Knobbe Martens

Federal Circuit Year in Review

2024

INTELLECTUAL PROPERTY + TECHNOLOGY LAW | knobbe.com

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Dear Readers,

As Chair of Litigation at Knobbe Martens, I am pleased to introduce the inaugural edition of our *Federal Circuit Year in Review*. This report provides an overview and analysis of the most significant and consequential intellectual property-focused cases decided by the Federal Circuit over the past year—cases that not only shape the current legal landscape but also set the stage for future developments in IP law.

The Federal Circuit plays a pivotal role in the development of patent law, administrative agency rulings, and related areas of intellectual property. This report describes key decisions that impact how intellectual property rights are enforced and litigated. These decisions address a wide range of issues, including the interpretation of patent eligibility, the application of standards for patent damages, and the role of administrative agencies like the Patent Trial and Appeal Board (PTAB). Additionally, several cases have significant implications for patentability standards and the scope of patent rights.

Throughout this report, we provide in-depth analysis of these important rulings, offering insights into their potential impact on both the legal community and businesses that rely on intellectual property as a cornerstone of their innovation strategies. Our goal is to help you stay informed about the latest trends in Federal Circuit jurisprudence and how these decisions may influence your own practices, strategies, and decision-making in the year ahead.

We also take a closer look at some of the broader trends emerging from the Federal Circuit, such as the evolving balance between patent holder rights and challenges to those rights, the continuing influence of patent litigation on the broader economy, and the implications of shifting legal standards in key areas of intellectual property law.

Our litigation group at Knobbe Martens looks forward to continuing to share our insights with you in the months and years ahead.

Sheila Swaroop
Chair, Firmwide Litigation Committee

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The Federal Circuit in 2024 – Key Takeaways

Sometimes the Federal Circuit has a year in which its decisions reveal a broad theme or trend in the court's jurisprudence. 2024 was not such a year. But while the patent issues at play varied greatly in the court's 2024 rulings, the year included several significant decisions that helped clarify distinct areas of law. In some cases, this clarification resulted in the overhaul of decades-long precedent. This report covers nearly fifty of the Federal Circuit's most impactful decisions of the last year, including a handful of cases that are poised to influence the Federal Circuit – and patent law as a whole – in 2025 and beyond.

One such impactful decision was ***LKQ Corp. v. GM Global Technology Operations LLC***, the court's only *en banc* decision in a patent case last year. *LKQ* announced a major shift by adopting an entirely new standard for design-patent obviousness. In the three decades before the court's *en banc* ruling, the Federal Circuit applied what was typically called the "Rosen-Durling" test for assessing the obviousness of design patents. That test imposed a high standard for proving obviousness, one that required near identity between the prior art and the challenged design patent. The Federal Circuit took *LKQ en banc* to correct what it perceived to be a conflict between the Rosen-Durling test and the Supreme Court's holding in *KSR International Co. v. Teleflex Inc.*, which required a flexible approach to obviousness for utility patents. *LKQ* eliminated the rigid "basically the same" standard used in the Rosen-Durling test. Instead, *LKQ* explained that the motivation to combine different prior art references to achieve the claimed design could come from a range of sources, as long as an ordinary designer in the field would have modified the prior art to create the same overall appearance as the claimed design. *LKQ* thus harmonized the law of obviousness applied to design patents with the law of obviousness applied to utility patents. What this harmonization means in practical terms will take time and additional cases to suss out, but *LKQ* fundamentally changed how design patents will be litigated and will likely result in many more successful validity challenges to design patents.

The Federal Circuit's decision in ***Ecofactor, Inc. v. Google LLC*** will also have important consequences moving forward. *Ecofactor* dealt with the complicated issue of reconciling the jury's role as the sole finder of fact and the judge's role as the gatekeeper who ensures that expert testimony presented to the jury is sufficiently reliable to be admissible under Federal Rule of Evidence 702 and *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993). The majority in *Ecofactor* held that the district court properly admitted expert testimony on damages that was based on three prior licensing agreements. In the majority's view, the jury could assess the factual underpinnings of that testimony and make credibility determinations about the degree to which the licensing agreements supported the expert's opinion. Judge Prost, however, dissented from the majority's analysis, and

suggested that the issue of whether the expert testimony could be supported by the licenses was part of the admissibility analysis required by Rule 702. Judge Prost explained that, in her view, the district court erred by allowing the expert testimony to be presented to the jury and suggested the testimony should have been excluded as part of the court's gatekeeping role under *Daubert*. *Ecofactor* took on additional importance after the Federal Circuit granted a petition for *en banc* review and ordered briefing on the district court's application of Rule 702 and *Daubert*. *Ecofactor* thus has the potential to fundamentally change how judges approach expert testimony in patent cases.

Allergan USA, Inc. v. MSN Laboratories Private Ltd. addressed the interaction of the doctrine of obviousness-type double patenting and the statutorily mandated "Patent Term Adjustments." Typically patents are given a term of 20 years from the date of filing. But delays in the Patent Office may lead to a substantially shorter effective term. When the Patent Office causes a delay in issuing a patent, it gives the patentee additional patent term in the form of a "Patent Term Adjustment" (PTA). Previously the Federal Circuit held that obviousness-type double patenting could invalidate the PTA granted for Patent Office delay. *Allergan*, however, clarified that when the extra time is applied to the earlier-filed patent, and earlier issued claims, there was no unjust extension of patent term, and therefore obviousness-type double patenting did not apply. This result comports with the general goal of the obviousness-type double patenting doctrine, which aims to prevent a patentee from unjustly receiving an extension of patent term by filing multiple applications that claim similar variations of an invention. When the first patent filed and first claims issued have the longest term, any concerns related to unjust extension of patent term using sequential patent filings are considerably decreased. *Allgeran's* carveout thus preserves an importance source of patent term for such earlier-filed patents.

