

Precedential Patent Case Decisions During June 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

B/E Aerospace, Inc. v. C&D Zodiac, Inc., 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).

This is a decision on appeals from IPR2017-01275 and IPR2017-01276. The PTAB found certain claims of B/E's patents obvious. B/E appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 103, obviousness, limitations not disclosed by the prior art.

The Federal Circuit agreed with both rationales upon which the PTAB concluded that a claim defining a limitation not present in the prior art was nevertheless obvious. The relevant facts were that the same advantage (of increasing airplane passenger cabin space) obtained by modifying the primary reference to include the prior art feature (a first recess in a wall of the passenger cabin space), was also obtained by further modifying the primary reference to include the missing limitation (the second recess in the same wall), and both modifications of the primary reference were similar, both recesses.

First, the Federal Circuit affirmed on the rationale that the missing limitation was a predictable application of known technology and a POSITA would have seen the benefit of including the missing limitation because it was the obvious solution to a known problem.

Second, the Federal Circuit affirmed on the rationale that it would have been a matter of common sense to include the missing limitation, and that PTAB had provided "sufficient reasoning" and evidentiary support for the PTAB's obviousness conclusion.

Regarding the first rationale:

B/E argues that the Board's obviousness determination is erroneous because it improperly incorporated a second recess limitation not disclosed in the prior art. *** We find no error in the Board's conclusion that—under both approaches it employed—"it would have been obvious to further modify the Admitted Prior Art/Betts combination to include the claimed 'second recess' to receive passenger seat supports." *Id.* at 22. [B/E Aerospace, Inc. v. C&D Zodiac, Inc., 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).]

First, we affirm the Board's conclusion that the challenged claims would have been obvious because modifying the Admitted Prior Art/Betts combination to include a second recess was nothing more than the predictable application of known technology. *Id.* at 23. The prior art yields a predictable result, the "second

recess,” because a person of skill in the art would have applied a variation of the first recess and would have seen the benefit of doing so. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 416 (2007) (“The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results. . . . If a person of ordinary skill in the art can implement a predictable variation § 103 likely bars its patentability.”). The Board’s conclusion is supported by substantial evidence, namely the expert testimony of Mr. Anderson, who opined: “[A] person of ordinary skill in the art would recognize that as a seat is moved further aft the seat support necessarily is also moved further aft. As the seat is moved aft the feet of the seat support may come into contact with the lower section of the wall. Creating one or more recesses to accommodate what-ever portion(s) of the seat support that would contact the forward wall of the enclosure is the obvious solution to this known problem.”] [*B/E Aerospace, Inc. v. C&D Zodiac, Inc.*, 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).]

Regarding the second rationale:

Second, we also affirm the Board’s conclusion that the challenged claims would have been obvious because “it would have been a matter of common sense” to incorporate a second recess in the Admitted Prior Art/Betts combination. IPR2017-01275 at 26, 38. *** In *KSR*, the Supreme Court opined that common sense serves a critical role in determining obviousness. 550 U.S. at 421. As the Court explained, common sense teaches that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle. *Id.* (“A person of ordinary skill is also a person of ordinary creativity, not an automaton.”). The Court held that “rules that deny factfinders recourse to common sense” are inconsistent with our case law. *Id.* After *KSR*, we recognized that courts must “consider common sense, common wisdom, and common knowledge in analyzing obviousness.” *Arendi*, 832 F.3d at 1361. However, we cautioned that common sense cannot be used as a “wholesale substitute for reasoned analysis and evidentiary support, especially when dealing with a limitation missing from the prior art references specified.” *Id.* at 1362. Likewise, in *Perfect Web Techs, Inc. v. InfoUSA, Inc.*, we reiterated that “[c]ommon sense has long been recognized to inform the analysis of obviousness if explained with sufficient reasoning.” 587 F.3d 1324, 1328 (Fed. Cir. 2009). [*B/E Aerospace, Inc. v. C&D Zodiac, Inc.*, 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).]

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when dealing with a limitation missing from the prior art references specified.” *Id.* at 1362. Likewise, in *Perfect Web Techs, Inc. v. InfoUSA, Inc.*, we reiterated that “[c]ommon sense has long been recognized to inform the analysis of obviousness if explained with sufficient reasoning.” 587 F.3d 1324, 1328 (Fed. Cir. 2009).

