise to specific jurisdiction in *Trintec*, in which Trintec alleged Pedre was subject to specific jurisdiction in the District of Columbia based on “Pedre’s use of its own interactive website to advertise its products, which Trintec alleges customers in the District of Columbia can use to purchase those products from Pedre.” *Trintec Indus., Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275, 1281 (Fed. Cir. 2005). We explained the difficulty with that specific jurisdiction theory was that “Pedre’s website is not directed at customers in the District of Columbia, but instead is available to all customers throughout the country.” *Id.* Absent evidence that “any District residents have ever actually used Pedre’s website to transact business,” Trintec’s allegations (together with other evidence of Pedre’s contacts) were insufficient to show specific jurisdiction existed. *Id.* at 1281–82. \*\*\* Allen’s inclusion of Kansas in its dropdown of all states on its website is not enough to subject Allen to jurisdiction in Kansas. Allen’s address selector may indicate its amenability to selling ZebraZapps to Kansas residents,

but it does not establish minimum contacts arising out of or related to the infringement claim. While a Kansas resident could purchase ZebraZapps from Allen’s website, what is missing is any evidence that such a sale has taken place. Apart from the NexLearn employee that unsuccessfully attempted to purchase ZebraZapps, NexLearn does not even allege that any Kansas resident has accessed Allen’s ZebraZapps website. There is no evidence that Allen’s website facilitated the making, using, offering, or selling of ZebraZapps in Kansas in order to connect Allen’s website with NexLearn’s patent infringement claim. In this respect, Allen’s website is conceptually no different than operating an out-of-state store. That a store would accept payment from a hypothetical out-of-state resident and ship its product there does not create a substantial connection for an infringement claim between the store and the hypothetical resident’s forum State. The store’s willingness to enter future transactions with out-of-state residents does not, without more, show purposeful availment of each State in which it would, but has not yet, provided or even offered a sale. Something more is needed—whether it be actual sales, targeted advertising, or contractual relationships—to connect the defendant’s infringing acts of making, using, offering, or selling its product with the forum State. What is sufficient may vary from case to case, but it cannot be that the mere existence of an interactive website, like the existence of an out-of-state store, is “suit-related conduct . . . creat[ing] a substantial connection with the forum State.” *Walden*, 134 S. Ct. at 1121. [Nexlearn, LLC v. Allen Interactions, Inc., 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).]

The Federal Circuit concluded that the defendant's affirmative response to emails from the plaintiff soliciting a response were relevant to determining if there was specific jurisdiction.

....We do not agree with the district court’s determination that Allen’s sole post issuance email to NexLearn employees was irrelevant because NexLearn “unilaterally expressed an interest in ZebraZapps or Allen.” J.A. 10–11. It is true that when determining whether a defendant has minimum contacts with a forum State, the “unilateral activity of another party or a third person is not an appropriate consideration.” *Helicopteros Nacionales de Colom., S.A. v. Hall*, 466 U.S. 408, 417 (1984); *see also Walden*, 134 S. Ct. at 1122 (“[T]he relationship must arise out of contacts that the ‘defendant himself’ creates with the forum State.” (*quoting Burger King*, 471 U.S. at 475)). But Allen’s email to NexLearn employees is not categorically irrelevant simply because the NexLearn employees solicited the email. It is undisputed that Allen accepted these employees’ requests to receive emails about ZebraZapps and Allen. It is also undisputed that Allen thereafter emailed these NexLearn employees about ZebraZapps and its company. Allen extinguished the unilateral nature of these contacts when it affirmatively responded to these employees’ requests by including them on its email subscription list and sending an email to these subscribers. [Nexlearn, LLC v. Allen Interactions, Inc., 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).]

The Federal Circuit concluded that a single mass mailing email was insufficient to confer specific jurisdiction.

While Allen’s post-issuance email is relevant to our specific jurisdiction inquiry, it is not enough to confer specific jurisdiction. The sole post-issuance email in the record consists of a mass-email advertisement about “new features, updates, and enhancements” made to Zebra- Zapps. \*\*\* Regardless of whether Allen’s single email could qualify as an offer for sale under § 271(a), it is insufficient to establish minimum contacts with Kansas in this case. [Nexlearn, LLC v. Allen Interactions, Inc., 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).]

The Federal Circuit concluded that a single mass mailing email was insufficient to confer specific jurisdiction.

For similar reasons, we do not agree with the district court’s determination that Allen’s offer of a free Zebra- Zapps trial to a NexLearn employee is irrelevant to our specific jurisdiction inquiry. \*\*\* If Allen’s offer of the free trial constituted or gave rise to an act of infringement, it is immaterial whether or not the offer was made to an employee of the patent holder. This contact is jurisdictionally relevant to NexLearn’s patent infringement claim. [Nexlearn, LLC v. Allen Interactions, Inc., 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).]

The Federal Circuit concluded that as a matter of fact, the single offer for sale in the relevant jurisdiction was insufficient to confer specific jurisdiction.

As with Allen’s single post-issuance email to NexLearn employees, however, Allen’s single offer of a free ZebraZapps trial is too attenuated to establish minimum contacts with Kansas. \*\*\* Allen’s website together with its contacts with NexLearn create only an “attenuated affiliation” with Kansas as opposed to a “substantial connection” with the forum State as required for specific jurisdiction. [Nexlearn, LLC v. Allen Interactions, Inc., 2016-2170, 2016-2221 (Fed. Cir. 6/19/2017).]

**The Cleveland Clinic Foundation v. True Health Diagnostics LLC, 2016-1766 (Fed. Cir. 6/16/2017).**

This was an appeal from the N.D. Oh. case 1:15-cv-02331-PAG. The district court *inter alia* found asserted claims to be patent ineligible under 35 USC 101. The Federal Circuit affirmed that finding.

Legal issue, 35 USC 101, standard of review of a patent eligibility decision relying upon representative claims.

As to Cleveland Clinic’s first procedural challenge, we find no error in the district court addressing claims 11, 14, and 15 of the ’552 patent, claims 21 and 22 of the ’286 patent, and claim 5 of the ’581 patent as representative. Although

Cleveland Clinic argues that the unexamined dependent claims provide sufficient inventive concepts over the representative claims, our examination reveals the opposite. For example, Cleveland Clinic argues that the district court failed to take into consideration claims that require specific analytical techniques, claims that limit the predetermined comparison values to a single value or representative value or ranges, or claims that measure the presence of specific MPO-generated oxidation products. Each limitation Cleveland Clinic raises, however, merely recites known methods of detecting MPO or MPO derivatives and applies the correlation between these biomarkers and cardiovascular health. Where, as here, the claims “are substantially similar and linked to the same” law of nature, analyzing representative claims is proper. *Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1348 (Fed. Cir. 2014). [The Cleveland Clinic Foundation v. True Health Diagnostics LLC, 2016-1766 (Fed. Cir. 6/16/2017).]

Procedural issue, 35 USC 101, propriety of motion to dismiss prior to claim construction.

As to Cleveland Clinic’s second procedural challenge, we have repeatedly affirmed § 101 rejections at the motion to dismiss stage, before claim construction or significant discovery has commenced. *See, e.g., Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1373–74 (Fed. Cir. 2016) (“We have repeatedly recognized that in many cases it is possible and proper to determine patent eligibility under 35 U.S.C. § 101 on a Rule 12(b)(6) motion.”); *OIP Techs, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015) (similar); *Content Extraction*, 776 F.3d at 1349 (similar); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (similar). In any event, Cleveland Clinic provided no proposed construction of any terms or proposed expert testimony that would change the § 101 analysis. Accordingly, it was appropriate for the district court to determine that the testing patents were ineligible under § 101 at the motion to dismiss stage. [The Cleveland Clinic Foundation v. True Health Diagnostics LLC, 2016-1766 (Fed. Cir. 6/16/2017).]