Sanho Corp. v. Kaijet Technology International Limited Inc. clarified the interaction between the America Invents Act (AIA) and the impact of secret sales of a product before patent filing. Typically, an aspiring patentee must seek patent protection before publicly disclosing the invention or selling a product embodying the invention. The AIA, which went into effect in 2012, changed the rules about what categories of prior art can invalidate patent claims. Notably, the AIA provided a safe harbor that encourages inventors to publicly disclose their invention before they file their patent application. Such a public disclosure invalidates any prior art published or filed between the public disclosure and the inventor's patent application, as long as the patent application is filed within a year of that public disclosure. Sanho argued that its inventor publicly disclosed its invention – and triggered the safe harbor – by selling devices that embodied the invention. But the sale in *Sanho* was a "secret" sale, and not the type of public disclosure contemplated by the AIA. The Federal Circuit focused on the policy reasons underlying the Patent Act and the AIA, and held that only a *public* disclosure of the invention may qualify for the AIA's one-year grace period. *Sanho* thus provides an important warning to inventors that selling the invention could

start the one-year clock running but not trigger the protections of the safe harbor during that period.

Finally, ***Weber Inc. v. Provisur Technologies Inc.*** clarified the circumstances where a product manual can serve as a "printed publication." This question is important because one of the most popular ways for a patent challenger to seek invalidation of a patent is via the *inter partes* review process at the Patent Office. The Patent Office, however, can only base its review on patents or "printed publications." Weber brought an *inter partes* review against Provisur's patent, and argued that its own operating manuals rendered the Provisur patent obvious. The Patent Office, however, held that the operating manuals were not publicly available printed publications. The Federal Circuit disagreed. Although the Weber operating manuals had been provided to only a few customers, the court explained that manuals were intended to be provided to the public. Moreover, members of the public were able to obtain the manuals – and did obtain them – by purchasing the Weber product or requesting the manual from Weber directly. That Weber's customers were not allowed to further disseminate the manuals did not make them any less available. *Weber* thus expands the range of materials that could invalidate a patent in an *inter partes* review.

In sum, 2024 provided a number of important clarifications to distinct areas of Federal Circuit law. Looking forward, 2025 is likely to continue that trend. The upcoming *Ecofactor en banc* ruling, in particular, will be a key decision to watch in 2025.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

CASES OF NOTE

Pacific Biosciences v. Personal Genomics

One Word Can Affect Claim Construction

Patent proceedings are typically carried out in the shadow of claim construction. Determining the meaning of claim terms is often dispositive for validity, infringement, or both.

On appeal, challenging a claim construction provides a more favorable standard of review for the appellant.

The U.S. Court of Appeals for the Federal Circuit's Jan. 9 *Pacific Biosciences v. Personal Genomics* decision highlights how even construction of a simple term — "single" — can be dispositive.

The appeal in *Pacific Biosciences*, or PacBio, arose from two different inter partes review petitions filed by PacBio against the Personal Genomics patent, U.S. Patent No. 7,767,441.

In one of those inter partes reviews, the Patent Trial and Appeal Board held the challenged claims were patentable. In the other, which applied different art against a mainly different but partially overlapping set of claims, the Board held the challenged claims unpatentable.

Ultimately the key to the patentability determination came from claim's preamble, which recited an "apparatus for identifying a single biomolecule." The PTAB had construed "identifying a single biomolecule" as a capability required for the apparatus, irrespective of any other functions the apparatus might perform.

The Board explained that "identifying a single biomolecule" "contemplates running myriad optical detection apparatuses in parallel to detect a single or individual biomolecule in each such apparatus."

The PTAB rejected PacBio's argument that identifying a single biomolecule included within its scope creating copies of a single molecule, identifying those copies, and then deducing the original single molecule. PacBio quickly filed a notice of appeal for the claims held patentable, putting them in the role of the appellant. Personal Genomics later filed a notice of appeal for the claims held unpatentable, putting them in the role of cross-appellant.

The Federal Circuit started its analysis by noting that the outcome turned on the meaning of the word "single." Read in context, the court explained, there was no reason to include the word "single" unless it was to specify the capability of identifying a molecule using just one biomolecule.

The Federal Circuit referred to this as a striking feature of the claim language. This interpretation also tracked the description provided by the specification, which repeatedly indicated that the capacity of using a single biomolecule was critical to the invention.

The Federal Circuit found it particularly significant that the specification differentiated between single-molecule sensitivity systems, like those claimed, and systems that detected "a population-level signal" from amplified copies of a biomolecule.

The Federal Circuit explained that because the specification identified problems with the detection approach that used amplified copies of biomolecules, and solved those problems via a detection approach that examined an individual biomolecule, it confirmed the correct understanding of the single claim language in dispute.

The court also noted that other claim language in other claims supported the understanding that "single" meant one biomolecule and not an amplified population of molecules. Claim differentiation is sometimes used to help define the scope of a term.