Here, the Board’s invocation of common sense was properly accompanied by reasoned analysis and evidentiary support. The Board dedicated more than eight pages of analysis to the “second recess” limitation and relied on Mr. Anderson’s detailed expert testimony. IPR2017-01275 at 21 (citing J.A. 1786–88 ¶¶ 74–75, J.A. 1849–50 ¶¶ 189–92). The Board noted Mr. Anderson’s opinion that a “person of ordinary skill in the art would recognize that as a seat is moved further aft the seat support necessarily is also moved further aft.” *Id.* (citing J.A. 1786–87 ¶¶ 74–75). The Board also cited Mr. Anderson’s opinion that “lower recesses were a well-known solution to provide space for seat supports where a recess for a seat back in the forward wall of the enclosure unit permitted the seat to be located further aft.” *Id.*; J.A. 1787–88 ¶ 75. [B/E Aerospace, Inc. v. C&D Zodiac, Inc, 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).]

In *Perfect Web*, we affirmed a district court’s invocation of common sense to supply a missing claim limitation. 587 F.3d at 1338. The missing limitation was step D of steps A–D of a method for delivering a predetermined quantity of emails. *Id.* at 1328. The record showed that the technology was simple and that “step (D) merely involves repeating earlier steps” until success is achieved. *Id.* at 1330. We also determined that the district court “adequately explained its invocation of common sense.” *Id.* [B/E Aerospace, Inc. v. C&D Zodiac, Inc, 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).]

Here, just like in *Perfect Web*, the evidence shows that the technology of the claimed invention is simple. The patents relate to contoured walls that “reduce or eliminate the gaps and volumes of space required between lavatory enclosures and adjacent structures.” ’641 patent at 1:52–56. *See also* IPR2017-01275 at 23 (rejecting B/E’s argument that the enclosures at issue are quite complex); J.A. 403. The missing claim limitation (the “second recess”) involves repetition of an existing element (the “first recess”) until success is achieved. IPR2017-01275 at 18 (reasoning that the logic of using a recess to receive the seat back applies equally to using another recess to receive the aft extending seat support). [B/E Aerospace, Inc. v. C&D Zodiac, Inc, 2019-1935, 2019-1936 (Fed. Cir. 6/26/2020).]

Shoes by Firebug LLC v. Stride Rite Children's Group, LLC, 2019-1622, 2019-1623 (Fed. Cir. 6/25/2020).

This is a decision on appeals from PTAB cases IPR2017-01809 and IPR2017-01810. The PTAB held claims of two patents unpatentable as obvious. Shoes appealed. The Federal Circuit

affirmed.

Legal issue: 35 USC 112, claim construction, preamble, circumstances under which the preamble limits the claim.

The Federal Circuit construed the same preamble (“*internally illuminated textile footwear*”) in two independent claims, finding that preamble limiting in one claim and not limiting in the other claim. The Federal Circuit concluded that expressly reciting in the body of one claim, the noun defined in an “adjective-noun” combination in the preamble, resulted in the adjective in the preamble not being limiting. In contrast, the Federal Circuit concluded that inferentially reciting the noun defined in “adjective-noun” combination in the preamble in the body of the other claim, while not always determinative, resulted in that same adjective in the preamble in this case being limiting. The adjective-noun combination was “textile footwear.”

Claim 1 of the ‘038 patent read “1. An internally illuminated *textile footwear* comprises: a *footwear*; the footwear comprises a sole and *an upper*; an illumination system; ... the illumination system being housed within the footwear....”

Claim 1 of the ‘574 patent, read “1. An internally illuminated *textile footwear* comprises: a sole and *an upper*; an illumination system;*** the illumination system being housed within the *footwear*;...”

The Federal Circuit concluded that the “*internally illuminated textile footwear*” preamble of claim 1 of the ‘038 was did not limit the claimed “upper” to be a textile upper, because the body of that claim positively recited a “footwear” element, whereas the same “*internally illuminated textile footwear*” preamble of claim 1 of the ‘038 did limit the claimed “upper” to be a textile upper, because claim 1 of the ‘038 only inferentially referred to the “footwear” of the preamble to clarify the location of the illumination system.

Firebug made this argument:

Specifically, Firebug argues that the preamble limits the scope of the claims to “textile footwear.” According to Firebug, when the preamble’s requirement of textile footwear is read together with the claims’ limitation that the upper is light diffusing, the claims necessarily require that the light diffusing portion of the upper—that is, the portion of the outermost layer of the footwear that is illuminated—be textile. [Shoes by Firebug LLC v. Stride Rite Children’s Group, LLC, 2019-1622, 2019-1623 (Fed. Cir. 6/25/2020).]