A takeaway from this passage is that there is a benefit of proposing a construction or providing expert testimony, with the complaint, that could affect a motion to dismiss for patent ineligibility.

The Federal Circuit goes not to review and affirm 101 ineligibility. I include this analysis only because the Federal Circuit has made it clear that 101 decisions are incremental, by comparison to prior decisions, and hence each has some precedential value. However, I find nothing of substantial relevance here.

Legal issue, 35 USC 101, Alice/May step 1.

This case is similar to our decision in *Ariosa*. In *Ariosa*, the ineligible claims were directed to a method of detecting paternally inherited cell-free fetal

DNA, which is naturally occurring in maternal blood. 788 F.3d at 1376. The inventors there did not create or alter any of the genetic information encoded in that DNA. *Id.* Likewise, here, the testing patents purport to detect MPO and other MPO-related products, which are naturally occurring in bodily samples. The method then employs the natural relationship between those MPO values and predetermined or control values to predict a patient's risk of developing or having cardiovascular disease. Thus, just like *Ariosa*, the method starts and ends with naturally occurring phenomena with no meaningful non-routine steps in between—the presence of MPO in a bodily sample is correlated to its relationship to cardiovascular disease. The claims are therefore directed to a natural law. [The Cleveland Clinic Foundation v. True Health Diagnostics LLC, 2016-1766 (Fed. Cir. 6/16/2017).]

Legal issue, 35 USC 101, Alice/May step 2.

We conclude that the practice of the method claims does not result in an inventive concept that transforms the natural phenomena of MPO being associated with cardiovascular risk into a patentable invention. \*\*\* that was a general instruction to doctors to apply routine, conventional techniques when seeking to detect paternally inherited cell-free fetal DNA in the blood serum of a pregnant woman. *Ariosa*, 788 F.3d at 1377. The same is true here. The '552 patent and '581 patent contain a “determining” step that requires analyzing MPO levels. Cleveland Clinic does not purport to have invented colorimetric- based assay, flow cytometry, or ELISA, or any of the claimed methods to “see” MPO and its derivatives in bodily samples. Rather, the claims here instruct that MPO levels be detected or determined using any of these known techniques. The claims of the testing patents also contain a “comparing” step where MPO levels are compared to statistically derived control or predetermined values. Here too, Cleveland Clinic does not purport to derive new statistical methods to arrive at the predetermined or control levels of MPO that would indicate a patient’s risk of cardiovascular disease. [The Cleveland Clinic Foundation v. True Health Diagnostics LLC, 2016-1766 (Fed. Cir. 6/16/2017).]

Legal Issue, 35 USC 101 patent eligibility and preemption and groundbreaking invention factors.

Cleveland Clinic argues that its invention is narrowly preemptive and thus should be patent eligible. However, “[w]here a patent’s claims are deemed only to disclose as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379. Likewise, while Cleveland Clinic argues that its discovery of the relationship between MPO and cardiovascular health was groundbreaking, “even such valuable contributions can fall short of statutory patentable subject matter, as it does here.” *Id.* at 1380.

**[Outdry Technologies Corporation v. Geox S.P.A., 2016-1769 \(Fed. Cir. 6/16/2017\).](#)**

This was an appeal from PTAB case IPR2014-01244. Outdry appealed the PTAB's decision holding claims 1-15 of the '171 patent unpatentable. The Federal Circuit affirmed.

Legal issue, sufficiency of PTAB findings of a motivation to combine, reliance on petitioner arguments.

The Federal Circuit first restated its substantial evidence standard of review (requiring findings of motivation to combine along with a reasoned explanation why the findings support the agency conclusion); then enumerated cases in which the PTAB decision failed to meet this standard; and then explained why the PTAB met the standard in this case. Then the Federal Circuit addressed Outdry's argument that "the Board relied solely on Geox's petition to find a motivation to combine without making any explicit findings of its own," head on:

The Board's reliance on Geox's arguments does not undermine its otherwise adequate explanation for finding a motivation to combine. The Board did not reject Outdry's positions without clarity as to why it found Geox's arguments persuasive. It did not incorporate Geox's petition by reference, leaving uncertainty as to which positions the Board was adopting as its own. Nor is this a situation where "a particular fact might be found somewhere amidst the evidence submitted by the parties, without attention being called to it," such that it is unclear what evidence the Board may or may not have relied on to find a motivation to combine. *See Rovalma*, 856 F.3d at 1029. The Board is "permitted to credit a party's argument as part of its reasoned explanation of its factual findings"; it simply must "explain why it accepts the prevailing argument." *Icon*, 849 F.3d at 1047 (alteration omitted). In this case, the Board articulated Geox's arguments with evidentiary support and expressly adopted them to find there would have been a motivation to combine. The Board sufficiently explained why it found that Geox's arguments supported finding a motivation to combine. [Outdry Technologies Corporation v. Geox S.P.A., 2016-1769 (Fed. Cir. 6/16/2017).]

Other than that point, this case is a good read, summarizing the Federal Circuit law for its standard of review whether a PTAB decision supports a motivation to combine.

**[EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc., 2016-1984 \(Fed. Cir. 6/15/2017\).](#)**

This was an appeal from PTAB case IPR2014-01558. EmeraChem appealed a decision that claims 1-14 and 16-20 were unpatentable as obvious over prior art. The Federal Circuit affirmed as to claims 1-2, 4-14, and 17-20, and vacated and remanded as to claims 3, 16, and 20.

Legal issue, 35 USC 102(e), antedating a patent reference. EmeraChem argued that the portions of a patent relied upon as prior art were invented by the same inventors of the attacked claims. The Federal Circuit found EmeraChem's evidence conclusory, and therefore insufficient to prove the point.

The Campbell Declaration by itself fails to demonstrate that the portions of Campbell '558 relied upon as prior art and the subject matter at issue in the

'758 patent share a common inventive entity. In addition to declaring "Eugene D. Guth and I are the sole inventors of all inventions claimed in U.S. Patent No. 5,599,758," Mr. Campbell stated, "Eugen [sic] D. Guth and I solely conceived of and invented the following subject matter disclosed in U.S. Patent No. 5,451,558." J.A. 1105. This declaration amounts to a naked assertion by an inventor that he and a co-inventor are the true inventors of the passages cited. Nothing in the declaration itself, or in addition to the declaration, provides any context, explanation, or evidence to lend credence to the inventor's bare assertion. \*\*\* We do not hold that corroboration of an inventor's declaration is required in every case, but we recognize that corroborating an inventor's testimony is a well established principle in our case law. \*\*\* We merely hold in this case that the Campbell Declaration is insufficient to demonstrate that the cited portions of Campbell '558 are not "by another." [EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc., 2016-1984 (Fed. Cir. 6/15/2017).]

Legal issue, 5 USC 554(b) and (c), notice and opportunity to respond. The Federal Circuit concluded that the statement in the petition listing all claims as unpatentable over a list of all prior art references, and followed in the petition by point citations to the Stiles reference for some claims but did not for claims 3, 16, and 20; coupled with the PTAB's institution decision making the same statements, failed to provide the notice required by 5 USC 554 for the PTAB to rely upon Stiles to hold claims 3, 16, and 20 unpatentable in its final written decision. While fact specific, the takeaway is clear. The PTAB cannot rely upon a petition and an institution decision that do not specify that a reference's teachings are part of the basis for unpatentability of a particular claim, as providing notice and opportunity allowing the PTAB to hold the particular claim unpatentable based upon teachings of the particular reference.