It stems from the axiom that an independent claim is broader than its dependent claims. When a dependent claim adds a limitation not present in the claim on which it depends, a court might view the added limitation in the dependent claim as evidence of the parent claim's scope being broader than that limitation.

Likewise, courts will also consider an added limitation in the dependent claim as evidence that the broader parent claim necessarily includes the dependent claim's subject matter within its scope.

In this instance, dependent claims to a method of using the apparatus added the limitations that a "nucleic acid is amplified" and "detecting" "one or more biomolecules." At first glance, these limitations might seem to suggest that the scope of the "single" biomolecule identification for the apparatus also included detection of amplified copies.

But the Federal Circuit explained there was no inconsistency because the parent claims lacked reference to multiple biomolecules and were therefore broader, only requiring the capability to identify a single biomolecule.

Those claims do not exclude additional capabilities for the apparatus, as long as the apparatus also included the capability of identifying a single biomolecule. Viewed through that lens, the dependent claims' requirement of amplifying the nucleic acid to create copies or detecting more than one biomolecule do not inform the scope of "identifying a single biomolecule."

Instead, the dependent claims add an additional required capability to the apparatus that was not otherwise required by the broader claim.

After the Federal Circuit confirmed the scope of "single," it easily affirmed the Board's factual findings both for and against patentability. On appeal, factual findings *are evaluated for* substantial evidence support.

In applying this standard, the Federal Circuit noted that it would not reweigh the evidence considered by the Board as long as the Board's findings were reasonable. Under this extremely deferential standard, the court affirmed the PTAB's decisions.

Pacific Biosciences highlights a few points.

First, even simple words, such as "single," may be dispositive, and thus disputed, in view of the specific context provided by the surrounding claim language. To the casual reader, it might be surprising that it took so much ink for the court to effectively confirm that "single" means one. But that term turned out to be the key distinction from the prior art that supported patentability and thus was a focus of the dispute between the parties.

Second, most disputes before the Board are factual in nature. But once the Board issues a decision and makes factual findings, the Federal Circuit is likely to affirm those findings in view of the deferential standard of review.

Whether the Board's findings are reasonably supported by the record is a different inquiry than whether the Board's findings would be correct upon de novo review.

Finally, the Federal Circuit's decision emphasizes how claims directed to the capability of an apparatus may provide a patentable distinction, even if noted in the preamble.

In this instance, the prior art did not disclose—at least for some claims mainly directed to DNA sequences—the requisite capability *for identifying single biomolecules.*

*The specification emphasized the distinction between single biomolecules and multiple bio*molecules, and Personal Genomics' construction was consistent with the distinction drawn in the specification. As a result, at least some clai*ms avoided unpatentability.*

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Cywee Group Ltd., v. ZTE (USA), Inc., and LG Electronics, Inc.

Understudy Knocks-Out Revised Claims with New Prior Art Reference in IPR

In Cywee Group Ltd., v. ZTE (USA), Inc. and LG Electronics, Inc., Appeal No. 21-1855, the Federal Circuit held that the Patent Trial and Appeal Board ("the Board") did not err by permitting a joined party to oppose a revised motion to amend using a new prior art reference in an inter partes review proceeding.

ZTE (USA), Inc. filed an IPR petition asserting that certain claims of a patent assigned to CyWee Group Ltd. were unpatentable. More than one year after CyWee sued LG Electronics, LG moved to join ZTE's IPR petition. The Board granted LG's motion to join the IPR petition on the condition that LG would act as a passive understudy and would not assume an active role unless ZTE ceased to participate in the instituted IPR. After LG's joinder, ZTE indicated that it did not oppose CyWee's revised motion to amend. LG moved to oppose CyWee's revised motion to amend, based on an obviousness combination that included a previously undisclosed reference. The Board granted LG's motion, determined that the challenged original claims were unpatentable, and denied CyWee's revised motion to amend. CyWee appealed to the Federal Circuit.

The Federal Circuit held that the Board did not err in allowing LG to oppose CyWee's motion to amend. The Federal Circuit agreed with the Board that LG did not violate the terms of its joinder because ZTE was not opposing the revised motion to amend, and therefore effectively ceased to participate in that portion of the proceeding.

The Federal Circuit also held that the Board did not err in allowing LG to raise a new reference in opposition to the revised motion to amend. The Federal Circuit determined the provisions of Section 315(c), which limit IPRs to the grounds presented in the petition, do not apply to motions to amend. The court also rejected the argument that an opposition to the revised motion to amend is limited to the arguments made against an original motion to amend.

Knobbe Martens was recognized nationally and regionally for PTAB Litigation and Trademark Litigation in the 2024 *Managing IP (MIP)* "IP STARS" guide.

Google LLC v. Ecofactor, Inc.

The Outcome of the PTAB's Analysis May Determine Whether the PTAB Engaged in Claim Construction

In *Google LLC v. Ecofactor, Inc.*, Appeal No. 22-1750, the Federal Circuit held that the outcome of the PTAB's analysis of patent claims determines whether the PTAB engaged in claim construction.

