Precedential Patent Case Decisions During March 2019

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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

TEK Global, S.R.L., v. Sealant Systems International, Inc., 2017-2507 (Fed. Cir. 3/29/2019).

This is a decision on appeals from the N.D. Cal. district court cases 3:11-cv-00774-VC, 5:11-cv-01649-PSG. The district court issued a claim construction order, denied Sealant Systems International (SSI)'s motion for a new trial, and denied SSI's motion for JMOL of invalidity, noninfringement, and damages, and the district court granted a permanent injunction against SSI. SSI appealed those issues. The Federal Circuit vacated the final judgement of no invalidity; granted the motion for a new trial on validity; and exercised its discretion to review and affirm all other issues.

Legal issue: FRCP 50, motion for new trial, abuse of discretion, erroneous interpretation of remand order resulting in exclusion of probative evidence and argument.

The Federal Circuit explained that, in a prior appeal (SSI II) for this case, it remanded because the district court construed the "additional hose cooperating with" limitation to not require a direct connection between the additional hose and the inflatable article, and had invalidated the claims for obviousness based upon Bridgestone in combination with Eriksen, despite the fact that neither reference disclosed an additional hose having a direct connection with the inflatable object.

The Federal Circuit explained that the district court misinterpreted the scope of its prior holding to preclude any reason why Bridgestone in combination with Eriksen might make the claim obvious, stating that:

> The district court apparently interpreted SSI II to foreclose all obviousness theories based on Eriksen in view of Bridgestone. But taken in context, SSI II does not go so far. In SSI II, SSI raised only one obviousness theory. That theory was based on the contention that the air tube 54 in the Bridgestone reference met the "additional hose" limitation in claim 26 of the '110 patent. SSI II, 616 F. App'x at 995. It was the only obviousness theory that SSI II foreclosed, and the district court should not have barred SSI from presenting to the jury other preserved obviousness theories based on the combination of Eriksen and Bridgestone that were not before this court in SSI II. To that end, we agree with SSI that a partial new trial on validity is appropriate here. [TEK Global, S.R.L., v. Sealant Systems International, Inc., 2017-2507 (Fed. Cir. 3/29/2019).]

Consequently, the Federal Circuit determined that the district court's limitations on evidence and argument as a result of this misinterpretation constituted an abuse of discretion.

Endo Pharmaceuticals Inc. v. Teva Pharmaceuticals USA, Inc., 2017-1240, 2017-1455, 2017-1887 (Fed. Cir. 3/28/2019).

This is a decision on appeals from the D. Del. district court cases 1:14-cv-01381-RGA; 1:14-cv-01382-RGA; and 1:14-cv-01389-RGA. The district court held the claims of 8,808,737 ineligible under 35 USC 101. The Federal Circuit reversed.

Legal issue, 35 USC 101 patentable subject matter, *Alice* step 1, method of treatment.

This is a *Vanda* follow-on case. The district court found the claims ineligible, at *Alice* step 2. The Federal Circuit found the claims eligible at step 1. The Federal Circuit found the claims at issue "legally indistinguishable from the claims in *Vanda*.

> The claims at issue here are legally indistinguishable from the representative claim in *Vanda*. Both claims recite a method for treating a patient. The Vanda patent claims recite the steps of carrying out a dosage regimen based on the results of genetic testing. *Id.* at 1135. Here, the claims similarly recite the steps of carrying out a dosage regimen, though the steps are based on the results of kidney function testing. Additionally, the claims in both cases require specific treatment steps. In Vanda, the claims require doctors to "internally administer[] iloperidone to the patient in an amount of 12 mg/day or less" if the patient has a CYP2D6 poor metabolizer genotype; and "internally administer[] iloperidone to the patient in an amount that is greater than 12 mg/day, up to 24 mg/day" if the patient does not have a CYP2D6 poor metabolizer genotype. Id. (alterations in original) (quoting '610 patent col. 17 ll. 13–20). Here, the claims require doctors to "orally administer[] to said patient, in dependence on which creatinine clearance rate is found, a lower dosage of the dosage form to provide pain relief" in such a way that after administering the dose, the patient's "average AUC of oxymorphone over a 12-hour pe-riod is less than about 21 ng·hr/mL." '737 patent col. 48 ll. 7–26. Like the claims in *Vanda*, the claims here "are directed to a specific method of treatment for specific patients using a specific compound at specific doses to achieve a specific outcome." *See Vanda*, 887 F.3d at 1136. [Endo Pharmaceuticals Inc. v. Teva Pharmaceuticals USA, Inc., 2017-1240, 2017-1455, 2017-1887 (Fed. Cir. 3/28/2019).]

The Federal Circuit discounted each of Actavis' attempts to distinguish *Vanda*.

> First, Actavis argues that, unlike the Vanda claims, the '737 patent claims do not require that a biological sample be obtained or assayed in any particular way to determine the patient's creatinine-clearance rate. Appellee Br. 35 (citing *Vanda*, 887 F.3d at 1121). But this is a distinction without a difference. The court in *Vanda* reasoned that the claim was directed to "specific patients," without explicitly emphasizing the precise methods used to identify those specific

patients. [Endo Pharmaceuticals Inc. v. Teva Pharmaceuticals USA, Inc., 2017-1240, 2017-1455, 2017-1887 (Fed. Cir. 3/28/2019).]

Second, Actavis argues that, unlike *Vanda*, the '737 patent's claims do not specify an amount or frequency of oxy-morphone to be administered after patients are categorized by creatinine-clearance rate. We disagree with Actavis's interpretation of the claims in this regard. The wherein clause that immediately follows the orally administering step limits the scope of the orally administering step. In particular, the wherein clause requires that the dosage and schedule administered in the "orally administering step" must achieve a target average AUC of oxymorphone less than about 21 ng·hr/mL over a 12-hour period. In other words, the wherein clause identifies the appropriate schedule and dose of oxymorphone to administer, as a function of how much oxymorphone is in the patient's system. It is the combination of the administering step and wherein clause claim language, taken together, that make the claims-at-issue as specific as those in *Vanda* such that the patent claims do not "tie up the doctor's subsequent treatment decision." *Vanda*, 887 F.3d at 1135 (quoting *Mayo*, 566 U.S. at 86). Like the administering step in *Vanda*, the administering step and wherein clause in the present claims allow the claims to do more than just recognize a need to lower or decrease a dose. *See id.* [Endo Pharmaceuticals Inc. v. Teva Pharmaceuticals USA, Inc., 2017-1240, 2017-1455, 2017-1887 (Fed. Cir. 3/28/2019).]

Note: The representative claim read:

1. A method of treating pain in a renally impaired patient, comprising the steps of:
a. providing a solid oral controlled release dosage form, comprising:
i. about 5 mg to about 80 mg of oxymorphone or a pharmaceutically acceptable salt thereof as the sole active ingredient; and
ii. a controlled release matrix;
b. measuring a creatinine clearance rate of the pa-tient and determining it to be
(a) less than about 30 ml/min,
(b) about 30 mL/min to about 50 mL/min,
(c) about 51 mL/min to about 80 mL/min, or
(d) above about 80 mL/min; and
c. orally administering to said patient, in depend-ence on which creatinine clearance rate is found, a lower dosage of the dosage form to provide pain re-lief;
wherein after said administration to said patient, the average AUC of oxymorphone over a 12-hour period is less than about 21 ng·hr/mL.