We reject Volkswagen and PTO Intervenor's arguments that EmeraChem had sufficient notice because the petition for IPR included broad, general statements concerning obviousness that mention Stiles. Although Volkswagen's petition stated broadly that "[c]laims 1–14 and 16–20 are obvious under 35 U.S.C. § 103(a) over the combination of Campbell ['558] and either Hirota or Saito, in view of Stiles," J.A. 81, 114, it went on in a detailed claim chart to identify, claim-by-claim and element-by-element, the specific portions of the prior art references it believed supported obviousness. \*\*\* For ... [claims 3, 16, and 20], Saito was the only reference listed. Yet for claim 17, Volkswagen cited to portions of Saito, Hirota, and Stiles \*\*\* We likewise reject Volkswagen and PTO Intervenor's argument that the Institution Decision provided EmeraChem with sufficient notice of the Board's reliance on Stiles. The Board declared in its Institution Decision that "claims 1–14 and 16–20 of the '758 patent [are] likely unpatentable under 35 U.S.C. § 103(a) over Campbell, Hirota, Saito, and Stiles." J.A. 177. \*\*\* For claims 3 and 16 ... [and 20], the Board never referenced anything other than Saito. Yet for claims 8–10, 18, and 19, it cited Stiles.... [EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc., 2016-1984 (Fed. Cir. 6/15/2017).]

Given the specificity with which the petition’s claim chart and the Institution Decision’s list of claims expressly identified particular references’ disclosures for some claims and not for others, it cannot be the case that the general statements Volkswagen relies upon provided sufficient notice that Stiles could be applied to all claims. Where the petitioner uses certain prior art references to target specific claims with precision, or the Board does the same in its decision to institute, the patent owner is directed to particular bases for alleged obviousness. A general statement that lists all challenged claims and all asserted prior art is not a separate, additional articulation that each of the claims may be obvious over any combination of all listed prior art. [EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc., 2016-1984 (Fed. Cir. 6/15/2017).]

We also reject Volkswagen and PTO Intervenor’s arguments that EmeraChem had sufficient notice because the petition block quoted the portion of Stiles the Board ultimately relied upon in its final written decision. In its petition, Volkswagen provided a general summary of what Campbell ’558, Stiles, Hirota, and Saito disclose. J.A. 116–17. Among this discussion, it noted “Stiles also discloses that the saturated absorbent can be ‘regenerated for reuse by passing a gas containing from .05 to 10% hydrogen in nitrogen; both carbon dioxide and water vapor can also be present.’” Id. at 117 (quoting Stiles at 5:52–55). Volkswagen then restated this same passage from Stiles in its claim chart only for claim 17. It did not reproduce this passage for any of claims 3, 16, or 20. By directing the patent owner to how it believed this portion of Stiles discloses limitations of claim 17 and no other claims, Volkswagen did not suggest that the same block quote would be relied upon for limitations of claims 3, 16, and 20. \*\*\* The Board’s block quoting from Stiles in its Institution Decision likewise did not sufficiently notify EmeraChem that it would later rely on Stiles for claims 3, 16, and 20. \*\*\* Although this block quote discloses elements that may be relevant to claims 3, 16, and 20, the decision placed this quote in a discussion regarding only claim 1 of the ’758 patent. [EmeraChem Holdings, LLC v. Volkswagen Group of America, Inc., 2016-1984 (Fed. Cir. 6/15/2017).]

**Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).** The Supreme Court granted both Sandoz and Amgen's petitions for certiorari. The Court construed various provisions of 42 USC 262(l) in connection with 37 USC 271(e)(2).

Legal issue, availability of injunctive remedy to force BCPIA applicant to disclose their application to BCPIA sponsor. The Court concluded that federal law provides no such remedy.

These cases involve 42 U. S. C. §262(l), which was enacted as part of the Biologics Price Competition and Innovation Act of 2009 (BPCIA), 124 Stat. 808. The BPCIA governs a type of drug called a biosimilar, which is a biologic product that is highly similar to a biologic product that has already been approved by the Food and Drug Administration (FDA). Under §262(l), an applicant that seeks FDA approval of a biosimilar must provide its application materials and

manufacturing information to the manufacturer of the corresponding biologic within 20 days of the date the FDA notifies the applicant that it has accepted the application for review. The applicant then must give notice to the manufacturer at least 180 days before marketing the biosimilar commercially. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

The first question presented by these cases is whether the requirement that an applicant provide its application and manufacturing information to the manufacturer of the biologic is enforceable by injunction. We conclude that an injunction is not available under federal law, but we remand for the court below to decide whether an injunction is available under state law. The second question is whether the applicant must give notice to the manufacturer after, rather than before, obtaining a license from the FDA for its biosimilar. We conclude that an applicant may provide notice before obtaining a license. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

III The first question we must answer is whether §262(l)(2)(A)’s requirement that an applicant provide the sponsor with its application and manufacturing information is enforceable by an injunction under either federal or state law. A We agree with the Federal Circuit that an injunction under federal law is not available to enforce §262(l)(2)(A), though for slightly different reasons than those provided by the court below. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

...The flaw in the Federal Circuit’s reasoning is that Sandoz’s failure to disclose its application and manufacturing information was not an act of artificial infringement, and thus was not remediable under §271(e)(4). Submitting an application constitutes an act of artificial infringement. See §§271(e)(2)(C)(I), (ii) (“It shall be an act of infringement to submit . . . an application seeking approval of a biological product”). Failing to disclose the application and manufacturing information under §262(l)(2)(A) does not. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

The Court explained that artificial infringement pursuant to 271(e)(2)(C), triggering the (e)(4) remedies (delayed approval date for applicant until infringing patent expires; injunction; and damages), required either the sponsor's submission of the 262(l)(3) and (7) patent lists when the applicant participates in the patent dance or the applicant's filing of the application when the applicant does not participate in the patent dance.

...Clause (I) of §271(e)(2)(C) defines artificial infringement in the situation where the parties proceed through the list exchange process and the patents subject to suit are those contained in the §262(l)(3) lists, as supplemented under §262(l)(7). That clause provides that it is an act of artificial infringement to submit, “with respect to a patent that is identified in the list of patents described in

[§262(l)(3)] (including as provided under [§262(l)(7)]), an application seeking approval of a biological product.”(Emphasis added.) [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

...Clause (ii) of §271(e)(2)(C), in contrast, defines artificial infringement in the situation where an applicant fails to disclose its application and manufacturing information altogether and the parties never prepare the §262(l)(3) lists. That clause provides that the submission of the application represents an act of artificial infringement with respect to any patent that could have been included on the lists. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

In this way, the two clauses of §271(e)(2)(C) work in tandem. They both treat submission of the application as the act of artificial infringement for which §271(e)(4) provides the remedies. And they both identify the patents subject to suit, although by different means depending on whether the applicant disclosed its application and manufacturing information under §262(l)(2)(A). If the applicant made the disclosures, clause (i) applies; if it did not, clause (ii) applies. In neither instance is the applicant’s failure to provide its application and manufacturing information an element of the act of artificial infringement, and in neither instance does §271(e)(4) provide a remedy for that failure. See Brief for Amgen Inc. et al. 66–67 (conceding both points). [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

Legal issue, 42 USC 262(l)(9)(C), availability of remedy when the BCPIA applicant fails to disclose their application to BCPIA sponsor. The Court explained that this remedy is exclusive when the applicant fails to disclose their application to the sponsor.