EcoFactor is the assignee of U.S. Patent No. 8,498,753 (the "'753 patent"), directed towards climate control systems ("HVAC" systems). The '753 patent discloses a thermostat that takes into consideration several factors to achieve a balance between comfort and energy savings. Google filed an IPR petition on the ground that the '753 patent is obvious in view of the prior art. The PTAB instituted. After institution, the parties disputed whether the prior art disclosed a portion of the claim limitation that recited five inputs. In particular, the parties disputed whether each input needed to be distinct or could be intertwined. The PTAB determined that claim construction was unnecessary and that based on the claim language, the claim limitations required separate and distinct inputs. Therefore, the PTAB found that Google had not demonstrated that the challenged claims of the '753 patent were unpatentable.

On appeal, Google argued that the PTAB engaged in claim construction and that the PTAB's implicit claim construction was erroneous because it violates the Administrative Procedure Act ("APA") and because the limitations imposed by the PTAB were not supported by the intrinsic record or case law.

The Federal Circuit held that the PTAB did, in fact, engage in claim construction when it determined that inputs [i] through [v] of Claim 1 were distinct inputs that must all be present. As an initial matter, the PTAB's statement that it was not engaging in claim construction was "not dispositive as to whether claim construction occurred." Instead, the Federal Circuit looked to the outcome of the analysis. There was nothing on the face of the claim to determine the scope and boundaries of those inputs. By determining the scope of the limitation, the PTAB implicitly engaged in engaged in claim construction.

The Federal Circuit then addressed Google's arguments that the claim construction was erroneous. The Federal Circuit held that the PTAB's claim construction did not violate the APA. The Federal Circuit noted that the PTAB "may adopt a claim construction of a disputed term that neither party proposes without running afoul of the APA." However, the PTAB "cannot, without notice and opportunity for the parties to respond, change theories midstream by adopting a claim construction in its final written decision that neither party requested nor anticipated." Here, because both parties disputed the meaning and scope of the limitation during the IPR proceeding under the same framework now on appeal, Google had notice and an opportunity to be heard on the issue. Thus, the PTAB's construction did not violate the ABA. However, it was not supported by the intrinsic evidence or the case law, which both supported a broader construction than adopted by the PTAB. Therefore, the PTAB's construction was erroneous.

Thus, the Federal Circuit reversed the PTAB's claim construction, vacated the Final Written Decision, and remanded.

Weber Inc. v. Provisur Technologies Inc.

Using Prior Products to Invalidate a Patent

When a company is accused of patent infringement, its lawyers' first instinct is often to scour the world for prior art that can invalidate the asserted patent. But sometimes the best evidence is right at hand, in the form of the accused company's own prior products.

The U.S. Court of Appeals for the Federal Circuit recently made it easier for companies to invalidate patents using documentary evidence of their own prior products.

In the Feb. 8 *Weber Inc. v. Provisur Technologies Inc*. decision, the court ruled that operating manuals distributed with the defendant's prior products constituted printed publications that could invalidate the plaintiff's patents in an inter partes review proceeding.

The dispute arose when Provisur sued its competitor Weber for infringement of two patents relating to high-speed mechanical slicers used in food processing plants to slice meats and cheeses. Weber responded by petitioning the Patent Trial and Appeal Board for inter partes review of Provisur's patents, and the Board instituted the IPRs.

Provisur's patents disclosed slicing machines in which food articles are initially loaded onto a horizontal platform. The platform is then rotated upward so that the food articles may slide downward until reaching a slicing blade.

The complex device uses conveyor belts and servomotor-driven grippers to precisely control the movement of food through the machine.

Before the Board, Weber argued that Provisur's patents were obvious in view of operating manuals for its own commercial food slicers. Those food slicers also received food on a horizontal platform that was then rotated upwards to an angled position.

The Board ruled that Weber's operating manuals did not constitute printed publications. It found that Weber had provided the manuals to only 10 customers and that the manuals were subject to confidentiality restrictions in Weber's copyright notice and sales contracts.

Because the operating manuals were not printed publications, they did not qualify as prior art to Provisur's patents. The Board therefore concluded that Weber had failed to show that Provisur's claims were unpatentable.

The Federal Circuit reversed the Board's determination that the operating manuals were not printed publications. The governing legal standard was not in dispute. A document is a printed publication if it is publicly accessible, that is, if interested members of the relevant public could locate the document through reasonable diligence.[1]

The Federal Circuit ruled that the Board had misapplied this standard.

In concluding that Weber's operating manuals were not printed publications, the Board relied on the Federal Circuit's 2009 *Cordis Corp. v. Boston Scientific Corp.* decision,[2] which held that two academic monographs on intravascular stents were not publicly accessible.

The author of the academic monographs provided them to only a handful of university colleagues and two companies interested in commercializing the technology. The Board considered this similar to Weber's operating manuals, which Provisur argued had been provided to only 10 customers.

The Federal Circuit rejected the Board's reliance on *Cordis*. The academic monographs in that case were not publicly accessible because of academic norms that obligated the recipients of the monographs to keep them confidential.

By contrast, Weber's operating manuals "were created for dissemination to the interested public to provide instructions about how to assemble, use, clean, and maintain Weber's slicer," according to the decision. The court stressed that, where a publication's purpose is dialogue with the intended audience, that purpose indicates the document was publicly accessible.

Applying the governing standard, the Federal Circuit found that members of the interested public could have obtained Weber's operating manuals through reasonable diligence.

First, they could have obtained a manual by purchasing one of Weber's commercial slicers. Second, they could have requested a manual directly from Weber.

On this latter point, Weber submitted evidence that it had actually received such requests and responded by delivering copies of its manuals.