Chargepoint, Inc. v Semaconnect, Inc, 2018-1739 (Fed. Cir. 3/28/ 2019).

This is an appeal from D. Md. district court case 8:17-cv-03717-MJG. The district court held that the patent claims asserted by ChargePoint were ineligible. ChargePoint appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 101 patent eligibility, *Alice/Mayo*, step 1, "directed to" inquiry, network communications for controlling a remote device.

The Federal Circuit concluded that claim 1 was directed to the abstract idea of communication over a network for interacting with a device, applied to the context of electric vehicle charging stations.

> It is clear from the language of claim 1 that the claim involves an abstract idea—namely, the abstract idea of communicating requests to a remote server and receiving communications from that server, i.e., communication over a network. But at step one, "it is not enough to merely identify a patent-ineligible concept underlying the claim; we must determine whether that patent-ineligible concept is what the claim is 'directed to.'" *Thales Visionix*, 850 F.3d at 1349 (emphasis added) (quoting *Rapid Litig. Mgmt.*, 827 F.3d at 1050). We therefore continue our analysis to deter-mine whether the focus of claim 1, as a whole, is the abstract idea. As explained below, we conclude that it is. [Chargepoint, Inc. v Semaconnect, Inc, 2018-1739 (Fed. Cir. 3/28/ 2019).]

> The "directed to" inquiry may also involve looking to the specification to understand "the problem facing the inventor" and, ultimately, what the patent describes as the invention. *** Here, the specification suggests that claim 1 is directed to the abstract idea of communication over a network to interact with a device connected to the network. *** The specification also makes clear—by what it states and what it does not—that the invention of the '715 patent is the idea of network-controlled charging stations. *** Nor does the specification suggest that the invention involved overcoming some sort of technical difficulty in adding networking capability to the charging stations. In short, looking at the problem identified in the patent, as well as the way the patent describes the invention, the specification suggests that the invention of the patent is nothing more than the abstract idea of communication over a network for interacting with a device, applied to the context of electric vehicle charging stations. *** With these indications from the specification in mind, we return to the claim language itself to consider the extent to which the claim would preempt building blocks of science and technology. *** The breadth of the claim language here illustrates why any reliance on the specification in the § 101 analysis must always yield to the claim language. Ultimately, "[t]he § 101 inquiry must focus on the language of the Asserted Claims themselves," *Synopsys*, 839 F.3d at 1149, and the specification cannot be used to import details from the specification if those details are not claimed. *** As we explained in *Interval Licensing LLC v. AOL, Inc.*, in *Morse* and *Wyeth*, each inventor "lost a claim that encompassed all solutions for achieving a desired result" because those claims "were drafted in such a result-oriented way that they amounted to encompassing the 'principle in the abstract' no matter how implemented." 896 F.3d 1335, 1343 (Fed. Cir. 2018). In our view, this is effectively what ChargePoint has done in this case. Even if ChargePoint's specification had provided, for example, a technical explanation of

how to enable communication over a network for device interaction (which, as discussed above, it did not), the claim language here would not require those details. Instead, the broad claim language would cover any mechanism for implementing network communication on a charging station, thus preempting the entire industry's ability to use networked charging stations. This confirms that claim 1 is indeed "directed to" the abstract idea of communication over a network to interact with network-attached devices. *** In short, the inventors here had the good idea to add networking capabilities to existing charging stations to facilitate various business interactions. But that is where they stopped, and that is all they patented. We therefore hold that claim 1 is "directed to" an abstract idea. [Chargepoint, Inc. v Semaconnect, Inc, 2018-1739 (Fed. Cir. 3/28/ 2019).]

Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).

This is a decision on appeals from the D. N.J. district court cases 2:13-cv-04507-CCC-MF; 2:13-cv-06929-CCC-MF; 2:13-cv-07803-CCC-MF; 2:14-cv-03941-CCC-MF; 2:14-cv-04617-CCC-MF; and 2:15-cv-06797-CCC-MF.

The district court found USP 7,994,364 not invalid obviousness or lack of utility. Alkem and Hickma appealed. The Federal Circuit affirmed.

The district court found that Hikma and Actavis do not infringe U.S. Patent No. 8,536,130. Grunenthal appealed. The Federal Circuit affirmed.

Legal issue, 35 USC 271(c), inducing infringement, ANDA case, labeling.

This case discusses the circumstances under which proposed labeling does or does not result in inducing infringement.

The Federal Circuit found no error in the district court finding no inducement of infringement. The Federal Circuit noted that the proposed labels did not implicitly or explicitly encourage or instruct users to infringe (to take "action that would inevitably lead to use of tapentadol hydrochloride for treatment of polyneuropathic pain").

> The '130 patent describes a method of using tapentadol and tapentadol hydrochloride for the treatment of polyneuropathic pain. Polyneuropathic pain is a type of pain caused by damage to multiple nerves. In contrast, mononeuropathic pain is pain associated with damage to a single nerve. Claim 1 of the '130 patent is directed to the method of treating "polyneuropathic pain" with tapentadol or "a pharmaceutically acceptable salt thereof," i.e., tapentadol hy-drochloride. '130 patent, col. 18 ll. 2–7. Claim 2 is directed to the method of treating polyneuropathic pain using "a hydrochloric salt" of tapentadol, i.e., tapentadol hydrochlo-ride. *Id.* col. 18 ll. 8–10. [Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).]

> Hikma and Actavis each filed ANDAs seeking approval to market a generic version of tapentadol hydrochloride extended release tablets. Both parties filed "Section viii" statements under 21 U.S.C. § 355(j)(2)(A)(viii), whereby Hikma and Actavis told FDA that they will not seek FDA approval for an

indication directed to the treatment of DPN. J.A. 7290–91; see also J.A. 52858. [Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).]

Cross-Appellants rely heavily on the holding in *Astra-Zeneca LP v. Apotex, Inc.*, where we held that if the label instructs "at least some users" to infringe the patent, then specific intent to induce infringement may be inferred. 633 F.3d at 1059–60. But *AstraZeneca* is inapposite to our facts. We held that specific intent could be inferred because the defendant proceeded with a plan to distribute the generic drug knowing that its label posed infringement problems. *Id.* In addition, the instructions in the DOSAGE AND ADMINISTRATION section of the label "would inevitably lead some consumers to practice the claimed method" of once-daily dosing by encouraging users to taper downward to the "lowest effective dose" and showing the lowest effective dose to be the lowest available strength, administered daily. *Id.* at 1057, 1059–60. Here, Grünenthal and Depomed point only to the indications of the proposed labels as grounds for inducement, which, as explained above, do not implicitly or explicitly encourage or instruct users to take action that would inevitably lead to use of tapentadol hydrochloride for treatment of polyneuropathic pain. Therefore, we discern no clear error and uphold the district court's finding of no induced infringement. [Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).]

Legal issue, 35 USC 101, practical utility requirement, pharmaceutical patent.

The Federal Circuit found that the district court did not err in finding the '364 patent met the "practical utility" requirement of 35 USC 101. The Federal Circuit concluded that the '364 patent concretely discloses the practical benefit of Form A of tapentadol hydrochloride as an analgesic.