A separate provision of §262, however, does provide a remedy for an applicant’s failure to turn over its application and manufacturing information. When an applicant fails to comply with §262(l)(2)(A), §262(l)(9)(C) authorizes the sponsor, but not the applicant, to bring an immediate declaratory-judgment action for artificial infringement as defined in §271(e)(2)(C)(ii). Section 262(l)(9)(C) thus vests in the sponsor the control that the applicant would otherwise have exercised over the scope and timing of the patent litigation. It also deprives the applicant of the certainty that it could have obtained by bringing a declaratory-judgment action prior to marketing its product. The remedy provided by §262(l)(9)(C) excludes all other federal remedies, including injunctive relief. Where, as here, “a statute expressly provides a remedy, courts must be especially reluctant to provide additional remedies.” *Karahalios v. Federal Employees*, 489 U. S. 527, 533 (1989). The BPCIA’s “carefully crafted and detailed enforcement scheme provides strong evidence that Congress did not intend to authorize other remedies that it simply forgot to incorporate expressly.” *Great-West Life & Annuity Ins. Co. v. Knudson*, 534 U. S. 204, 209 (2002) (internal quotation marks omitted). The presence of §262(l)(9)(C), coupled with the absence of any other

textually specified remedies, indicates that Congress did not intend sponsors to have access to injunctive relief, at least as a matter of federal law, to enforce the disclosure requirement. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

Legal issue, whether 42 USC 262(l)(2)(A) requires an applicant to disclose their application to the sponsor or instead is a condition which if not satisfied results in artificial infringement. The Court declined to determine whether 42 USC 262(l)(2)(A) required the applicant to disclose their application to the sponsor, because it did not present a question of federal law, involving only Amgen's state law claim that Sandoz' failure to disclose their application was a violation of California's unfair competition law.

Second, the Federal Circuit held in the alternative that Sandoz's failure to disclose its application and manufacturing information was not "unlawful" under California's unfair competition law. \*\*\* We decline to resolve this particular dispute definitively because it does not present a question of federal law. The BPCIA, standing alone, does not require a court to decide whether §262(l)(2)(A) is mandatory or conditional; the court need only determine whether the applicant supplied the sponsor with the information required under §262(l)(2)(A). \*\*\* The mandatory or conditional nature of the BPCIA's requirements matters only for purposes of California's unfair competition law, which penalizes "unlawful" conduct. Whether Sandoz's conduct was "unlawful" under the unfair competition law is a state-law question, and the court below erred in attempting to answer that question by referring to the BPCIA alone. On remand, the Federal Circuit should determine whether California law would treat noncompliance with §262(l)(2)(A) as "unlawful." If the answer is yes, then the court should proceed to determine whether the BPCIA pre-empts any additional remedy available under state law for an applicant's failure to comply with §262(l)(2)(A) (and whether Sandoz has forfeited any pre-emption defense, see 794 F. 3d, at 1360, n. 5). The court is also of course free to address the pre-emption question first by assuming that a remedy under state law exists. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

Legal issue, 42 USC 262(l)(8)(A), notice requirement. The Court held that the applicant can give notice any time within 180 days of beginning commercial marketing, regardless when the applicant receives its license for marketing.

The second question at issue in these cases is whether an applicant must provide notice after the FDA licenses its biosimilar, or if it may also provide effective notice before licensure. Section 262(l)(8)(A) states that the applicant "shall provide notice to the reference product sponsor not later than 180 days before the date of the first commercial marketing of the biological product licensed under subsection (k)." \*\*\* The applicant must give "notice" at least 180 days "before the date of the first commercial marketing." "[C]ommercial marketing," in turn, must be "of the biological product licensed under subsection (k)." §262(l)(8)(A). Because this latter phrase modifies "commercial marketing"

rather than “notice,” “commercial marketing” is the point in time by which the biosimilar must be “licensed.” The statute’s use of the word “licensed” merely reflects the fact that, on the “date of the first commercial marketing,” the product must be “licensed.” See §262(a)(1)(A). Accordingly, the applicant may provide notice either before or after receiving FDA approval. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

In sum, because Sandoz fully complied with §262(l)(8)(A) when it first gave notice (before licensure) in July 2014, the Federal Circuit erred in issuing a federal injunction prohibiting Sandoz from marketing Zarxio until 180 days after licensure. Furthermore, because Amgen’s request for state-law relief is predicated on its argument that the BPCIA forbids prelicensure notice, its claim under California’s unfair competition law also fails. We accordingly reverse the Federal Circuit’s judgment as to the notice provision. [Sandoz Inc. v. Amgen Inc., 15–1195 (6/12/2017).]

**One-E-Way, Inc. v. International Trade Commission, 2016-2105 (Fed. Cir. 6/12/2017).**

This was an appeal from ITC case 337-TA-943. One-E-Way appealed from a decision finding the claim term 'virtually free from interference,' indefinite. The Federal Circuit reversed.

Legal issue, 35 USC 112, claim construction, definiteness of relative term "virtually." After finding the claim term definition after review of the specification and prosecution history, the Federal Circuit turned to respondent's additional argument:

Finally, we consider the Government and Respondent’s claim that “virtually free from interference” must be indefinite because One-E-Way fails to identify how it differs in scope from claims that recite the term “free from interference.” \*\*\* Audio “free from interference” will be a bit better than audio “virtually free from interference,” in the same way something “free from defects” will be a bit better than something “substantially” or “virtually free from defects.” It follows that one of ordinary skill might expect that because audio “virtually free from interference” is free from eavesdropping, audio “free from interference” will be, at a minimum, free from eavesdropping as well. [One-E-Way, Inc. v. International Trade Commission, 2016-2105 (Fed. Cir. 6/12/2017).]

**Credit Acceptance Corp. v. Westlake Services, 2016-2001 (Fed. Cir. 6/9/2017).**

This was an appeal from PTAB case CBM2014-00176. The PTAB found claims of the '807 patent to not be directed to 35 USC 101 patent eligible subject matter. The Federal Circuit affirmed.

The primary issue in this case was whether the Westlake was estopped from maintaining the CBM pursuant to 35 USC 325(e)(1) in view of its earlier CBM. The relevant facts are that the Board did not institute review of claims 10-12 and 14-33 in the *earlier* CBM. The Board did institute review of claims 10-12 and 14-33 under 35 USC 101 in the later filed CBM2014-00176. The first proceeding resulted in a final written decision before the final written decision in the

second proceeding. Credit Acceptance Corp. (CAC) appealed.

Legal Issue, Federal Circuit jurisdiction to review a PTAB estoppel determination pursuant to 35 USC 325(e)(1).

A majority held that the Federal Circuit has jurisdiction to review PTAB 35 USC 325(e)(1) estoppel determinations.

As a threshold matter, both Westlake and the PTO argue that a determination by the Board on 35 U.S.C. § 325(e)(1) is nonappealable, and therefore, this court has no jurisdiction to review the Board's estoppel determination. We disagree. [*Credit Acceptance Corp. v. Westlake Services*, 2016-2001 (Fed. Cir. 6/9/2017) (Majority opinion by Judges Dyk And Reyna; Judge Mayer dissenting on this issue).]

The PTO relies on 35 U.S.C. § 324(e), which provides, “[t]he determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.” The PTO asserts that the Board's estoppel decision is akin to a decision to institute review, which is nonappealable. *In Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), the Supreme Court considered the parallel “no appeal” statute for inter partes review (“IPR”) proceedings, 35 U.S.C. § 314(d), and held that Board decisions are nonappealable “where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate inter partes review.” \*\*\* The estoppel provision at issue here, § 325(e)(1) (like the comparable IPR provision, § 315(e)(1)), is distinct from the issues addressed in *Cuozzo*. Specifically, § 325(e)(1) does not refer to “institution” decisions and in fact is not limited to institution decisions. \*\*\* This practical need for uniformity [in appealability of PTO, ITC, and district court proceedings] weighs strongly in favor of appealability. For all of these reasons, the estoppel dispute in this case is neither a challenge to the Board's institution decision, nor is it “closely tied” to any “statute[] related to the Patent Office's decision to initiate [CBM] review.” *Cuozzo*, 136 S. Ct. at 2141. [*Credit Acceptance Corp. v. Westlake Services*, 2016-2001 (Fed. Cir. 6/9/2017) (Majority opinion by Judges Dyk And Reyna; Judge Mayer dissenting on this issue).]