The Federal Circuit gave this analysis.

Whether a claim preamble is considered to be a limiting part of the claim matters, inter alia, because, if it is not, the scope of the claim is broader, but the claim is vulnerable to more potentially-invalidating prior art. Here, we agree with Firebug that the preamble of claim 1 of the ‘574 patent is limiting but conclude that the preamble of claim 1 of the ‘038 patent is not. *** We conclude that the body of claim 1 of the ‘038 patent recites a structurally complete invention, and therefore the preamble’s recitation of an “internally illuminated textile footwear” is merely an intended purpose that does not limit the claims. Notably, the first limitation of the body of claim 1 of the ‘038 patent reintroduces “a footwear”

which “comprises a sole and an upper.” The preamble, then, cannot be said to provide essential structure or necessary meaning to the claimed invention because the same element—the footwear—is independently recited in the body of the claim. [*Shoes by Firebug LLC v. Stride Rite Children's Group, LLC*, 2019-1622, 2019-1623 (Fed. Cir. 6/25/2020).]

Unlike claim 1 of the '038 patent, claim 1 of the '574 patent does not reintroduce “footwear” in the body of the claim but instead relies on the instance of “footwear” introduced in the preamble for “antecedent basis.” Claim 1 of the '574 patent recites an illumination system comprising “a power source and a plurality of illumination sources.” The first and only reference to footwear in the body of claim 1 appears in a limitation describing the configuration of the illumination system (“the illumination system being housed within the footwear”) and relies on the footwear recited in the preamble for an antecedent basis for further limitations in the claim. While antecedent basis alone is not determinative of whether a preamble is limiting, use of preamble terms to define positive limitations in the body of claims can evince an inventor’s intent that the preamble limit the scope of the claim. That is the case here. Because the claim requires that the illumination system be housed in the textile footwear recited in the preamble, the preamble is essential to understanding the structural limitations of the illumination system. Accordingly, rather than merely reciting an intended purpose of the claimed invention, we conclude that the preamble of claim 1 of the '574 patent limits the scope of claims 1–10 of the '574 patent to require the use of a textile upper. [*Shoes by Firebug LLC v. Stride Rite Children's Group, LLC*, 2019-1622, 2019-1623 (Fed. Cir. 6/25/2020).]

***Adidas AG v. Nike, Inc.*, 2019-1787, 2019-1788 (Fed. Cir. 6/25/2020).**

This is a decision on appeals from PTAB cases IPR2016-00921 and IPR2016-00922.

The PTAB held that the challenged claims of two patents were unpatentable. Adidas appealed. The Federal Circuit affirmed.

Legal issue: Article III Standing to appeal, facts sufficient to meet the injury in fact requirement.

The Federal Circuit concluded that the following facts were sufficient to meet the injury in fact requirement: (1) Adidas and Nike were direct competitors; (2) Nike previously accused Adidas of infringing a corresponding foreign patent; (3) Nike expressed its intent to protect corresponding rights globally; (4) Adidas sells, in the United States, the same product accused of infringing the foreign patent; (5) Nike refused to grant Adidas a covenant not to sue.

The Federal Circuit restated the law.

“Although we have jurisdiction to review final decisions of the Board under 28 U.S.C. § 1295(a)(4)(A), an appellant must meet ‘the irreducible constitutional minimum of standing.’” *Amerigen Pharm. Ltd. v. UCB Pharma GmbH*, 913 F.3d 1076, 1082 (Fed. Cir. 2019) (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992)). As the party seeking judicial review, Adidas

must show that it “(1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct [], and (3) that is likely to be redressed by a favorable judicial decision.” *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547 (2016). Nike contends that Adidas cannot establish an “injury in fact,” and therefore lacks standing to bring this appeal, because Nike “has not sued or threatened to sue Adidas for infringement of either the ’598 or the ’749 patent.” Appellant’s Br. 20. We do not agree. [*Adidas AG v. Nike, Inc.*, 2019-1787, 2019-1788 (Fed. Cir. 6/25/2020).]