Finally, the Federal Circuit addressed Weber's copyright notice, which stated that the manuals could not "be reproduced or transferred in any way," and Weber's sales terms, which likewise limited the *abi*lity of Weber's customers to trans*fer the manuals.*

*The court ruled that limits on the ability of Weber's customers to further disseminate the manuals, even if effect*ive, did not negate the fact that Weber made the manuals publicly accessible by providing them with its products and upon request.

The Weber decision is good news for companies that have an established history of selling products in a particular field or product space. When sued in district court, as Weber was, such companies have always been able to defend against claims of patent infringement by pointing to their own prior products.

Invalidating a patent, though, is much more expensive in district court than in an IPR proceeding. IPR proceedings, however, can only be instituted based on paper prior art.

While an IPR petitioner cannot rely on its prior products to invalidate a patent, it can rely on printed publications disclosing those products, such as operating manuals and brochures. The Weber decision makes that easier to do.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Rai Strategic Holdings, Inc. v. Philip Morris Products S.A

Consider the Relevant Technology Carefully Before Claiming Ranges in Patent Applications

In *Rai Strategic Holdings, Inc. v. Philip Morris Products S.A*, Appeal No. 22-1862, the Federal Circuit held that claimed ranges can be narrower than alternative, broader ranges disclosed in the specification if one of ordinary skill in the art can adequately determine that the broader range does not result in a different invention than the narrower range.

Phillip Morris Products, S.A. ("Phillip Morris") petitioned for post-grant review ("PGR") of an RAI Strategic Holdings, Inc. ("RAI") patent directed to an electrically powered smoking device with various electro-mechanical components. Phillip Morris argued that the claims were invalid for obviousness and for lacking written description support because the claimed range of the length of a heating element in the device was substantially narrower than the ranges disclosed in the written description. In particular, the claimed range was stated as being between "about 75% to about 85%" and the specification disclosed ranges such as "75% to 125%" and "85% to 115%." The Board agreed with Phillip Morris and stated that the claims were unpatentable. RAI appealed.

The Federal Circuit vacated the Board's finding that the claims lack written description support. The Federal Circuit stated that determining whether a narrower range than disclosed in the specification is supported by the written description is a highly factual determination and is dependent on the nature of the invention and the amount of knowledge imparted to those skilled in the art. In this case, the predictability and lack of complexity of the combination of the elements in the device supports claims with a narrower range than disclosed in the written description. Because there was no evidence that the claimed range would lead to changes in the invention, operability, or effectiveness when compared to the ranges disclosed in the written description, the claims were supported under 35 U.S.C. § 112.

FEATURE CASE

Promptu Systems Corp. v. Comcast Corp.

A Reminder on Procedure Rule 28

The U.S. Court of Appeals for the Federal Circuit does not often issue a sua sponte precedential order emphasizing an important rule of practice before the court. But in February, the Federal Circuit did just that in *Promptu Systems Corp. v. Comcast Cable Communications LLC*.

It is useful to look at how the Federal Circuit most recently applied the restrictions of Rule 28 of the Federal Rules of Appellate Procedure and explore the precedential decisions that provide context for the *Promptu* ruling.

The Federal Circuit polices its rules vigorously. One notable example is the Federal Circuit's rule that if an argument is raised in a footnote, it is not preserved.[1] The reason for this rule is that such arguments are typically underdeveloped and without adequate citation to either legal authority or the record.

Thus, in *Cross Medical Products Inc. v. Medtronic Sofamor Danek Inc*. in 2005, the Federal Circuit rejected an argument raised in a footnote that did not "request relief or provide record cites for its assertions."[2] Despite developing the argument further on reply, the court held that the argument was not properly raised in the "opening brief to warrant relief from this court."

Likewise, in *Fuji Photo Film Co. v. Jazz Photo Corp*., Fuji attempted to "raise a specter of … [an] argument in a footnote," and then "more fully in its reply brief."[3] But, the Federal Circuit explained in 2005, "this court will not address arguments not properly raised in an Appellee's opposition brief, which also served as an opening brief for its cross-appealed issues." Like *Cross Medical*, Fuji's argument, raised in a footnote, was not sufficiently developed and thus not considered by the court.

Perhaps the seminal example of the "arguments raised in footnotes are waived" line of cases is *Graphic Controls Corp. v. Utah Medical Products Inc*. from 1998.[4] In *Graphic Controls*, the Federal Circuit was, once again, faced with an underdeveloped argument raised in a footnote. But the footnote in *Graphic Controls* was not just a barebones argument; instead the footnote "reiterate[d] and incorporate[d] the arguments found in the [appendix]."

The Federal Circuit focused on the incorporation of arguments by reference as an improper attempt to evade the appellate rules. As the court explained: "Under the Federal Rules of Appellate Procedure, arguments may not be properly raised by incorporating them by reference from the appendix rather than discussing them in the brief."

The Federal Circuit cited Rule 28, and explained that a brief must include any arguments as well as the supporting authority, statutes, and citations to the record. Likewise, the court explained, Rule 28 requires that any brief must conform to the corresponding page limits and that "[t]he practice of incorporating arguments by reference from the appendix undermines these explicit rules." Accordingly, the court explained: "[W]e cannot and do not render a decision on this issue" raised only through incorporation.