Westlake nonetheless argues that this court may review only a final written decision of the Board, and the order denying CAC's motion to terminate is not a final written decision. \*\*\* Here, the Board did issue a final written decision with respect to patentability, and CAC appeals that decision. Because the statute prohibits an estopped petitioner from “maintain[ing]” a proceeding, the Board necessarily found that Westlake was not estopped when it issued its final written decision. See 35 U.S.C. § 325(e)(1). We conclude that we have jurisdiction to review the CAC's estoppel argument regarding 35 U.S.C. § 325(e)(1). [*Credit Acceptance Corp. v. Westlake Services*, 2016-2001 (Fed. Cir.

6/9/2017) (Majority opinion by Judges Dyk And Reyna; Judge Mayer dissenting on this issue).]

Legal issue, 35 USC 325(e)(1), applicability to claims not specified in a final written decision. The Federal Circuit held that 325(e)(1) does not apply to claims upon which the PTAB declined to institute review.

...CAC suggests that a final written decision under 35 U.S.C. § 328(a) \*\*\* triggers estoppel not only for instituted claims, but also non-instituted claims.” \*\*\* CAC’s argument is foreclosed by our decision in *Synopsys*, which interpreted statutory language in the IPR context that is identical to language in the provisions governing CBM proceedings. \*\*\* The holdings in *Synopsys* and *Shaw* with respect to IPRs apply to the PGR statutes and regulations as well since the PGR provisions contain identical language. Compare 35 U.S.C. §§ 314(a), 315(e)(1), and 37 C.F.R. § 42.108, with 35 U.S.C. §§ 324(a), 325(e)(1), and 37 C.F.R. § 42.208. \*\*\* Accordingly, we adopt the reasoning and conclusions of our IPR cases. \*\*\* We conclude that 35 U.S.C. § 325(e)(1) does not apply in a subsequent proceeding to claims upon which the Board declined to institute review. Accordingly, Westlake was not estopped from challenging claims 10–12 and 14– 33 of the ’807 patent on the basis of 35 U.S.C. § 101. [Credit Acceptance Corp. v. Westlake Services, 2016-2001 (Fed. Cir. 6/9/2017).]

Legal issue, 35 USC 101 patent eligibility, Alice/May step 1 analysis. The Federal Circuit concluded the subject claims failed Alice/May step 1. This conclusion is only significant because it succinctly restated the fundamental points of law from *Enfish* and *McRO*.

This conclusion is supported—not contradicted—by *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). In *Enfish*, the court explained, “the first step in the *Alice* inquiry . . . asks whether the focus of the claims is on the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Id.* at 1335–36. The claims of the ’807 patent are plainly of the second category. The “focus of the claims” is on the method of financing, and the recited generic computer elements “are invoked merely as a tool.” *Id.* The invention here is quite unlike the “self-referential table,” which was a “specific improvement to the way computers operate,” held to be not abstract in *Enfish*, 822 F.3d at 1336, and the “specific asserted improvement in computer animation, i.e., the automatic use of rules of a particular type” held to be not abstract in *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016). [Credit Acceptance Corp. v. Westlake Services, 2016-2001 (Fed. Cir. 6/9/2017).]

**New World International, Inc. v. Ford Global Technologies, LLC, 2016-2097 (Fed. Cir. 6/8/2017).**

This was an appeal from the N.D. Tex district court case 3:15-cv-01121-M. New World

sued FTGL for a DJ of invalidity and non-infringement of two design patents. The district court dismissed New World's complaint for lack of personal jurisdiction. The Federal Circuit affirmed.

FTGL has no office or employees in Texas, and is not incorporated or headquartered in Texas. LQT is FTGL's exclusive licensee for the importation and sale of non-original equipment in the United States and does business in Texas. This case has to do with the "reasonable and fair" prong of the Federal Circuit test for the existence of personal jurisdiction of a nonresident defendant. *See Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1360 (Fed. Cir. 2001). The Federal Circuit considered for the first time the impact of an indemnification clause and of language relating to obligations and rights to enforce in an exclusive license as factors for the reasonable and fair prong of personal jurisdiction.

Legal issue, personal jurisdiction, due process. By way of background the Federal Circuit summarized existing law:

While the act of sending cease and desist letters is insufficient by itself to trigger a finding of personal jurisdiction, other activities by the defendant, in conjunction with cease and desist letters, may be sufficient. One such activity that this court has recognized may meet the minimum contacts requirement is the grant of an exclusive license to a licensee that resides or regularly does business in the forum. *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324, 1334 (Fed. Cir. 2008); *see also, e.g., Breckenridge*, 444 F.3d at 1366. [*New World International, Inc. v. Ford Global Technologies, LLC*, 2016-2097 (Fed. Cir. 6/8/2017).]

To be sure, the mere existence of an exclusive license does not support a finding of specific jurisdiction. For example, a license that establishes no relationship between a patent holder and a licensee beyond the payment and receipt of royalty income is not sufficient, because a declaratory judgment action does not typically "arise from or relate to" a patent holder's efforts to license or commercialize its patent. *Avocent*, 552 F.3d at 1336; *see also Radio Sys. Corp.*, 638 F.3d at 789-90. [*New World International, Inc. v. Ford Global Technologies, LLC*, 2016-2097 (Fed. Cir. 6/8/2017).]

On the other hand, a license that obligates the patent holder to defend or enforce the patent may be sufficient to establish specific personal jurisdiction, because a declaratory judgment action typically arises from the patent holder's actions to enforce or defend its patent in the forum. *Avocent*, 552 F.3d at 1336; *see also Autogenomics*, 566 F.3d at 1020 ("[O]nly enforcement or defense efforts related to the patent rather than the patentee's own commercialization efforts are to be considered for establishing specific personal jurisdiction in a declaratory judgment action against the patentee."). [*New World International, Inc. v. Ford Global Technologies, LLC*, 2016-2097 (Fed. Cir. 6/8/2017).]

What matters, then, is whether the agreement between the patent holder and the exclusive licensee imposes an obligation on the patent holder to enforce

or defend the patent on behalf of the licensee that is engaged in exploiting the patent rights in the forum state. That question is important because a patent holder's undertaking of such continuing enforcement obligations to a party that does business in the forum may qualify as purposeful availment by the defendant of the privilege of conducting activities within the forum state. *See Burger King*, 471 U.S. at 479-80; *Perdue Foods LLC v. BRF S.A.*, 814 F.3d 185, 191 (4th Cir. 2016) (“[I]mplicit in the Supreme Court’s distinction between a contract—which cannot, by itself, establish purposeful availment—and a contract with continuing obligations—which ‘manifestly’ constitutes purposeful availment—is the assumption that the continuing obligations strengthen a defendant’s contacts with the plaintiff’s forum.”) (quoting *Burger King*, 471 U.S. at 476). [New World International, Inc. v. Ford Global Technologies, LLC, 2016-2097 (Fed. Cir. 6/8/2017).]