An appellant need not face “a specific threat of infringement litigation by the patentee” to establish the requisite injury in an appeal from a final written decision in an inter partes review. *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004 (Fed. Cir. 2018). Instead, “it is generally sufficient for the appellant to show that it has engaged in, is engaging in, or will likely engage in activity that would give rise to a possible infringement suit.” *Grit Energy Sols., LLC v. Oren Techs., LLC*, 957 F.3d 1309, 1319 (Fed. Cir. 2020). In *DuPont*, we held that the appellant had standing because it had concrete plans to make a potentially infringing product, including actually completing the necessary production plant, and thus there was a substantial risk of future infringement. *DuPont*, 904 F.3d at 1005. We determined that the patent owner’s refusal to grant appellant a covenant not to sue further confirmed that appellant’s risk of injury was not “conjectural” or “hypothetical.” *Id.* [*Adidas AG v. Nike, Inc.*, 2019-1787, 2019-1788 (Fed. Cir. 6/25/2020).]

The Federal Circuit applied the restated law to these facts.

As in *DuPont*, Adidas and Nike are direct competitors. J.A. 2584. In 2012, Nike accused Adidas, based on Adidas’ introduction of its “Primeknit” products, of infringing one of Nike’s “Flyknit” patents¹—specifically, a German patent—and expressed its intent “to protect [Nike’s] rights globally in the future against further infringing acts” by Adidas. J.A. 2585–86; 2591–2613. Adidas markets shoes that contain Primeknit-based uppers in the United States. J.A. 2587. Although Nike has not yet accused Adidas of infringing the ’598 or ’749 patents, Nike has asserted the ’749 patent against a third-party product similar to Adidas’ footwear. J.A. 2587–90, 2678–93. In 2019, Nike told this court that “five months after [it] announced FLYKNIT, [A]didas announced a similar product of its own that it called ‘Primeknit.’” J.A. 2587 (emphasis added). Moreover, Nike has refused to grant Adidas a covenant not to sue, confirming that Adidas’ risk of infringement is concrete and substantial. *See DuPont*, 904 F.3d at 1005. We therefore conclude that Adidas has Article III standing to bring this appeal. [*Adidas AG v. Nike, Inc.*, 2019-1787, 2019-1788 (Fed. Cir. 6/25/2020).]

In re PersonalWeb Technologies, LLC, 19-1918 (Fed. Cir. 6/17/2020).

This is a decision on appeal from the N.D. Cal. district court cases 5:18-cv-05599-BLF; 5:18-cv-05606-BLF; 5:18-cv-05969-BLF; 5:18-cv-05970-BLF; 5:18-cv-06044-BLF;

5:18-cv-06046-BLF; 5:18-cv-06612-BLF; 5:18-cv-07119-BLF; and 5:18-md-02834-BLF. The district court dismissed the cases, apparently granting intervener Amazon’s motion to bar the infringement actions against Amazon’s customers. PersonalWeb appealed. The Federal Circuit affirmed.

Legal issue: Kessler doctrine, whether non-infringement must be “actually litigated” in order for the *Kessler* doctrine to apply.

The Federal Circuit held that the question of non-infringement does not have to be “actually litigated,” in order for the *Kessler* doctrine to apply. Instead, the Federal Circuit held that a dismissal with prejudice of the infringement action is sufficient. (The *Kessler* doctrine provided for res judicata to claims of patent infringement by a product purchaser when there is a final judgement for the product manufacturer that the product does not infringe the asserted patent.)

The Federal Circuit restated PersonalWeb’s argument.

PersonalWeb contends that the *Kessler* doctrine does not apply in this case because Amazon is not an “adjudged non-infringer.” In particular, PersonalWeb contends that the *Kessler* doctrine is based on principles of collateral estoppel, and that the doctrine therefore cannot be invoked unless the issue of infringement or invalidity was “actually litigated” in the prior case. PersonalWeb contends that “no issues” were actually litigated in the Texas case because PersonalWeb dismissed its claims before there was any adjudication. [In re PersonalWeb Technologies, LLC, 19-1918 (Fed. Cir. 6/17/2020).]

The Federal Circuit explained the consequences if PersonalWeb’s argument were accepted.