We now turn to the question of the '364 patent's utility. Utility is a question of fact. *Stiftung v. Renishaw PLC*, 945 F.2d 1173, 1180 (Fed. Cir. 1991); *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 956 (Fed. Cir. 1983). The bar for utility is not high. *Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 1366 (Fed. Cir. 1999). Nonetheless, a patent must have specific and substantial utility. *In re Fisher*, 421 F.3d 1365, 1371 (Fed. Cir. 2005) (citing *Fujikawa v. Wattanasin*, 93 F.3d 1559, 1563 (Fed. Cir. 1996)). The substantial requirement, also known as "practical utility," is satisfied when "the claimed invention has a significant and presently available benefit to the public." *Id*. To satisfy the specific prong of utility, the claimed invention must show that it can "provide a well-defined and particular benefit to the public." *Id*. In other words, a patent has utility if the alleged invention is capable of providing some identifiable benefit presently available to the public. *Id*. A patent fails to satisfy the utility requirement under 35 U.S.C. § 101 only if the invention is "totally incapable of achieving a useful result." *Brooktree Corp. v. Advanced Micro De-vices, Inc.*, 977

F.2d 1555, 1571 (Fed. Cir. 1992). For pharmaceutical patents, practical utility may be shown by evidence of "any pharmacological activity." *Fujikawa*, 93 F.3d at 1564. *** The '364 patent teaches that "[t]he crystalline Form A according to the invention is used for the treatment of pain or the treatment of urinary incontinence." '364 patent, col. 4 ll. 63–65; *see also id.*, Abstract. The prior art confirms that tapentadol hydrochloride was known as an analgesic at the time of filing of the '364 patent, as does the expert testimony given at trial. E.g., J.A. 58128; J.A. 9843 (121:15–17); J.A. 10898 (21:3–17). Therefore, the '364 patent concretely discloses the practical benefit of Form A of tapentadol hydrochloride as an analgesic. [Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).]

The Federal Circuit rejected Hikma's argument that practical utility for a pharmaceutical requires test data.

> Hikma next argues that to show substantial utility, Form A's superior stability over Form B at room temperature must not only be proven, but must be proven by test data. Hikma attempts to set too high a bar for purposes of finding a sufficient disclosure of utility. While test results often support claims of utility in patents concerning pharmacological arts, such testing is not always required. *Rasmusson v. SmithKline Beecham Corp.*, 413 F.3d 1318, 1323 (Fed. Cir. 2005) ("[I]t is proper for the examiner to ask for substantiating evidence unless one with ordinary skill in the art would accept the allegations as obviously correct." (quoting *In re Jolles*, 628 F.2d 1322, 1325 (CCPA 1980)). Nor do said results need to prove the claimed utility. *E.g.*, *Fujikawa*, 93 F.3d at 1564 ("[T]est results need not absolutely prove that the compound is pharmacologically active. All that is required is that the tests be reasonably indicative of the desired [pharmacological] response." (internal quotations and citations omitted)). All that is necessary is evidence that a POSA would accept the claimed utility as correct. The district court found that a POSA would have be-lieved that, at the time of filing the '364 patent, Form A was more stable than Form B at room temperature, i.e., "ambient conditions." *** Cross-appellants need not prove that Form A has superior stability over Form B for purposes of determining utility. *** It is sufficient that Form A is shown to be stable at room temperature and useful for pain relief. [Grunenthal GMBH v. Alkem Laboratories Limited, 2017-1153, 2017-2048, 2017-2049, 2017-2050 (Fed. Cir. 3/28/2019).]

Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).

This is a decision on appeals from PTAB cases IPR2016-01385, IPR2016-01388. The PTAB determined that all claims of the '188 and '822 were unpatentable. Arctic appealed. The Federal Circuit reversed in part, vacated in part, and remanded regarding the '188 patent, and affirmed regarding the '822 patent.

Legal issue: Priority of invention, requirements to show reasonable diligence in

order to antedate a reference.

The PTAB determined that Arctic failed to show reasonable diligence from prior to the 102(e) date of the reference patent. The Federal Circuit disagreed.

The Federal Circuit restated the requirements to show reasonable diligence:

> Antedating of Boyd in this case required that Mr. Janisch have (1) conceived of the inventions at issue before April 1, 2002, and (2) diligently reduced the conceptions to practice. *See Perfect Surgical Techniques, Inc. v. Olympus America, Inc.*, 841 F.3d 1004, 1007 (Fed. Cir. 2016). *** "Reasonable diligence must be shown throughout the entire critical period, which begins just prior to the competing reference's effective date and ends on the date of the invention's reduction to practice." *Id*. An inventor's testimony of reasonable diligence throughout the critical period "must be corroborated by evidence." *Id*. We apply a "rule of reason" to evaluate such corroborating evidence. *Id.* at 1008. [Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).]

The Federal Circuit specified the diligence issue in this case:

> Crucially for this case, diligence need not be perfectly continuous—only reasonably continuous. *Id.* at 1009. "[P]eriods of inactivity within the critical period do not automatically vanquish a patent owner's claim of reasonable diligence." *Id*. "[T]he point of the diligence analysis is not to scour the patent owner's corroborating evidence in search of intervals of time where the patent owner has failed to substantiate some sort of activity." *Id*. Rather, the adequacy of the reduction to practice is determined by whether, "in light of the evidence as a whole, 'the invention was not abandoned or unreasonably delayed.'" *Id*. (quoting *Brown v. Barbacid*, 436 F.3d 1376, 1379 (Fed. Cir. 2006)). "Whether a patent antedates a reference is a question of law based on subsidiary findings of fact," and "[t]he issue of reasonable diligence 'turns on the factual record, and we review Board determinations as to diligence for support by substantial evidence in the record.'" *Id.* at 1008 (quoting *In re Steed*, 802 F.3d 1311, 1317 (Fed. Cir. 2015)). [Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).]

The Federal Circuit framed the issue with the facts of this case:

> ...The parties treat the inventions of the claims at issue as a single invention for these purposes. In addition, they do not dispute that Mr. Janisch's conception pre-dated April 1, 2002, or that he was diligent up to April 1, 2002. The only issue, therefore, is Mr. Janisch's diligence in reducing the invention to practice from April 1, 2002, until the reduction to practice was completed on October 29, 2002, with the filing of the application that issued as the '188 patent.

[Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).]

The Federal Circuit concluded the Board erred by relying upon lack of a sufficiently detailed explanation of diligence. The Federal Circuit also held that "[l]ack of diligence cannot be inferred from putting the invention into someone else's hands for needed testing and awaiting test results for a short period commensurate with the testing need, at least where oversight was diligent."

> First, the Board rejected Arctic Cat's arguments that the '188 and '822 patents were entitled to a priority date before April 1, 2002, because Mr. Janisch conceived the inventions at issue before that date and diligently worked to reduce them to practice. '188 Board Decision at 15–22; '822 Board Decision at 14–22. The Board relied entirely on the diligence requirement in rejecting Arctic Cat's argument for antedating Boyd *** the Board determined that Mr. Janisch's timeline lacked a "sufficiently detailed explanation of events occurring between the bookend communications." '188 Board Decision at 18; '822 Board Decision at 17–18. *** But in the context of this case, the details the Board found missing from Mr. Janisch's explanation do not suggest lack of reasonable diligence. During the identified gaps in Mr. Janisch's personal activity, the invention was being tested at Mr. Boyd's employer, Tyco, hired by Arctic Cat for that purpose. *See id.* at 20. Lack of diligence cannot be inferred from putting the invention into someone else's hands for needed testing and awaiting test results for a short period commensurate with the testing need, at least where oversight was diligent. That course of action, as a way of reducing an invention to practice, does not give rise to an inference of unreasonable delay or abandonment of the invention. *See Perfect Surgical*, 841 F.3d at 1009 ("That an inventor overseeing a study did not record its progress on a daily, weekly, or even monthly basis does not mean the inventor necessarily abandoned his invention or unreasonably delayed it." (emphasis added)). [Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).]