This court made that point clear in *Avocent Huntsville Corp. v. Aten International Co.*, 552 F.3d 1324 (Fed. Cir. 2008). The court explained that in a declaratory judgment action against a nonresident patent holder, “we have consistently required the defendant to have engaged in ‘other activities’ that relate to the enforcement or the defense of the validity of the relevant patents.” *Id.* at 1334. One example of such an “other activity” is “entering into an exclusive license agreement or other undertaking which imposes enforcement obligations with a party residing or regularly doing business in the forum.” *Id.* Exclusive license agreements and other undertakings that impose enforcement obligations on a patentee or its licensee “reflect the kind of ‘other activities’ that support specific personal jurisdiction in a declaratory judgment action.” *Id.* at 1335. Summarizing this court’s precedents, the *Avocent* court noted that “if the defendant patentee purposefully directs activities at the forum which relate in some material way to the enforcement or the defense of the patent, those activities may suffice to support specific jurisdiction.” *Id.* at 1336. [New World International, Inc. v. Ford Global Technologies, LLC, 2016-2097 (Fed. Cir. 6/8/2017).]

The Court then considered the indemnification agreement of FGTL's exclusive license to LKQ and concluded that FGTL indemnifying LKQ for infringing patents of third parties did not count.

New World also points to the indemnification and enforcement provisions as independently sufficient bases for specific jurisdiction. Those arguments are not persuasive. \*\*\* 2. Contrary to New World’s contention, we have not held that an indemnity provision is a sufficient basis for specific jurisdiction. \*\*\* Nor would it make sense to hold that an indemnity provision like the one in the FGTL-LKQ license agreement independently satisfies due process. That provision requires FGTL to indemnify LKQ for design patent suits initiated by third parties—e.g., a suit alleging infringement of a third party’s patent by LKQ’s

products. But insuring LKQ against those third-party claims of infringement does not arise out of or relate to the “enforcement or the defense of the [Ford design] patent[s],” as required for specific jurisdiction in a declaratory judgment action. *Avocent*, 552 F.3d at 1336; *see also id.* (patent holder’s efforts to license or commercialize its patent does not “relate in any material way to the patent right that is at the center of any declaratory judgment claim for noninfringement, invalidity, and/or unenforceability”). Thus, while other indemnity clauses could involve the enforcement or defense of the licensor’s patents, the clause at issue in this case does not. [New World International, Inc. v. Ford Global Technologies, LLC, 2016-2097 (Fed. Cir. 6/8/2017).]

The Court then considered the enforcement obligation and rights of the exclusive license to LKQ. It seems that FGTL’s retention of the right to refuse enforcement in order “not to subject itself to jurisdiction in a particular forum” was a significant factor, swaying the Court to conclude that the enforcement provisions of the exclusive license did not make FGTL subject to personal jurisdiction in Texas.

...FGTL retains “the right to determine what action, if any, is to be taken in each such instance, but shall not unreasonably refuse a request by LKQ to enforce the Ford Design Patents against allegedly-infringing use in conflict with LKQ’s rights under th[e] Agreement.” \*\*\* We must therefore determine the nature and scope of that obligation. \*\*\* But according to FGTL, the text imposes only a minimal obligation, as FGTL has “the ability to decline enforcement on any commercially reasonable basis,” which includes “any reasonable business, practical, or legal reason,” such as “a desire not to subject itself to jurisdiction in a particular forum.” FGTL Br. at 22-23 & n.4. New World has not provided a persuasive reason to interpret the provision differently. [New World International, Inc. v. Ford Global Technologies, LLC, 2016-2097 (Fed. Cir. 6/8/2017).]

FGTL’s reading is also supported by the language in the license agreement regarding enforcement against third parties. The license states that FGTL has “the right to determine what action, if any, is to be taken in each such instance.” FGTL therefore is free to decide how to enforce the patent, or whether to enforce it at all. If LKQ requests enforcement and FGTL has no reason to refuse, then “LKQ agrees . . . to become a party to such action if necessary, and to cooperate with FGTL, in the prosecution of any such action or proceeding involving any alleged infringement respecting FGTL’s rights in the Ford Design Patents.” Therefore, in the event that FGTL grants LKQ’s request to enforce FGTL’s patent rights, FGTL still has control over the action and can require LKQ to cooperate. And because the license is silent about the situation in which LKQ does not request enforcement, it is clear that FGTL retains total discretion whether to pursue enforcement in that setting. [New World International, Inc. v. Ford Global Technologies, LLC, 2016-2097 (Fed. Cir. 6/8/2017).]

**Skky, Inc. v. Mindgeek, SARL, 2016-2018 (Fed. Cir. 6/7/2017).**

This was an appeal from PTAB case IPR2014-01236. The PTAB determined that claims 1–3, 5, and 15–23 were unpatentable. The Federal Circuit affirmed.

Legal issue, 35 USC 112, claim construction determination whether claim language invoked means plus function construction. The novel aspect of this case is that the petition asserted a term was a MPF recitation, the patent owner agreed, but the PTAB concluded otherwise. The Federal Circuit affirmed the PTAB on its claim construction, finding that the original determination of MPF by the examiner and original assertion by the petitioner to the contrary, was not relevant.

In the petition, MindGeek also contended that “[t]he term ‘wireless device means’ is clearly a means-plus-function limitation” invoking § 112 ¶ 6. \*\*\* In the institution decision, the Board determined that “wireless device means” does not invoke § 112 ¶ 6 because “‘wireless device’ is not purely functional language, but rather language that denotes structure.” J.A. 4638–39. \*\*\* In its final written decision, the Board again determined that “wireless device means” does not invoke § 112 ¶ 6 because the term is not “associated with or defined by a function.” \*\*\* Skky challenges (1) the Board’s conclusion that “wireless device means” does not invoke § 112 ¶ 6 \*\*\* MindGeek responds that “wireless device means” does not invoke § 112 ¶ 6 \*\*\* We agree with MindGeek that “wireless device means” does not invoke § 112 ¶ 6 because its clause recites sufficient structure. \*\*\* The Examiner’s statements at the time of allowance and MindGeek’s initial agreement do not change that result. \*\*\* In any event, we are not bound by the Examiner’s or the parties’ understanding of the law or the claims. See *Microsoft*, 789 F.3d at 1297-98. Accordingly, we agree with MindGeek and the Board that “wireless device means” is not a means-plus-function term under § 112 ¶ 6. [Skky, Inc. v. Mindgeek, SARL, 2016-2018 (Fed. Cir. 6/7/2017).]

**Secure Access, LLC v. PNC Bank National Association, 2016-1353 (Fed. Cir. 6/6/2017).**

This was a decision on petitions for rehearing en banc, from a decision on an appeal from the PTAB case CBM2014-00100. In this case, the panel had held AIA 18(d)(1)'s definition of a CBM patent required a claim recite performing data processing or other operations used in the practice, administration, or management of "a financial product or service". See "Precedential Patent Case Decisions During February 2017" Rick Neifeld, March 2, 2017.

The petition for rehearing and rehearing en banc were denied. However, it appears that the Court was almost evenly split whether to en banc rehear the case. Give the split, expect a petition for cert.

**Checkpoint Systems, Inc. v. All-Tag Security SA, 2016-1397 (Fed. Cir. 6/5/2017).**

This was an appeal from the E.D. Pa case 2:01-cv-02223-PBT. Checkpoint appealed the district court's award of attorneys fees against it. The Federal Circuit reversed. This case had bounced from the Federal Circuit to the Supreme Court, and back down eventually to the district

court, again, piggybacking on *Octane Fitness*. This is the second appeal on the award of attorney's fees.

Legal issue, 35 USC 285, exceptional case determination and award of attorneys fees.

The Federal Circuit evaluated the three findings upon which the district court maintained is exceptional case determination, and found those findings clearly erroneous. Consequently, the Federal Circuit reversed. Interestingly, at the end of the opinion the Federal Circuit quoted from the Supreme Court *Octane Fitness* decision "The Court has cautioned that fee awards are not to be used 'as a penalty for failure to win a patent infringement suit,'" which is what appeared to be what the district court did in this case.