Under PersonalWeb’s narrower construction of the *Kessler* doctrine, a final, adverse disposition of a patentee’s claims against the manufacturer of a particular product would not give the manufacturer protection from infringement actions against its customers for the use of the same product, unless the adverse decision was accompanied by a specific, contested adjudication of non-infringement. Such a proposition would leave the patentee free to engage in the same type of harassment that the Supreme Court sought to prevent in *Kessler*, a result that would be inconsistent both with *Kessler* itself and with this court’s cases interpreting *Kessler*. *See Kessler*, 206 U.S. at 289–90; *Speed-Track*, 791 F.3d at 1328–29; *Brain Life*, 746 F.3d at 1056, 1058–59. [In re PersonalWeb Technologies, LLC, 19-1918 (Fed. Cir. 6/17/2020).]

We do not agree with PersonalWeb’s contention that applying *Kessler* to voluntary dismissals with prejudice would contravene the public interest in the settlement of patent litigation. *See Foster*, 947 F.2d at 477 (“[T]he Federal Circuit has repeatedly expressed the view that there is a strong public interest in settlement of patent litigation.”). Contrary to PersonalWeb’s assertions, the rule we apply here will not interfere with the ability of parties to resolve patent

disputes. To the extent that a plaintiff wishes to settle an infringement action while preserving its rights to sue the same or other parties in the future, it can do so by framing the dismissal agreement to preserve any such rights that the defendant is willing to agree to. Settling parties will remain free to limit the preclusive effect of a dismissal; they simply have to fashion their agreement in a way that makes clear any limitations to which they wish to agree as to the downstream effect of the dismissal. *See, e.g., Hallco Mfg. Co. v. Foster*, 256 F.3d 1290, 1295 (Fed. Cir. 2001); *Pactiv Corp. v. Dow Chem. Co.*, 449 F.3d 1227, 1231 (Fed. Cir. 2006). [In re PersonalWeb Technologies, LLC, 19-1918 (Fed. Cir. 6/17/2020).]

The Federal Circuit rejected PersonalWeb’s argument and, instead, extended the *Kessler* doctrine (now the new *Kessler/PersonalWeb* doctrine) to dismissals with prejudice.

We therefore reject PersonalWeb’s contention that the issue of non-infringement must be “actually litigated” in order to invoke the *Kessler* doctrine. PersonalWeb’s stipulated dismissal with prejudice in the Texas case operated as an adjudication on the merits for claim preclusion purposes. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1372–73 (Fed. Cir. 2013) (citing 18A Charles A. Wright et al., *Federal Practice and Procedure* § 4435 (2d ed. 2002)). That is, the with-prejudice dismissal resolved the dispute about liability for the alleged patent infringement that gave rise to the Texas action. Thus, the dismissal operated as an adjudication of non-liability for infringement for purposes of invoking the *Kessler* doctrine. Under that doctrine, the stipulated dismissal with prejudice conferred upon Amazon a limited trade right to continue producing, using, and selling Amazon S3 without further harassment from PersonalWeb, either directly or through suits against Amazon’s customers for using that product. [In re PersonalWeb Technologies, LLC, 19-1918 (Fed. Cir. 6/17/2020).]

Curt G. Joa, Inc. v. Fameccanica.data S.P.A., IPR2016-00906, paper 61 (PTAB 6/20/2017; designated informative 6/11/2020).

This is a decision on a motion to seal a hearing. Petitioner moved to seal and patent owner also requested the hearing be sealed. The PTAB provided for a public portion and a private sealed portion of the hearing.

Upon consideration, and in view of Petitioner’s pending Motion to Seal, we grant Patent Owner’s request, subject to the procedure explained below. *** After the parties’ presentations during the open portion of the hearing (see *id.*), the courtroom shall be closed to persons not authorized to access confidential information. The court reporter shall be directed to mark as confidential the remaining portion of the transcript. The parties will each be allocated up to fifteen (15) minutes of argument relating to confidential information in a session closed to the public. The parties will proceed with their presentations during the closed

session in the same order as set forth for the oral hearing generally (see id.). *** Further, the parties are directed to refrain from including information designated as confidential in any demonstrative exhibit. During the portion of the hearing that is closed to the public, either party may direct the panel to specific confidential information being discussed by exhibit, page, and line number in the record. [*Curt G. Joa, Inc. v. Fameccanica.data S.P.A.*, IPR2016-00906, paper 61 (PTAB 6/20/2017; designated informative 6/11/2020).]

Sattler Tech Corp. v. Humancentric Ventures, LLC, PGR2019-00030, paper 9 (PTAB 7/26/2019; designated informative 6/11/2020).

This is a PTAB decision. Sattler petitioned for post-grant review. The PTAB instituted review.