The Federal Circuit found that the facts showed diligent oversight of the needed testing.

> Here, the evidence confirms Mr. Janisch's diligent oversight—indeed, his persistence in moving the project of reduction to practice through multiple stages in a timely manner. The product specifications and test protocols went through five revisions in only five months. Compare J.A. 1621 (revision 3 on March 15, 2002), with J.A. 1632 (revision 8 on August 16, 2002). Mr. Janisch pressed for progress. In an internal email dated May 17, 2002, Mr. Janisch asked with apparent urgency about getting supplies needed for testing: "How soon can we expect to receive the . . . decals?" J.A. 1625 (emphasis added). In another email, dated August 16, 2002, Mr. Janisch directed Tyco: "Please keep us appraised of Tyco test results, as they are completed." J.A. 1632 (emphasis added). There is no

> substantial evidence of any meaningful inattention to the task of reducing the invention to practice. Reviewing all the evidence under a rule of reason, we conclude that the only possible result on this record is that Mr. Janisch was reasonably diligent in reducing his invention to practice. [Arctic Cat Inc. v. GEP Power Products, Inc., 2018-1520, 2018-1521 (Fed. Cir. 3/26/2019).]

Note: The facts of this case are that the period for the required showing of diligence was April 1, 2002 to October 29, 2002, a seven month period. During that period, the Federal Circuit cited record evidence only on the dates of March 15, May 17, and August 16. The Federal Circuit inferred additional activity of revising the test specifications from revision indicia. That record, indicating a requirement for testing justifying delay, was sufficient to avoid the conclusion of lack of reasonable diligence.

SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).

This is a decision on an appeal from the D. Del. district court case 1:13-cv-01534-SLR-SRF. A jury found that Cisco infringed claims of the asserted patents. The district court denied Cisco's SJ motion of 35 USC 101 patent ineligibility; denied Cisco's motion for JMOL of no willful infringement . The district court also grant SJ of no anticipation, construed "network traffic data"; and granted enhanced damages, attorney's fees, and ongoing royalties. Cisco appealed from of these district court actions.

The Federal Circuit decision is a split decision having a majority consisting of Judges O'Malley and Stoll, and a dissenting opinion by Judge Lourie.

Judge Lourie dissented from the majority decision upholding the patent eligibility of the claims. Judge Lourie would have held the claims to be "clearly abstract." Judge Lourie would have found "the claims directed to the abstract idea of monitoring network security," in *Alice/Mayo* step 1.

Legal issue: 35 USC 101, patent eligibility, *Alice/May*o step 1, eligibility of a claim that improves the technical functioning of the computer and computer networks by reciting a specific technique for improving computer network security.

The majority held that claims that improve the technical functioning of the computer and computer networks by reciting a specific technique for improving computer network security were patent eligible.

> We resolve the eligibility issue at *Alice* step one and conclude that claim 1 is not directed to an abstract idea. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016). The district court concluded that the claims are more complex than merely reciting the performance of a known business practice on the Internet and are better understood as being necessarily rooted in computer technology in order to solve a specific problem in the realm of computer networks. Summary Judgment Op., 179 F. Supp. 3d at 353–54 (citing '203 patent col. 1 ll. 37–40; *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014)). We agree. The claims are directed to using a specific technique—using a plurality of network monitors that each analyze specific types of data on the network and integrating reports from the monitors—to solve a technological problem arising in computer net-works: identifying hackers or

potential intruders into the network. [SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).]

Contrary to Cisco's assertion, the claims are not directed to just analyzing data from multiple sources to de-tect suspicious activity. Instead, the claims are directed to an improvement in computer network technology. Indeed, representative claim 1 recites using network monitors to detect suspicious network activity based on analysis of net-work traffic data, generating reports of that suspicious activity, and integrating those reports using hierarchical monitors. '615 patent col. 15 ll. 2–21. The "focus of the claims is on the specific asserted improvement in computer capabilities"—that is, providing a network defense system that monitors network traffic in real-time to automatically detect large-scale attacks. *Enfish*, 822 F.3dat 1335–36. [SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).]

The specification bolsters our conclusion that the claims are directed to a technological solution to a technological problem. The specification explains that, while computer networks "offer users ease and efficiency in ex-changing information," '615 patent col. 1 ll. 28–29, "the very interoperability and sophisticated integration of technology that make networks such valuable assets also make them vulnerable to attack, and make dependence on net-works a potential liability." *Id.* at col. 1 ll. 36–39. The specification further teaches that, in conventional networks, seemingly localized triggering events can have globally disastrous effects on widely distributed systems—like the 1980 ARPAnet collapse and the 1990 AT&T collapse. See id. at col. 1 ll. 43–47. The specification explains that the claimed invention is directed to solving these weaknesses in conventional networks and provides "a frame-work for the recognition of more global threats to interdomain connectivity, including coordinated attempts to infiltrate or destroy connectivity across an entire net-work enterprise." Id. at col. 3 ll. 44–48. [SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).]

Cisco argues that the claims are directed to an abstract idea for three primary reasons. First, Cisco argues that the claims are analogous to those in *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016), and are simply directed to generic steps required to collect and analyze data. We disagree. The *Electric Power* claims were drawn to using computers as tools to solve a power grid problem, rather than improving the functionality of computers and computer networks themselves. *Id.* at 1354. We conclude that the claims are more like the patent-eligible claims in *DDR Holdings*. In *DDR*, we emphasized that the claims were directed to more than an abstract idea that merely required a "computer network operating in its normal, expected manner." 773 F.3d at 1258. Here, the claims actually prevent the normal, expected operation of a conventional computer network. Like the claims in *DDR*, the claimed technology

"overrides the routine and conventional sequence of events" by detecting suspicious network activity, generating reports of suspicious activity, and receiving and integrating the reports using one or more hierarchical monitors. *Id.* [SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).]

Second, Cisco argues that the invention does not involve "an improvement to computer functionality itself." *Enfish*, 822 F.3d at 1336. In *Alice*, the Supreme Court advised that claims directed to independently abstract ideas that use computers as tools are still abstract. 573 U.S. at 222–23. However, the claims here are not directed to using a computer as a tool—that is, automating a conventional idea on a computer. Rather, the representative claim improves the technical functioning of the computer and computer networks by reciting a specific technique for improving computer network security. [SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).]

Cisco also submits that the asserted claims are so general that they encompass steps that people can "go through in their minds," allegedly confirming that they are directed to an abstract concept. Appellant Br. 27–28 (citing *Capital One*, 850 F.3d at 1340; *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1318 (Fed. Cir. 2016); *Cyber-Source Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011)). We disagree. This is not the type of human activity that § 101 is meant to exclude. Indeed, we tend to agree with SRI that the human mind is not equipped to detect suspicious activity by using network monitors and analyzing network packets as recited by the claims. Because we conclude that the claims are not directed to an abstract idea under step one of the *Alice* analysis, we need not reach step two. *See Enfish*, 822 F.3d at 1339. Accordingly, we affirm the district court's summary judgment that the claims are patent-eligible. [SRI International, Inc. v. Cisco Systems, Inc., 2017-2223 (Fed. Cir. 3/20/2019).]

Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).

This is a decision on an appeal from the S.D. Cal. district court case 3:16-cv-02146-H-AGS. The district court entered judgement on the pleadings that the asserted claims were patent ineligible. Natural appealed. The Federal Circuit majority consisting of Judges Moore and Wallace reversed and remanded.

Judge Reyna concurred-in-part and dissented-in-part, based upon his belief that the "district court and the majority relied on an erroneous claim construction." Judge Reyna noted, in his footnote 2, that, on remand, the majority's holding did not preclude claim construction. If Judge Reyna is correct, it may be that the district court will again review the patent eligibility of the claims after they are construed.

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, method of treatment claims that cover using a natural product in unnatural quantities with specific dosages.

The Federal Circuit majority held that method of treatment claims that cover using a natural product in unnatural quantities with specific dosages are patent eligible.

The Method Claims at issue are treatment claims. They cover using a natural product in unnatural quantities to alter a patient's natural state, to treat a patient with specific dosages outlined in the patents. We hold, therefore, that the Method Claims are not directed to ineligible subject matter. [Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).]

The Method Claims are directed to patent eligible new ways of using an existing product, beta-alanine, they are treatment claims. This falls clearly within the scope of § 101, which allows for patents on "any new and useful pro-cess," including "a new use of a known . . . composition of matter, or material." 35 U.S.C. §§ 100(b), 101. As the Supreme Court explained in *Mayo*, such patents on a new use of an existing drug are "typical." 566 U.S. at 87. [Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).]

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, a claim to a product made from a natural product that has different characteristics and the potential for significant utility relative to the natural product.

The Federal Circuit majority held that a claim directed to a product made from a natural product that has different characteristics and the potential for significant utility relative to the natural product, is patent eligible.

Although beta-alanine is a natural product, the Product Claims are not directed to beta-alanine. A claim to a manufacture or composition of matter made from a natural product is not directed to the natural product where it has different characteristics and "the potential for significant utility." *See Diamond v. Chakrabarty*, 447 U.S. 303, 310 (1980). Just as the Method Claims are directed to specific methods of treatment that employ a natural law, the Product Claims are directed to specific treatment formulations that incorporate natural products, but they have different characteristics and can be used in a manner that beta-alanine as it appears in nature cannot. [Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).]

In the Product Claims, beta-alanine and glycine are incorporated into particular dosage forms. Claim 6 of the '376 patent is directed to a "dietary supplement or sports drink" that uses a combination of glycine and one of the specified forms of beta-alanine. Under Natural Alternatives' claim constructions, the quantity of beta-alanine must be sufficient to "effectively increase[] athletic performance," and the specification provides a method for deter-mining such an amount. Similarly, the "dietary supplement" in claim 1 of the '084 patent uses the product beta-alanine at a dosage of "between about 0.4 grams to 16 grams" to "effectively increase[] athletic performance." In each case, the natural products have been isolated and then incorporated into a dosage form with particular characteristics. At this stage in the litigation, it has been sufficiently alleged that these characteristics provide significant utility, as the claimed dosage forms can

be used to increase athletic performance in a way that naturally occurring beta-alanine cannot. Accordingly, neither claim is directed to ineligible subject matter. [Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).]

Legal issue: 35 USC 101, patent eligibility, *Alice/Mayo* step 1, a claim directed to a combination of two naturally occurring products that has synergistic effects.

The Federal Circuit majority held that a claim directed to a product made by combining two naturally occurring products that has synergistic effects is patent eligible.

> Moreover, even though claim 6 contains a combination of glycine and beta-alanine, both of which are natural products, that is not necessarily sufficient to establish that the claimed combination is "directed to" ineligible subject mat-ter. The Court's decision in *Funk Brothers* does not stand for the proposition that any combination of ineligible subject matter is itself ineligible. In Funk Brothers, the Court held that claims to a mixture of two naturally occurring bacteria were not patent eligible where each bacteria species in the claimed combination "ha[d] the same effect it always had," and the "combination of species produce[d] . . . no enlargement of the range of their utility." 333 U.S.at 131. The combination of the bacteria into the same package did "not improve in any way their natural function." *Id*. Here, as Creative Compounds' counsel acknowledged at oral argument, the record indicates that the claimed combination of glycine and beta-alanine could have synergistic effects allowing for outcomes that the individual components could not have. Oral Arg. 24:45–51, 28:00–29:30 Given that this is the pleading stage, we would have to accept this statement as true even if it were just an allegation in the pleadings. Instead, what we have goes far beyond that, including a statement in an article attached to an expert report explaining that "one of insulin's effects is to in-crease amino acid (such as beta-alanine) into our cells," J.A. 1063, a statement in the specification that "[i]t may be that glycine enhances insulin sensitivity," '376 patent at 6:3–5, and an expert declaration explaining that direct supplementation of a different amino acid had no effect unless "co-supplemented with glucose or other compounds in-creasing the concentration of insulin in circulation," J.A. 1132. All of these suggest that when combined the beta-alanine and glycine have effects that are greater than the sum of the parts. At a minimum, there are sufficient factual allegations to render judgment on the pleadings in-appropriate. Accordingly, given the factual allegations, these claims would still survive a motion for judgment on the pleadings at the first step of the *Alice* test. [Natural Alternatives Intl. v. Creative Compounds, LLC, 18-1295 (Fed. Cir. 3/15/2019).]

Forest Laboratories, LLC v. Sigmapharm Laboratories, LLC, 2017-2369, 2017-2370, 2017-2372, 2017-2373, 2017-2374, 2017-2375, 2017-2376, 2017-2389, 2017-2412, 2017-2436, 2017-2438, 2017-2440, 2017-2441 (Fed. Cir. 3/14/2019).

This is a decision on appeals from the D. Del. district court cases 1:14-cv-01119-MSG;

1:14-cv-01266-SLR-SRF; 1:14-cv-01504-SLR-SRF; 1:15-cv-00158-SLR; and 1:15-cv-00430-SLR.

The district court held that the appellants had not established certain claims to not be valid. On that issue, the Federal Circuit vacated and remanded.

The district court held that Forest had not established infringement of claims 4, 9, and 10 as to two defendants. On that issue, the Federal Circuit also vacated and remanded.

Legal issue: 35 USC 103, presence of a motivation to combine, question of fact, standard of review, requirement for express finding.

The Federal Circuit discerned no clear finding supporting the district court's conclusion of the existence of no motivation to combine. The Federal Circuit vacated and remanded for that reason.