The policy underlying this line of cases, and many of the Federal Circuit's other rules, is the issue of fairness to both advocates and the court. An underdeveloped argument, in a footnote or otherwise, does not put the court on sufficient notice of the party's positions. Likewise a party responding to an underdeveloped argument must guess at the actual position advocated and spend valuable briefing space to address arguments not properly raised.

The Federal Circuit thus routinely refers to and enforces Rule 28's requirement that a party's arguments must be raised in the brief with attendant support, and conform to the page and word limits set by the court.

The Federal Circuit's recent order in *Promptu v. Comcast* is a spiritual successor to the "footnote" line of cases, and continues the Federal Circuit's considered application of Rule 28.

In *Promptu*, the appellee attempted "to incorporate by reference multiple pages of argument from the brief in one case into another." The appellant complained in its reply, and pointed to the Federal Circuit's 2014 decision in *Microsoft Corp. v. DataTern Inc.*[5]

In *Microsoft*, the court held that a party cannot incorporate briefing from another party in a nonconsolidated case; although incorporation might be allowed in a consolidated case under Rule 28(i), a party cannot otherwise evade the briefing limits through incorporation of arguments from other briefs. Any other result, the court in *Microsoft* explained, "would be fundamentally unfair" because a party could "use incorporation to exceed word count."

In *Promptu*, the Federal Circuit rejected the idea that incorporating arguments from another brief might "enhance efficiency," "streamline the briefing," or "save the time and resources of the court." Instead, the Federal Circuit explained, "[r]equiring the court to cross-reference arguments from multiple briefs in multiple, separate cases does not increase efficiency nor does exceeding the word count."

Though the appellee asserted it was not aware of the court's previous decisions, including *Microsoft*, it did not withdraw the improperly incorporated arguments. That was the wrong approach: "When it becomes apparent that a lawyer has violated a court rule, as an officer of the court, it would be best for that lawyer to bring it to the court's attention and withdraw the improper argument."

The Federal Circuit viewed as "unreasonable" the appellee's position that the court had never previously addressed the specific issue of incorporation of arguments from the same party's brief in a companion appeal. Instead, the Federal Circuit explained, incorporation "from one brief by reference into another" is not allowed "unless in compliance with Fed. R. App. P. 28." And the Federal Circuit indicated that "in no event is such incorporation permitted if it would result in exceeding the applicable word count."

Fortunately for the appellee in *Promptu*, there were no sanctions. But that might not be the case the next time around. The Federal Circuit was clear that "violating these provisions in the future will likely result in sanctions."

All of this is completely consistent with the Federal Circuit's decadeslong practice, dating back to at least *Graphic Controls*, of vigorously policing any attempt to evade Rule 28's requirements.

Whether raising barebones arguments in a footnote or via incorporation, practice before the Federal Circuit requires fully developed arguments made within the constraints of the briefing allowed by the Rules of Appellate Procedure and the Federal Circuit.

[1] *SmithKline Beecham Corp. v. Apotex Corp* ., 439 F.3d 1312, 1320 (Fed. Cir. 2006).

[2] *Cross Medical Products Inc. v. Medtronic Sofamor Danek Inc.* , 424 F.3d 1293, 1320-21 n. 3 (Fed. Cir. 2005).

[3] *Fuji Photo Film Co. v. Jazz Photo Corp.* , 394 F.3d 1368, 1375 n. 4 (Fed. Cir. 2005).

[4] *Graphic Controls Corp. v. Utah Medical Products Inc.* , 149 F.3d 1382, 1385 (Fed. Cir. 1998).

[5] *Microsoft Corp. v. DataTern Inc.* , 755 F.3d 899, 910 (Fed. Cir. 2014).

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Knobbe Martens was nationally recognized as a Tier 1 firm for Intellectual Property Litigation in the 2025 edition of Benchmark Litigation's "*USA Guide*".

Maxell, Ltd., v. Amperex Technology Limited

Defining Indefiniteness: When Are Claim Limitations Contradictory?

In *Maxell, Ltd., v. Amperex Technology Limited*, Appeal No. 23-1194, the Federal Circuit held that two claim limitations are not contradictory if they can be satisfied simultaneously.

Maxell asserted that Amperex infringed its battery patent. Amperex challenged the validity of the patent, alleging that the claims were indefinite under 35 U.S.C. § 112 for reciting (1) "wherein M1 represents at least one transition metal element selected from [cobalt, nickel, or manganese]" and (2) "wherein the content of [cobalt] in the transition metal M1 . . . is from 30% by mole to 100% by mole." At claim construction, the district court agreed that limitations (1) and (2) were contradictory and therefore indefinite. The district court reasoned that the claim language was contradictory because limitation (1) only optionally required cobalt, but that limitation (2) necessarily required cobalt. Maxell appealed.

The Federal Circuit found that limitations (1) and (2) were not contradictory and therefore not indefinite. The court reasoned that a transition metal element could both contain cobalt, nickel, or manganese and include 30% by mole to 100% by mole of cobalt. Thus, the Federal Circuit reversed the district court's judgment.

Chewy, Inc. v. International Business Machines Corporation

Claim Construction When Uniformly Referring to Aspects of an Invention

In *Chewy, Inc. v. International Business Machines Corporation*, Appeal No. 22-1756, the Federal Circuit held that a patentee cannot transform an abstract idea into a patent-eligible, specific implementation of that abstract idea merely by reciting conventional techniques.