Legal issue: 35 USC 324(a), meaning of “unpatentable” in 324(a).

The PTAB implicitly concluded that lack of 35 USC 171 “ornamentality” met the “unpatentable” requirement of 35 USC 324(a).

We review the Petition under 35 U.S.C. § 324(a), which provides that a post-grant review may not be instituted unless “it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” 35 U.S.C. § 324(a). *** Petitioner’s sole challenge as set forth in the Petition is that the claim of the ’093 patent is unpatentable under 35 U.S.C. § 171 for lacking ornamentality. *** For the foregoing reasons, Petitioner has shown that it is more likely than not that the challenged claim of the ’093 patent is unpatentable for lacking ornamentality. [*Sattler Tech Corp. v. Humancentric Ventures, LLC*, PGR2019-00030, paper 9 (PTAB 7/26/2019; designated informative 6/11/2020).]

DTN, LLC v. Farms Technology, LLC, IPR2018-01412 and IPR2018-01525 (6/14/2019 PTAB; designated precedential 6/11/2020).

This is a precedential decision by the PTAB in IPRs IPR2018-01412 and IPR2018-01525. The parties filed joint motions to expunge collateral agreements to a settlement agreement. The PTAB denied the motions.

Legal issue: 35 USC 317(b), statutory constructions of “between the patent owner and a petitioner” and “any collateral agreements.”

The PTAB concluded that an agreement between the parties to an IPR was an agreement between the petitioner and the patent owner, and that “any collateral agreement” was not limited to agreements between the petitioner and patent owner.

The PTAB concluded that an agreement stating it was “between the parties” was an agreement between the petitioner and the patent owner.

In consideration of the foregoing, 35 U.S.C. § 317(b) pertinently requires the filing of “[a]ny agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding” In this case, the Settlement Agreement (Ex. 1012) is between patent owner Farms Technology, LLC and petitioner DTN, LLC. *See, e.g.*, 1412

IPR, Paper 18, 2 (referring to the Settlement Agreement as being “between the parties”). The Settlement Agreement, thus, is an “agreement or understanding between the patent owner and a petitioner” as specified in 35 U.S.C. § 317(b). [DTN, LLC v. Farms Technology, LLC, IPR2018-01412 and IPR2018-01525 (6/14/2019 PTAB; designated precedential 6/11/2020).]

The PTAB then concluded that “any collateral agreement” was not limited to an agreement between the petitioner and the patent owner.

In particular, the statutory language of § 317(b) does not limit the “collateral agreements” to agreements that are between the patent owner and a petitioner. We conclude, instead, that the term “any” means “any,” so the collateral agreements need not be between the patent owner and a petitioner to fall under the ambit of the statute. It is sufficient for a collateral agreement (here, the two Collateral Agreements) to be referred to in an agreement between the patent owner and a petitioner (here, the Settlement Agreement). By referring to the two Collateral Agreements, the Settlement Agreement includes the Collateral Agreements, as required by § 317(b), regardless of whether patent owner Farms Technology, LLC, and petitioner DTN, LLC, are both parties to the Collateral Agreements. Thus, while the parties are correct that patent owner Farms Technology, LLC is not a party to either one of the two Collateral Agreements, that fact does not exempt the two Collateral Agreements from the filing requirement of § 317(b). [DTN, LLC v. Farms Technology, LLC, IPR2018-01412 and IPR2018-01525 (6/14/2019 PTAB; designated precedential 6/11/2020).]

Finally, interpreting § 317(b) in the manner proposed by the parties here would allow parties to IPR proceedings to circumvent the statute’s filing requirement easily, thereby frustrating the purpose of the statute. The parties to an IPR proceeding could enter into a very short agreement between themselves, referring to a separate agreement between one or more related but different corporate entities than the parties to the IPR proceeding, either controlling or controlled by the parties to the proceeding. That separate agreement, which the parties here contend would be exempt from § 317(b), would contain all the terms the parties desire to insulate from review by “Federal Government agencies on written request” or “any person on a showing of good cause.” 35 U.S.C. § 317(b). [DTN, LLC v. Farms Technology, LLC, IPR2018-01412 and IPR2018-01525 (6/14/2019 PTAB; designated precedential 6/11/2020).]

Munchkin, Inc. v. Luv N' Care, Ltd., 2019-1454 (Fed. Cir. 6/8/2020).

This is a decision on an appeal from the C.D. Cal. district court case 2:13-cv-06787-JEM.