> Appellants argue that an ordinarily skilled artisan would have been motivated to administer asenapine maleate sublingually or buccally to address compliance problems and swallowing difficulties in special patient populations. The district court discussed compliance concerns and, citing testimony from Forest's expert witness Dr. McIntyre, explained that "clinicians with experience in treating schizophrenic patients understand that sublingual dosage forms are more burdensome to schizophrenic patients in that they require the patient to hold the dosage form in the mouth under the tongue for a period of time, and also require that the patient refrain from drinking or swallowing for a period of time." J.A. 73 (citing J.A. 592–93). The court further explained that Appellants' "own expert clinician, Dr. Hollander, agreed that sublingual administration would not improve patient compliance." J.A. 73 (citing J.A. 442–43). Summarizing testimony, however, is not a clear finding. Our review would be aided by an express finding regarding whether compliance concerns regarding patients with swallowing difficulties would provide a motivation to combine. *** We have considered Appellants' remaining arguments as to motivation to combine and find them unpersuasive. However, in light of the district court's failure to make an express finding as to whether compliance concerns for patients with trouble swallowing would provide a motivation to combine, we remand for the district court to address this question. [Forest Laboratories, LLC v. Sigmapharm Laboratories, LLC, 2017-2369, et al. (Fed. Cir. 3/14/2019).]

Personal Web Technologies, LLC v. Apple, Inc., 2018-1599 (Fed. Cir. 3/8/2019).

This is a decision on appeal from PTAB case IPR2013-00596. The PTAB entered a final written decision holding the claims unpatentable for obviousness. Personal Web appealed. The Federal Circuit reversed.

Legal issue: 5 USC 706(2)(E), substantial evidence supporting a finding, finding based upon inherency.

In a prior appeal, the Federal Circuit had affirmed the PTAB's claim construction, but vacated and remanded the PTAB's findings in support of obviousness. In that prior decision, the Federal Circuit instructed the PTAB to limit its obviousness analysis to the grounds presented in the petition (the PTAB's original decision had relied upon the Stefik for disclosing a claim

element whereas the petition relied upon the Woodhill reference, column 17, for disclosing that limitation); to explain a motivation to combine (the PTAB's original decision provided reasoning supporting motivation); and to describe how the references were combined (the PTAB's original decision did not describe how the references were combined).

In the final written decision leading to this second appeal, the Board found that the Woodhill reference, column 17, inherently disclosed the claim element. But the Federal Circuit disagreed, because the PTAB had not established that the natural result flowing from the operation as taught would result in the claim limitation.

> We conclude that the Board's inherency finding derived from column 17 of Woodhill for teaching the "compared to a plurality of values" limitation lacks substantial evidence. While it is possible that Woodhill's system utilizes an un-stated Binary Object Identifier lookup table to locate binary objects of a previous version of a file that is going to be restored (column 17 of Woodhill), mere possibility is not enough. "Inherency . . . may not be established by probabilities or possibilities." *PAR Pharm., Inc. v. TWI Pharm., Inc.*, 773 F.3d 1186, 1195 (Fed. Cir. 2014). "The mere fact that a certain thing may result from a given set of circumstances is not sufficient." *Id.* (emphasis added). Rather, a party must "show that the natural result flowing from the operation as taught would result in the performance of the questioned function." *Id*. (emphasis in original). [Personal Web Technologies, LLC v. Apple, Inc., 2018-1599 (Fed. Cir. 3/8/2019).]

And the Federal Circuit noted that Personal Web contrary explanation, supported by the record, was plausible.

> As PersonalWeb suggests, an equally plausible, if not more plausible, understanding of Woodhill is that Woodhill's system uses conventional file names and locations to locate files and the Binary Object Offset field to locate a given binary object within a file. Before the passage relied on by Apple and the Board (lines 40 to 46), column 17 states that Woodhill's system "obtains from the user the identities of the current and previous versions of the file (comprised of binary objects) which needs to be restored." J.A. 1682 at 17:28–32 (emphasis added); see also J.A. 1670 at Fig. 51 (step 442). The next sentence confirms that the file is "user-specified." J.A. 1682 at 17:32–35. The Board's proffered look-up table is therefore unnecessary to locate the current or previous version of the file. Even if the file was not specified by the user, Woodhill's only disclosed method of locating a current or previous file is by searching for the file using standard file block information, including the file name and location. J.A. 1676 at 5:46–6:11. Woodhill does not disclose searching for a file based on a content-based identifier. [Personal Web Technologies, LLC v. Apple, Inc., 2018-1599 (Fed. Cir. 3/8/2019).]

Amazon.com, Inc. v. Uniloc Luxembourg S.A., IPR2017-00948, paper 34 (1/18/2019;

designated precedential 3/18/2019).

Legal issue: 35 USC 316(d), basis under which the PTAB may reject a motion to amend the patent.

The patent owner argued that the Board could not consider 101 patent eligibility of proposed substitute claims as a basis to reject a motion to amend, citing *Aqua Products*. The Board disagreed, concluding that the case law and statute did not limit the grounds of unpatentability that can be raised in response to proposed substitute amended claims presented in a motion to amend.

> In a Request for Rehearing (Paper 33,"Req."), Patent Owner contends that we misapprehended the law and improperly considered whether substitute claims 26–28 constitute statutory subject matter under § 101. Req. 2–3. For the reasons explained below, we deny Patent Owner's Request for Rehearing. *** By its terms, § 311(b) limits a petitioner to requesting cancellation of *existing* claims of a patent only under §102 and § 103. 35 U.S.C. §311(b) ("A petitioner in an inter partes review may request to cancel as unpatentable *1 or more claims of a patent* only on a ground that could be raised under section 102 or 103 . . . ."(emphasis added)). It does not, however, limit the grounds of unpatentability that can be raised in response to proposed substitute amended claims presented in a motion to amend. In contrast to § 311(b), the statutory provision providing a right to a motion to amend, 35 U.S.C. § 316(d), does not prevent us from considering unpatentability under sections other than § 102 and § 103 with respect to substitute claims. *** This distinction between claims of a patent and amended claims is further reflected in the statute. *** *Aqua Products* says nothing to the contrary. *** This understanding is consistent with the Board's practice of relying on provisions other than § 102 and § 103 to evaluate amended claims for unpatentability. *See, e.g., Apple Inc. v. Valencell, Inc.*, Case No. IPR2017-00315,2018WL 2552323, at *18 (PTAB May 31,2018) ("[W]e agree with Petitioner that the proposed substitute claims do not pass muster under 35 U.S.C.§112 because they are indefinite."); *Cook Grp. Inc. v. Bos. Sci. Scimed, Inc.*, Case No. IPR2017-00440, 2018 WL 6828874, at *34 (PTAB Dec.28,2018) ("[W]e determine, based on the final record before us, that Petitioner has not shown, by a preponderance of the evidence, that proposed substitute claims 21, 30, and 38 are unpatentable for failing to comply with the requirements of 35 U.S.C.§112,¶¶1,2."); *Intel Corp., Cavium, LLC v. Alacritech, Inc.*, Case No. IPR2017-01409, 2018 WL 5992621, at *10 (PTAB Nov.14,2018) ("[W]e are not persuaded by Petitioner that substitute claims 61–78 are indefinite under35 U.S.C.§112, second paragraph.") *** Patent Owner does not point us to authority that § 311(b) precludes Petitioner from raising, or us from considering, other grounds of unpatentability, including § 101, as to substitute claims not yet part of a patent, in the context of a motion to amend. [Amazon.com, Inc. v. Uniloc Luxembourg S.A., IPR2017-00948, paper 34 (1/18/2019; designated precedential 3/18/2019).]

DePuy Synthes Prods., Inc. v. Medidea, L.L.C., IPR2018-00315, paper 29 (1/23/2019; designated precedential 3/18/2019).