Chewy, Inc. sued International Business Machines Corp. (IBM) seeking declaratory judgment of noninfringement of two IBM patents generally related to web-based advertising. In response, IBM filed counterclaims alleging infringement. The district court granted Chewy's motion for summary judgment of noninfringement of the asserted claims of the first patent. The court also granted Chewy's motion for summary judgment that the asserted claims of the second patent were invalid under § 101. IBM appealed both summary judgment rulings.

The Federal Circuit upheld the grant of summary judgement on most claims of the first patent as no reasonable factfinder could find that Chewy's website or mobile applications perform the "selectively storing advertising objects" limitation recited in the claims. The Federal Circuit affirmed the lower court's claim construction that this limitation requires storing advertising objects in *anticipation* of a user request and not in *response* to a user request. IBM argued that the passages of the patent which support this construction did not apply to the asserted claims. The court rejected this argument because the patent uniformly referred to pre-fetching advertising objects as an aspect of the invention as a whole.

The court also affirmed the ruling that the asserted claims of the second patent were ineligible under §101. Applying step one of the *Alice* framework, the court determined that the asserted claims were directed to the abstract idea of identifying advertisements based on search results. Moving to step two, the court held the claims failed to recite an inventive concept. IBM relied on various limitations – such as one reciting off-line batch processing – to argue that the claims recited specific implementations of the abstract concept of using search results to identify relevant advertisements. The Federal Circuit disagreed, ruling that the additional limitations recited only conventional techniques rather than an inventive concept sufficient to transform the claimed abstract idea into patent-eligible subject matter.

Pfizer Inc. v. Sanofi Pasteur Inc.

Routine Optimization of Result-Effective Variable Can Bridge Gaps in Prior Art

In *Pfizer Inc. v. Sanofi Pasteur Inc.*, Appeal No. 19-1871, the Federal Circuit held that evidence that a claimed parameter is recognized as a result-effective variable can overcome the lack of explicit disclosure of the exact claimed parameter in the prior art to render a claim obvious.

Merck and Sanofi requested inter partes review of a patent owned by Pfizer. The patent at issue claimed a molecular weight range of a specific type of glycoconjugate. The PTAB recognized, and Petitioners conceded, that none of the asserted prior art disclosed any molecular weight for the specifically claimed glycoconjugate. However, the PTAB found that glycoconjugate molecular weight is a result-effective variable for improving stability and good immune response. Thus, a person of ordinary skill in the art would have been motivated to optimize the glycoconjugate molecular weight. Based on this finding, the PTAB invalidated the claims as obvious over the prior art.

On appeal, the Federal Circuit affirmed the Board's decision. Pfizer contended that the PTAB erred in applying the "result-effective variable doctrine," arguing that the doctrine is only appropriate where actual overlap exists between a claimed range and a range disclosed in the prior art. The court disagreed. The court recognized that overlap between a claimed range and a prior art range creates a presumption of obviousness that can be rebutted with evidence that a claimed parameter is *not* recognized as result-effective. The court then held that the contrapositive is also true—evidence that a claimed parameter is recognized as result-effective can bridge gaps in the prior art to render a claim obvious. Here, although the prior art did not teach a molecular weight for the particularly claimed glycoconjugate, it did teach molecular weight ranges for other similar glycoconjugates. Because those ranges overlapped with the claimed range, and because glycoconjugate molecular weight is a result-effect variable, optimization of the variable was within the grasp of a person of ordinary skill in the art.

Knobbe Martens was ranked Tier 1 nationwide for Intellectual Property Litigation in the 2024 *U.S. News – Best Lawyers* "Best Law Firms" guide.

Virtek Vision International Ulc, v. Assembly Guidance Systems, Inc., DBA Aligned Vision

Being Known Is Not Enough

In *Virtek Vision International Ulc, v. Assembly Guidance Systems, Inc., Dba Aligned Vision*, Appeal No. 22-1998, the Federal Circuit held that Merely showing that prior art elements were known to a person skilled in the art without providing a reason to combine the references does not prove obviousness.

Assembly Guidance Systems, Inc. d/b/a Aligned Vision ("Aligned Vision") petitioned for an inter partes review of a patent owned by Virtek Vision International ULC ("Virtek"). The patent described a two-part alignment method for aligning a laser projector on to a work surface using a secondary light source and a laser beam. Aligned Vision asserted four grounds of unpatentability over various combinations of four prior art references. The Board issued a final written decision invalidating some challenged claims of the patent on two grounds of unpatentability. However, the Board found that Aligned Vision failed to prove unpatentability of other challenged claims based on two other grounds. Virtek appealed the Board's invalidation of some challenged claims, while Aligned Vision cross-appealed the Board's holding that Aligned Vision failed to prove unpatentability of the remaining challenged claims.

The Federal Circuit reversed the Board's decision as to the invalidated claims and affirmed as to the remaining claims. In both cases, the Federal Circuit emphasized that a showing of obviousness requires substantial evidence of why a skilled artisan would have been motivated to combine the references to arrive at the claimed invention, and noted that it is not sufficient merely to show that the skilled artisan had the knowledge required to make the combination if desired. The Federal Circuit found no record evidence that a design need, market pressure, or any common-sense reason would have motivated a skilled artisan to combine the references. Thus, the Federal Circuit applied the well-established principle that the mere existence of the claim elements in the prior art is not substantial evidence of a motivation to combine.