Legal Issue: 35 USC 285 and 15 USC 1117(a), foundational requirements for an exceptional case finding, abuse of discretion.

The Federal Circuit held that, when a district court bases its exceptionality finding upon issues raised in the fees motion that were not fully litigated before the district court, then the

district court needs to provide adequate support, such by reference to a detailed fact-based analysis in the fees motion, showing that the litigating positions were wholly lacking in merit. The Federal Circuit explained the issue in this paragraph.

This case represents “an unusual basis for fees,” in that the district court’s exceptional-case determination rests on an examination of issues—trademark infringement, trade dress validity, and patent validity—that were not fully litigated before the court. *Thermolife Int’l LLC v. GNC Corp.*, 922 F.3d 1347, 1356–57 (Fed. Cir. 2019). That fact alone, however, would not create a basis to deny a fee motion. In *Thermolife*, for example, we held that it was not an abuse of discretion to award attorney’s fees to the defendant in light of the plaintiff’s failure to conduct an adequate pre-suit infringement investigation, even though the infringement question had not been adjudicated before the asserted claims were held unpatentable. *Id.* We at the same time also made abundantly clear that district courts have wide latitude “to refuse to add to the burdens of litigation by opening up issues that have not been litigated but are asserted as bases for a fee award.” *Id.* at 1357 (citing *Spineology, Inc. v. Wright Med. Tech., Inc.*, 910 F.3d 1227, 1230 (Fed. Cir. 2018)). But when the bases of an attorney’s fee motion rest on issues that had not been meaningfully considered by the district court, as is the case here, “a fuller explanation of the court’s assessment of a litigant’s position may well be needed when a district court focuses on a freshly considered issue than one that has already been fully litigated.” *Id.* In the present case, the merits of the patent, trademark, and trade dress claims were all freshly considered issues for the district court, presented in the context of a fee motion, but LNC failed to make the detailed, fact-based analysis of Munchkin’s litigating positions to establish they were wholly lacking in merit. The district court’s opinion granting a fee award likewise lacked adequate support. [*Munchkin, Inc. v. Luv N’ Care, Ltd.*, 2019-1454 (Fed. Cir. 6/8/2020).]

The Federal Circuit reviewed and found baseless, each of the reasons the district court presented in support of its exceptionality finding.

The district court’s decision awarding LNC its attorney’s fees never adequately explains why Munchkin’s validity position was unreasonable when the district court’s claim construction ruling favored Munchkin and erected a serious hurdle to LNC’s invalidity challenge. *** The district court was also led astray by LNC’s argument that Munchkin was unreasonable in maintaining its patent infringement lawsuit once the Patent Board instituted the IPR on the ’993 patent, because (1) published statistics at the time indicated that the Patent Board cancels some of a patent’s instituted claims 85% of the time and cancels all of the instituted claims 68% of the time, (2) the Patent Board’s final decision found all of the ’993 patent’s claims unpatentable, and (3) this court summarily affirmed that decision. *** Similarly, we find the district court’s finding that the Playtex Twist ‘N Click cups represented “another indication of substantive weakness” of

the '993 patent's validity to be wholly conclusory and cannot support a determination of exceptionality. *** In sum, after reviewing the district court opinion and considering all the arguments, we conclude that no adequate case has been made for finding that Munchkin's position and conduct relating to its patent infringement claim support a determination that this case is "exceptional" under § 285. *** The ultimate problem with the district court's finding that the trademark claims were "exceptional" under § 1117(a) is that it conflicts with the court's earlier order granting Munchkin's motion to amend the complaint. All of the district court's criticisms in its fee order of Munchkin's decision to switch from the original CLICK LOCK logo to the current CLICK LOCK logo as the basis for its trademark claim were objections LNC previously raised in opposing Munchkin's motion to amend the complaint. [Munchkin, Inc. v. Luv N' Care, Ltd., 2019-1454 (Fed. Cir. 6/8/2020).]

Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106 (Fed. Cir. 6/4/2020).

This is an order in an appeal from PTAB case IPR2018-00608. Both parties moved to dismiss the appeal. Almirall also moved for attorneys fees. The Federal Circuit dismissed the appeal and denied the motion for fees.

Legal issue: 35 USC 285, fees for attorney costs incurred before the PTO during an IPR proceeding.

The Federal Circuit held that 35 USC 285 generally does not authorize it to award attorneys fees for attorney costs incurred before the PTO during an IPR proceeding.