Legal issue: 35 USC 316(a)(8), procedures for submission of evidence, Office Patent Trial Practice Guide, inventor appearance at oral hearing.

The PTAB relied upon the Trial Practice Guide (TPG), not an enumerated rule, for its precedential holding. That reliance is contrary to a prior policy of the PTAB deeming the TPG to not be a promulgated rule.

In particular, the PTAB relied upon the TPG to deny a request for the inventor to address the panel at oral hearing.

> A conference call was held between the parties and the Board on January 23, 2019, to discuss Patent Owner's request to allow Dr. Michael Masini—the inventor of the subject patent in this proceeding—to address the panel at oral hearing. [Footnote 1 omitted.] Patent Owner's request is denied. Dr. Masini did not provide any declaration evidence in this proceeding and he is not otherwise listed as a counsel of record. Accordingly, any testimony that Dr. Masini provides at the oral hearing would be new evidence and forbidden under our Trial Practice Guide. Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012) ("No new evidence and arguments. A party may rely upon evidence that has been previously submitted in the proceeding and may only present arguments relied upon in the papers previously submitted. No new evidence or arguments may be presented at the oral argument."). [DePuy Synthes Prods., Inc. v. Medidea, L.L.C., IPR2018-00315, paper 29 (1/23/2019; designated precedential 3/18/2019).]

K-40 Elecs., LLC v. Escort, Inc., IPR2013-00203, paper 34 (5/21/2014; designated precedential 3/18/2019).

Legal issue: 35 USC 316(a)(5), procedures for submission of evidence, inventor testimony, inventor appearance at oral hearing.

The PTAB relied upon the Trial Practice Guide (TPG), not an enumerated rule, for its precedential holding. That reliance is contrary to a prior policy of the PTAB deeming the TPG to not be a promulgated rule.

In particular, the PTAB relied upon the TPG to allow the inventor to give cross-examination testimony to the panel at the final oral argument.

> The Board does not envision that live testimony will be necessary at many oral arguments. *See Office Trial Practice Guide*, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). However, under very limited circumstances, cross-examination of witnesses may be ordered to take place in the presence of an administrative patent judge. *Id*. at 48762. For example, the Board may occasionally require live testimony where the Board considers the demeanor of a witness critical to assessing credibility. *Id*. The Board has determined that this case presents such circumstances. *** The Board has determined that only cross-examination and redirect will be permitted, thus limiting the scope of examination. No changes

will be possible to Mr. Orr's direct testimony, for that is fixed by his previously submitted declaration. And should Petitioner suspect that Mr. Orr is changing his testimony, he may be impeached with his prior testimony. [K-40 Elecs., LLC v. Escort, Inc., IPR2013-00203, paper 34 (5/21/2014; designated precedential 3/18/2019).]

The PTAB specified the factors it considered relevant in deciding whether to allow the inventor to give live testimony before the PTAB included the probative value of the testimony to the case and whether the testimony was fact witness or expert witness testimony.

> Factors to be considered may include the importance of the witness's testimony to the case, i.e., whether it may be case-dispositive. Here, the outcome of this proceeding may well turn on Mr. Orr's testimony. Another factor favoring live testimony is that Mr. Orr is a fact witness. In contrast, the credibility of experts often turns less on demeanor and more on the plausibility of their theories. *See Andreu v. Sec'y of HHS*, 569 F.3d 1367, 1379 (Fed. Cir. 2009) ("A trial court makes a credibility determination in order to assess the candor of a fact witness, not to evaluate whether an expert witness' medical theory is supported by the weight of epidemiological evidence."). In short, the Board sees no possibility that a "per se" rule will result from granting the motion, or that as a result, granting requests for live testimony will become the norm rather than the exception. [K-40 Elecs., LLC v. Escort, Inc., IPR2013-00203, paper 34 (5/21/2014; designated precedential 3/18/2019).]

Proppant Express Investments, LLC v. Oren Techs., LLC, IPR2018-00914, paper 38 (3/13/2019; designated precedential 3/13/2019).

Legal issues: 35 USC 315(b) and 315(c), same party joinder; joinder of new issues, impact of 315(b) on 315(c).

A POP panel held that: 35 USC 315(c) permits a petitioner be joined to a proceeding in which it is already a party; permits joinder of new issues to an existing proceeding; and 315(c) joinder is not barred when the later petition fails to meet the 315(b) bar deadline.

> As noted above, Petitioner's request for rehearing has been granted to address the POP review issues. As to the first two issues, we conclude that 35 U.S.C. § 315(c) provides discretion to allow a petitioner to be joined to a proceeding in which it is already a party and provides discretion to allow joinder of new issues into an existing proceeding. We further conclude that the existence of a time bar under 35 U.S.C. § 315(b) is one of several factors that may be considered when exercising our discretion under § 315(c). [Proppant Express Investments, LLC v. Oren Techs., LLC, IPR2018-00914, paper 38 (3/13/2019; designated precedential 3/13/2019).]

The POP panel set the standard for same party and new issues joinder.

> ...In order to balance various considerations, including those raised by other statutes such as the time bar of § 315(b), the Board will exercise this discretion only in limited circumstances—namely, where fairness requires it and to avoid undue prejudice to a party. Circumstances leading to this narrow exercise of our discretion may include, for example, actions taken by a patent owner in a co-pending litigation such as the late addition of newly asserted claims. On the other hand, the Board does not generally expect fairness and prejudice concerns to be implicated by, for example, the mistakes or omissions of a petitioner. [Proppant Express Investments, LLC v. Oren Techs., LLC, IPR2018-00914, paper 38 (3/13/2019; designated precedential 3/13/2019).]

The POP panel indicated that a 315(b) violation was only one factor for same party and new issues joinder.

> The third issue for POP review is whether the existence of a time bar under 35 U.S.C. § 315(b), or any other relevant facts, have any impact on the first two questions. Paper 24, 2. We conclude that the existence of a time bar is one of several factors that may be considered when exercising our discretion under § 315(c). In general, the Board will exercise this discretion only in limited circumstances where fairness requires it and to avoid undue prejudice to a party. Circumstances which may justify this narrow exercise of discretion may include, for example, actions taken by a patent owner in a co-pending litigation such as the late addition of new asserted claims. On the other hand, the Board does not generally expect fairness and prejudice concerns to be implicated, for example, where a petitioner merely corrects its mistakes or omissions. [Proppant Express Investments, LLC v. Oren Techs., LLC, IPR2018-00914, paper 38 (3/13/2019; designated precedential 3/13/2019).]

The POP panel set the standard for same party and new issues joinder when 315(b) was violated.

> Thus, when an otherwise time-barred petitioner requests same party and/or issue joinder, the Board will exercise this discretion only in limited circumstances—namely, where fairness requires it and to avoid undue prejudice to a party. We do not provide an exhaustive list of those circumstances here. As a general matter, however, circumstances leading to this narrow exercise of discretion may include, for example, actions taken by a patent owner in a co-pending litigation—such as the late addition of newly asserted claims. On the other hand, the Board does not generally expect fairness and prejudice concerns to be implicated by, for example, a petitioner's mistakes or omissions. The conduct of the parties and attempts to game the system may also be considered. In this way, the Board can carefully balance the interest in preventing harassment against fairness and prejudice concerns on a case-by-case basis, based on the facts then before it. [Proppant Express Investments, LLC v. Oren Techs., LLC,

IPR2018-00914, paper 38 (3/13/2019; designated precedential 3/13/2019).]