... The aspects that the district court stated were dispositive were Checkpoint's motivation in bringing the lawsuit, inadequate pre-suit investigation, and the failure of Checkpoint's expert to inspect the correct accused product. [Checkpoint Systems, Inc. v. All-Tag Security S.A., (Fed. Cir. 6/5/2017).]

Asserting one's rights is not an improper purpose.

The district court stated that Checkpoint brought suit for an improper purpose, that is, to "interfere improperly" with All-Tag's business and "to protect its own competitive advantage." Dist. Ct. Op. at \*3. The district court cited Checkpoint's lawsuits against other asserted infringers, its market share, and its acquisition of competing producers as showing the improper motive of "protect[ing] its own competitive advantage." *Id.* However, the patent law provides the statutory right to exclude those that infringe a patented invention. Enforcement of this right is not an "exceptional case" under the patent law. [Checkpoint Systems, Inc. v. All-Tag Security S.A., (Fed. Cir. 6/5/2017).]

Expert evaluation that there is infringement can be based upon evidence reasonable under the circumstances. The expert need not test an actual accused product to reasonably conclude that product infringes.

The district court also found the expert's failure to test an accused product supported the exceptional case finding and fee award. Dist. Ct. Op. at \*4. In light of the guidance in the remand order, the district court "clarified" its earlier finding on this point. *Id.* The district court found Checkpoint's expert's reliance on two of All-Tag's manufacturing process patents, the '466 and '343 patents, as evidence of infringement "insufficient," stating "there was evidence that All-Tag's manufacturing processes were not the same as those disclosed in the '466 and '343 patents, making comparisons of the patents, instead of the actual products, insufficient." *Id.* There was no representation by All-Tag that the accused products were different from the tested products, and the district court did not so find. There was no allegation of falsity or fraud or bad faith on the part of Checkpoint or its expert. Further, All-Tag's witness testified that the All-Tag

patents explained how All-Tag manufactured its resonance tags, agreeing with counsel that to understand the process by which the accused tags were produced, it was “enough to just read the patent,” and providing no additional details. *See Checkpoint Sys., Inc.*, 711 F.3d at 1347 (citing trial testimony). This aspect does not support the “exceptional case” ruling against Checkpoint. [Checkpoint Systems, Inc. v. All-Tag Security S.A., (Fed. Cir. 6/5/2017).]

**Rothschild Connected Devices Innovations, LLC v. ADS Security, L.P., 2016-2521 (Fed. Cir. 6/5/2017).**

This was an appeal from the E.D. Tex. cases 2:15-cv-01431-JRG-RSP; 2:15-cv-01463-JRG-RSP; 2:15-cv-01464-JRG-RSP; 2:15-cv-01462-JRG-RSP; 2:15-cv-01496-JRG-RSP; 2:15-cv-01429-JRG-RSP; 2:15-cv-01468-JRG-RSP; 2:15-cv-01466-JRGRSP; and 2:15-cv-01469-JRG-RSP. ADS appealed the district court's determination that Rothschild's conduct did not make this case "exceptional", for purposes of awarding attorney fees. The Federal Circuit reversed and remanded. Judge Wallach wrote a concurring opinion.

Legal issue, 35 USC 285, exceptional case determinations. This case analyzes and rejected the district court's findings on factors determining if a case is exceptional.

A. The District Court Misjudged the Strength of Rothschild’s Litigating Position in Consideration of the Prior Art \*\*\* The District Court clearly erred by failing to consider Rothschild’s willful ignorance of the prior art. In its Safe Harbor Notice and Cross-Motion for attorney fees, ADS included prior art that purportedly anticipates claim 1 of the ’090 patent. J.A. 293–94, 334–679, 685. In response to ADS’s Cross-Motion for attorney fees, Rothschild submitted two affidavits relevant here. In the first, Rothschild’s counsel stated that he had “not conducted an analysis of any of the prior art asserted in [the] Cross[-] Motion to form a belief as to whether that prior art would invalidate” the ’090 patent. J.A. 708. In the second, Rothschild’s founder echoed these statements. J.A. 712–13. However, in the same affidavits, Rothschild’s counsel and founder both assert that they possessed a “good faith” belief that the ’090 patent “is valid.” J.A. 708, 712. It is unclear how Rothschild’s counsel and founder could reasonably believe that claim 1 is valid if neither analyzed the purportedly invalidating prior art provided by ADS.5 More problematic here, the District Court did not address these incongruent statements in its analysis. *See generally Rothschild*, 2016 WL 3883549. A district court abuses its discretion when, as here, it “fail[s] to conduct an adequate inquiry.” *Atl. Research Mktg. Sys., Inc. v. Troy*, 659 F.3d 1345, 1360 (Fed. Cir. 2011). [Rothschild Connected Devices Innovations, LLC v. ADS Security, L.P., 2016-2521 (Fed. Cir. 6/5/2017).]

B. The District Court Misjudged Rothschild’s Conduct in Other Litigation \*\*\* The District Court based this aspect of its analysis on a clearly erroneous assessment of the evidence. The District Court predicated its finding on “the absence of any showing that [Rothschild] acted unreasonably or in bad faith in the

context of this suit.” Id. (footnote omitted). However, as explained above, that ancillary finding improperly rests upon statements from Rothschild’s counsel and founder that have no evidentiary value. Therefore, in the absence of evidence demonstrating that Rothschild engaged in reasonable conduct before the District Court, the undisputed evidence regarding Rothschild’s vexatious litigation warrants an affirmative exceptional case finding here. See *Newegg*, 793 F.3d at 1350 (“[A] pattern of litigation abuses characterized by the repeated filing of patent infringement actions for the sole purpose of forcing settlements, with no intention of testing the merits of one’s claims, is relevant to a district court’s exceptional case determination under § 285.”); see also *Eon-Net*, 653 F.3d at 1327 (noting that settlement offers that were “less than ten percent of the cost that [a defendant] expended to defend suit—effectively ensured that [a plaintiff’s] baseless infringement allegations remain unexposed”). [Rothschild Connected Devices Innovations, LLC v. ADS Security, L.P., 2016-2521 (Fed. Cir. 6/5/2017).]

C. The District Court Improperly Conflated Rule 11 with 35 U.S.C. § 285  
\*\*\* The District Court erred as a matter of law when, as part of its analysis, it stated that an attorney fee award under § 285 would “contravene[] the aims of Rule 11[’s]” safe-harbor provision. *Rothschild*, 2016 WL 3883549, at \*2. Whether a party avoids or engages in sanctionable conduct under Rule 11(b) “is not the appropriate benchmark”; indeed, “a district court may award fees in the rare case in which a party’s unreasonable conduct—while not necessarily independently sanctionable—is nonetheless so ‘exceptional’ as to justify an award of fees.” *Octane Fitness*, 134 S. Ct. at 1756, 1757. [Rothschild Connected Devices Innovations, LLC v. ADS Security, L.P., 2016-2521 (Fed. Cir. 6/5/2017).]