The provision asserted here, section 285 of the Patent Act, provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." It does not appear that we have yet had occasion to consider to what extent section 285 applies to IPR appeals. Almirall argues that the Federal Circuit is a "court" authorized by section 285 to award fees in exceptional cases and that we have authority to award fees that were incurred during the entirety of this matter, including for work at the Board before Amneal's appeal was filed. We disagree. Whether or not this court can award fees for work on appeal from a decision in an IPR, section 285 does not authorize this court to award fees for work that was done before the agency on appeal from an IPR. [Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106 (Fed. Cir. 6/4/2020).]

The Federal Circuit also confirmed its authority to award attorney's fees for work performed in a district court patent infringement action.

We have long recognized this court's ability to award attorney fees under section 285 for work done in district court patent infringement actions. *See Rohm & Haas Co. v. Crystal Chem. Co.*, 736 F.2d 688, 692 (Fed. Cir. 1984). In that specific context, we have explained that "a case should be viewed more as an 'inclusive whole' rather than as a piecemeal process when analyzing fee-shifting under § 285." *Therasense, Inc. v. Becton, Dickinson & Co.*, 745 F.3d 513, 516–17

(Fed. Cir. 2014) (citation omitted). [Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106 (Fed. Cir. 6/4/2020).]

Appeals from the Board are a different matter. The Court of Customs and Patent Appeals, a predecessor court whose decisions are binding on us, *see S. Corp. v. United States*, 690 F.2d 1368, 1370 (Fed. Cir. 1982) (en banc), which notably heard appeals from the Patent Office but not from district courts, on several occasions refused to read section 285 as pertaining to such administrative proceedings. Relying on the placement of section 285 in Chapter 29, the court explained that “[s]ection 285, which appears in the chapter of Title 35 concerning infringement actions, is clearly inapplicable to this court.” *Reddy v. Dann*, 529 F.2d 1347, 1349 (C.C.P.A. 1976). Similarly, the court in *Meitzner v. Mindick*, 549 F.2d 775, 784 (C.C.P.A. 1977) held that section 285 did not apply to “exceptional interference cases.” *See also Bowmar Instr. Corp. v. Tex. Instr., Inc.*, No. F74-137, 1978 WL 21733, at *1 (N.D. Ind. Aug. 1, 1978) (explaining that, under *Reddy* and *Meitzner*, section 285 does “not authorize it to award fees to a party prevailing in that court in an interference proceeding”). [Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106 (Fed. Cir. 6/4/2020).]

Moreover, even were we to accept that section 285 is not limited to district court proceedings, the plain meaning of section 285’s reference to “[t]he court” speaks only to awarding fees that were incurred during, in close relation to, or as a direct result of, judicial proceedings. *See Blyew v. United States*, 80 U.S. (13 Wall.) 581, 595 (1872) (“The words ‘case’ and ‘cause’ are constantly used as synonyms in statutes and judicial decisions, each meaning a proceeding in court, a suit, or action.”). This language is simply inconsistent with Almirall’s position that we can award fees incurred for work in Patent Office proceedings before this court has ever asserted its jurisdiction. [Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106 (Fed. Cir. 6/4/2020).]

Nor are we aware of any case that would support awarding fees incurred before the Board here. We note that *PPG Indus., Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1569 (Fed. Cir. 1988), which was not cited, is consistent with Hudson and our conclusion. In PPG, this court allowed for the award of fees where Patent Office “proceedings substituted for the district court litigation on all issues considered by the PTO and the Board.” *Id.* But it did so only with respect to fees incurred after the filing of a civil action, and the fees were awarded in that district court proceeding. The Patent Office proceedings were found by the district court to be intimately tied to the resolution of that action. Those are clearly not the circumstances here. [Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106 (Fed. Cir. 6/4/2020).]

In a footnote, the Federal Circuit inferred that Amneal’s relief lay with the PTAB, stating:

The court notes that the Board has its own means for regulating litigation misconduct. 37 C.F.R. § 42.12 allows the Board to impose sanctions including “attorney fees” against a party for misconduct including “[a]dvancing a misleading or frivolous argument or request for relief” and “actions that harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.” § 42.12(a)(2), (7); (b)(6). [Amneal Pharmaceuticals LLC v. Almirall, LLC, 2020-1106, footnote (Fed. Cir. 6/4/2020).]