> Other factors may also be important when considering this discretion. For example, the stage and schedule of an existing inter partes review might make joinder to that proceeding inappropriate. Also, consideration of the non-exclusive factors set out in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. at 16 (PTAB Sept. 6, 2017) (Paper 19) (precedential as to § II.B.4.i), may support the exercise of the Board's discretion to deny institution under § 314(a). Events in other proceedings related to the patent at issue may also weigh on the Board's exercise of discretion in a given case. [Proppant Express Investments, LLC v. Oren Techs., LLC, IPR2018-00914, paper 38 (3/13/2019; designated precedential 3/13/2019).]

Note: The POP does not set a different standard depending upon whether a 315(b) violation exists; it merely adds that in as a factor.

Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (PTAB 2/25/2019; designated precedential 3/7/2019).

Legal issue: 35 USC 316(d), requirements for a motion to amend the patent.

The PTAB reiterated existing requirements for a motion to amend the patent by substituting claims. Amongst other things, the PTAB pronounced that: (1) that testimony in support of both the opposition and reply were authorized; (2) motions to substitute claims will normally be deemed contingent; (3) PTAB could deny a motion to amend by reference to evidence of record; (4) substitute claims that contained limitations that responded to ground of unpatentability in the proceeding, could include additional limitations to address other issues; (5) patent scope limitation on substitute claims was relative to any claim in the patent; (6) citation to support of a filed application should be made to the application as filed; and (7) noted considerations for complying with the duty of candor.

The Board reiterated that testimony in support of both the opposition and reply were authorized.

> This Order provides information and guidance regarding motions to amend. This information is being provided as general guidance only, and should not be interpreted as a suggestion or request for Patent Owner to file a motion to amend. If Patent Owner chooses to file a motion to amend, Patent Owner still must confer with the Board regarding the motion to amend. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

The PTAB pronounced that motions to substitute claims will normally be deemed contingent upon a finding of unpatentability of the corresponding patent claim.

> A motion to amend claims may cancel claims and/or propose substitute claims. 35 U.S.C. § 316(d)(1); 37 C.F.R. § 42.121(a)(3). A request to cancel

> claims will not be regarded as contingent. However, a request to substitute claims ordinarily will be treated as contingent. In other words, a proposed substitute claim normally will be considered only if a preponderance of the evidence establishes that the original patent claim that it replaces is unpatentable. A patent owner should adopt a claim-by-claim approach to specifying the contingency of substitution, e.g., which claim is to be substituted for which claim, and under what circumstances. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

The PTAB pronounced that the PTAB could deny a motion to amend by reference to evidence of record in the proceeding.

> In accordance with Aqua Products, the Board's Memorandum, and Bosch, a patent owner does not bear the burden of persuasion to demonstrate the patentability of substitute claims presented in a motion to amend. Rather, as a result of the current state of the law and USPTO rules and guidance, the burden of persuasion ordinarily will lie with the petitioner to show that any proposed substitute claims are unpatentable by a preponderance of the evidence. The Board itself also may justify any finding of unpatentability by reference to evidence of record in the proceeding, for example, when a petitioner ceases to participate, as further noted in Aqua Products and Bosch. Bosch, 878 F.3d at 1040 (citing Aqua Products, 872 F.3d at 1311 (O'Malley, J.)). Thus, the Board determines whether substitute claims are unpatentable by a preponderance of the evidence based on the entirety of the record, including any opposition made by the petitioner. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

The PTAB pronounced that substitute claims that contained limitations that responded to ground of unpatentability in the proceeding, could include additional limitations to address other issues.

> 37 C.F.R. § 42.121(a)(2)(i) states that "[a] motion to amend may be denied where . . . [t]he amendment does not respond to a ground of unpatentability involved in the trial." Thus, in considering the motion, we review the entirety of the record to determine whether a patent owner's amendments respond to a ground of unpatentability involved in the trial.The rule does not require, however, that every word added to or removed from a claim in a motion to amend be solely for the purpose of overcoming an instituted ground. Additional modifications that address potential 35 U.S.C. § 101 or § 112 issues, for example, are not precluded by rule or statute. Thus, once a proposed claim includes amendments to address a prior art ground in the trial, a patent owner also may include additional limitations to address potential § 101 or § 112 issues, if necessary. Allowing an amendment to address such issues, when a given claim is being amended already in view of a 35 U.S.C. § 102 or § 103 ground, serves the

public interest by helping to ensure the patentability of amended claims. *See Veeam Software Corp. v. Veritas Techs., LLC*, Case IPR2014-00090, slip op. at 26–29 (PTAB July 17, 2017) (Paper 48). In addition, allowing such amendments helps ensure a "just" resolution of the proceeding and fairness to all parties. 37 C.F.R. § 42.1(b). [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

The PTAB pronounced that the patent scope limitation on substitute claims was relative to any claim in the patent, not particular to the claim identified in the motion as being replaced by the substitute claim.

A patent owner may not seek to broaden a challenged claim in any respect that enlarges the scope of the claims of the patent, for example, in the name of responding to an alleged ground of unpatentability. Likewise, a proposed substitute claim may not remove a feature of the claim in a manner that broadens the scope of the claims of the challenged patent. A substitute claim will meet the requirements of § 42.121(a)(2)(i) and (ii) if it narrows the scope of at least one claim of the patent, for example, the challenged claim it replaces, in a way that is responsive to a ground of unpatentability involved in the trial. In addition, a proposed substitute claim adding a novel and nonobvious feature or combination to avoid the prior art in an instituted ground of unpatentability will not enlarge the scope of the claims of the patent. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

The PTAB pronounced that citation to support of a filed application should be made to the application as filed, and not to the corresponding issued patent.

Importantly, to meet this requirement, citation should be made to the original disclosure of the application, as filed, rather than to the patent as issued. The written description support must be set forth in the motion to amend itself, not the claim listing (discussed below). *See MLB Advanced Media, L.P. v. Front Row Techs., LLC*, Case IPR2017-01127, slip op. at 2–4 (PTAB Jan. 16, 2018) (Paper 24). In addition, the motion must set forth written description support for each proposed substitute claim as a whole, and not just the features added by the amendment. This applies equally to independent claims and dependent claims, even if the only amendment to a dependent claim is in the identification of the claim from which it depends. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

The PTAB pronounced considerations for complying with the duty of candor.

Under 37 C.F.R. § 42.11, all parties have a duty of candor, which includes a patent owner's duty to disclose to the Board information of which the patent owner is aware that is material to the patentability of substitute claims, if such

information is not already of record in the case. When considering the duty of candor in connection with a proposed amendment, a patent owner should consider each added limitation. Information about an added limitation may be material even if it does not include the rest of the claim limitations. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]

Likewise, a petitioner should keep in mind that it has a duty of candor in relation to relevant information that is inconsistent with a position advanced by the petitioner during the proceeding. *Cf*. 37 C.F.R.§ 42.51(b)(iii). For example, such information could include objective evidence of non-obviousness of proposed substitute claims, if a petitioner is aware that such evidence is inconsistent with a position it has advanced during the proceeding, and the evidence is not already of record in the case. [Lectrosonics, Inc. v. Zaxcom, Inc., IPR2018-01129, 01130, paper 15 (2/25/2019; designated precedential 3/7/2019).]