In his concurrence, Judge Wallach indicated that he would have gone further:

I agree with the court’s opinion, but write separately because this case also satisfies the Supreme Court’s admonition that “a case presenting . . . exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.” *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, – U.S. –, 134 S. Ct. 1749, 1757 (2014). Because the infringement complaint filed by Rothschild Connected Devices Innovations, LLC (“Rothschild”) was frivolous on its face, the district court abused its discretion in refusing to award attorneys’ fees under 35 U.S.C. § 285. \*\*\* Because section 101 imposes “a threshold test,” *Bilski v. Kappos*, 561 U.S. 593, 602 (2010), patent eligibility issues generally can, and should, be resolved at the outset of litigation. Neither nuanced legal analysis nor complex technical inquiry was required to determine that the ’090 patent could not be both broad enough to cover the home security products sold by ADS Security, L.P. (“ADS”) and narrow enough to withstand subject matter eligibility scrutiny. See *Alice Corp. v. CLS Bank Int’l*, – U.S. –,

134 S. Ct. 2347, 2356–59 (2014) (emphasizing that abstract ideas applied using generic computer components are patent ineligible); *Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1369 (Fed. Cir. 2015) (concluding that a patent directed to “customizing web page content” based upon “information known about the user” fell outside of section 101). [Rothschild Connected Devices Innovations, LLC v. ADS Security, L.P., 2016-2521 (Fed. Cir. 6/5/2017)(Judge Wallach, concurring).]

**Evans v. Building Materials Corporation of America, 2016-2427 (Fed. Cir. 6/5/2017).**

This is an appeal from the E.D. VA district court case 1:16-cv-00282-GBLIDD. Building Materials Corporation dba GAF-ELK (GAF) appealed the district court's denial of GAF's motion to dismiss or stay the action pending arbitration based on a 2009 agreement's arbitration provision. The Federal Circuit affirmed.

Legal issue, construction of arbitration clause contract language under Fourth Circuit law.

The court found the contract language "arising under" to limit the scope of the arbitration provision, and to be outcome determinative. The Federal Circuit found that none of the counts were "arising under" the arbitration provision.

Whether GAF's assertion of arbitrability is wholly groundless depends on the scope of the language of the arbitration provision. Here, the relevant arbitration provision reaches only claims "arising under" the 2009 agreement. GAF accepts that, for such language, Fourth Circuit precedent directs the focus to "whether the claims at issue have a direct nexus to the contractual obligations, and more specifically, whether the claims are ‘related to the interpretation and performance of the contract itself.’" Appellant's Br. 25 (quoting *Am. Recovery*, 96 F.3d at 92–93). Such "arising under" language is narrower in scope than language, such as "relating to," under which a claim may be arbitrable if it has a "significant relationship" to the contract, regardless of whether it arises under the contract itself. *Long v. Silver*, 248 F.3d 309, 316–17 (4th Cir. 2001); *Am. Recovery*, 96 F.3d at 92–93; *J.J. Ryan & Sons, Inc. v. Rhone Poulenc Textile, S.A.*, 863 F.2d 315, 321 (4th Cir. 1988). [Evans v. Building Materials Corporation of America, 2016-2427 (Fed. Cir. 6/5/2017).]

Practice point: Consider distinction between "arising under" and "relating to" in contract drafting.

**John Preston v. Christopher Nagel, 2016-1524 (Fed. Cir. 6/1/2017).**

This was an appeal from the D. Mass district court case 1:15-cv-13592-WGY.

Nigel was sued in state court on state law claims. Nigel filed counter claims for a DJ of patent non-infringement. Nigel removed to federal district court. The district court remanded back to the state court, finding that Nigel's DJ claims did not provide a justiciable case or controversy under Article III of the constitution. Nigel appealed the district court decision to

remand the case to state court. The Federal Circuit dismissed, finding it lacked jurisdiction.

On appeal, Nigel argued that the AIA legislative fix to the Supreme Court's decision in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, which provides the Federal Circuit jurisdiction when there are compulsory counterclaims based upon patent law in response to *Holmes Group*.) afforded the Federal Circuit jurisdiction to review the district court's decision to remand back to the state court, despite the 28 USC 1447(d) bar to appellate review of district court remands to state court.

The Federal Circuit concluded that it lacked jurisdiction over district court decisions to order remand back to state court that were based upon a determination of lack of subject matter jurisdiction of Nigel's DJ counterclaims. After summarizing the limited exceptions to 28 USC 1447(d), the Court noted that Nigel could file a separate DJ action to obtain Federal Circuit review jurisdiction to determine if DJ jurisdiction existed, but that the AIA did not afford the Court that jurisdiction.

Legal issue, 28 USC 1447(d), limits to Federal Circuit jurisdiction.

Recognizing that § 1447(d) would ordinarily bar reviewability here, Nagel asks us to hold that an exception exists “where, as here, defendants invoked § 1454 to remove patent claims over which federal courts have exclusive jurisdiction.” Appellants’ Br. at 17. In support, Nagel relies on *Osborn v. Haley*, 549 U.S. 225 (2007), to argue that the America Invents Act (AIA) overrides § 1447(d)’s bar. We disagree. [*John Preston v. Christopher Nagel*, 2016-1524 (Fed. Cir. 6/1/2017).]

In *Osborn*, the Supreme Court determined that remands of certified Westfall Act cases are reviewable, despite § 1447(d)’s bar on appellate review of remand orders. *Id.* at 243. Under the Westfall Act, when federal employees are sued for common-law torts that occurred in the course of their official duties, the United States is substituted as the defendant after the Attorney General certifies that the employee had acted within the scope of his or her federal employment. 28 U.S.C. § 2679(d)(1)–(2). That certification “conclusively establish[es] scope of office or employment for purposes of removal,” *id.* § 2679(d)(2), and by extension, exclusive federal jurisdiction, *Osborn*, 549 U.S. at 231. Unlike the ordinary case, in which the “federal district court undertakes a threshold inquiry” of “whether complete diversity exists or whether the complaint raises a federal question,” in a certified Westfall Act case, “no threshold determination is called for” because “the Attorney General’s certificate forecloses any jurisdictional inquiry.” *Id.* at 243. Thus, the Court concluded that remands of certified cases are reviewable. *Id.* at 244. The Court reasoned that the conclusive nature of the Attorney General’s certification for removal purposes “would be weightless” if a district court could “remand a removal action on the ground that the Attorney General’s certification was erroneous.” *Id.* at 242; *see also Gutierrez de Martinez v. Lamagno*, 515 U.S. 417, 433 n.10 (1995) (explaining that Congress adopted the Westfall Act language making certification “conclusiv[e] . . . for purposes of removal” to “foreclose needless shuttling of a case from one court to another”).

However, the Court defined this exception to the § 1447(d) bar narrowly to avoid “collid[ing] head on with § 1447(d), and with [prior] precedent.” *Osborn*, 549 U.S. at 244. Noting that because appellate review is “scarcely” permitted, it held that courts should review remand orders ordinarily governed by § 1447(d) only “in the extraordinary case in which Congress has ordered the intercourt shuttle to travel just one way—from state to federal court.” *Id.* at 243–44. [John Preston v. Christopher Nagel, 2016-1524 (Fed. Cir. 6/1/2017).]

To the extent the AIA prefers that closely related state-law claims and patent-law counterclaims be heard together, [footnote 3 omitted] it does not follow that we have jurisdiction to review remand decisions that require such claims to be pursued in separate forums. “Absent a clear statutory command to the contrary, we assume that Congress is aware of the universality of th[e] practice of denying appellate review of remand orders when Congress creates a new ground for removal.” *Kircher*, 547 U.S. at 641 n.8 (*quoting Things Remembered v. Petrarca*, 516 U.S. 124, 128 (1995)) (alteration in original). Though hearing the state-law and patent-law claims together may promote important interests such as efficiency and avoiding inconsistent judgments, we are not persuaded that the AIA commands us to favor these interests over § 1447(d) and the presumption of remand non-reviewability. Had Congress sought to permit review of remands like the one at issue here, it certainly knew how to do so. *Id.* (collecting examples). Thus, we leave it to Congress to grant us reviewability here if it sees fit. [John Preston v. Christopher Nagel, 2016-1524 (Fed. Cir. 6/1/2017).]

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