Inline Plastics Corp v. Lacerta Group, LLC

Jury Instructions Must Describe All Relevant Objective Indicia of Non-obviousness

In *Inline Plastics Corp v. Lacerta Group, LLC*, Appeal No. 22-1954, the Federal Circuit held that jury instructions must instruct the jury to consider all relevant objective indicia of non-obviousness.

Inline Plastics Corp. ("Inline") sued Lacerta Group, LLC ("Lacerta") for infringement of several of its patents relating to tamper-proof containers. At trial, the jury determined that the asserted claims at issue were invalid and not infringed.

Inline appealed, arguing (among other things) that the district court provided erroneous jury instructions. Specifically, Inline argued that the jury instructions had failed to describe and instruct the jury to consider several relevant objective indicia of non-obviousness. For example, the instructions failed to mention the objective indicia of copying, licensing, and industry praise, although Inline had provided evidence of each of them. Instead, the jury instructions only mentioned the objective indicia of commercial success and long-felt need.

The Federal Circuit agreed with Inline and remanded the case for a new trial on invalidity. The court ruled that the jury instructions were improper because they failed to describe all the relevant objective indicia. Furthermore, the Federal Circuit found the error was not harmless because it was clear from the verdict that the jury relied only on obviousness to determine that at least some claims were invalid, and because the *prima facie* case of obviousness was not too strong for a reasonable jury to find that the objective indicia, taken as a whole, outweighed it.

Janssen Pharmaceuticals, Inc. v. Teva Pharmaceuticals USA, Inc.

Obviousness Analysis Does Not Consider Unclaimed Limitations

In *Janssen Pharmaceuticals, Inc. v. Teva Pharmaceuticals USA, Inc.*, Appeal No. 22-1258, the Federal Circuit held that district court erred by adding unclaimed limitations to the claims in analyzing obviousness.

Janssen sued Teva for infringement of a patent claiming a dosing regimen for administering paliperidone to treat schizophrenia. Specifically, the patent claimed a long-acting dosing regimen, comprising a series of three intramuscular injections. Teva stipulated to infringement but challenged validity. After a bench trial, the district court found, among other things, that Teva had not proven that the claims were invalid as obvious.

On appeal, the Federal Circuit vacated the district court's determination that the claims were not obvious. First, Teva argued that the district court improperly considered unclaimed limitations in analyzing obviousness. The district court found that Teva's prior art did not demonstrate general-population-wide safety and efficacy and thus did not teach a generalized dosing regimen. However, the Federal Circuit noted that the asserted claims recite a dosing regimen for "*a* psychiatric patient in need of treatment for schizophrenia" and that "[n]othing in the claims requires that the regimen be used for . . . the patient population generally or a certain percentage of the patient population." The Federal Circuit remanded because this misunderstanding about the claims permeated the district court's obviousness analysis.

Second, Teva argued, and the Federal Circuit agreed, that the district court's obviousness analysis was "erroneously rigid" and did not comport with *KSR*. The district court concluded there was no reason to combine Teva's prior art references because of differences in doses and injection sites. The Federal Circuit explained that the district court's "siloed and inflexible approach" left insufficient room for a POSITA's ordinary creativity, "thereby inflating the significance of minor variations between the prior art and the claims." This error also required remand.

Salix Pharmaceuticals v. Norwich Pharmaceuticals

Hurdles Remain For Generics

In the original Pyrrhic victory in the third century B.C., Greek King Pyrrhus of Epirus crossed the Adriatic Sea to southern Italy and fought three battles against the mighty Romans.

Using heavy cavalry and war elephants, Pyrrhus achieved two unlikely victories against a much larger Roman army. But his army also suffered heavy losses and, after fighting a third battle to a stalemate, Pyrrhus was forced to return to Greece with nothing to show for his six years of fighting in Italy.

An April U.S. Court of Appeals for the Federal Circuit decision describes a more modern Pyrrhic victory after a hard-fought campaign in the U.S. District Court for the District of Delaware, the battlefield of choice for pharmaceutical patent litigation.

In *Salix Pharmaceuticals Ltd. v. Norwich Pharmaceuticals Inc.,* the Federal Circuit affirmed in all respects a District of Delaware decision that blocked Norwich's abbreviated new drug application, or ANDA, to sell a generic version of Salix's antibiotic rifaximin.

In a hard-fought case, Norwich succeeded in invalidating Salix's patents on a treatment method using rifaximin.

Ordinarily, this means the generic manufacturer's ANDA will be approved, and its product will be cleared to launch. But in a strange twist, the district court ordered the U.S. Food and Drug Administration not to approve Norwich's ANDA until at least October 2029.

The result was a Pyrrhic victory for Norwich that provides useful lessons for drug manufacturers who wish to market a generic version of a pharmaceutical used to treat multiple medical conditions.

The dispute began when Norwich filed an ANDA seeking approval to sell generic rifaximin for two purposes: treating hepatic encephalopathy, or HE, and treating irritable bowel syndrome with diarrhea, or IBS-D.

In response, Salix filed a patent infringement suit asserting that Norwich's sale of rifaximin to treat HE would infringe three of its method patents, and its sale of rifaximin to treat IBS-D would infringe two other method patents. Salix also argued that selling Norwich's generic drug for either purpose would infringe two patents covering polymorphic forms of rifaximin.

Norwich's primary defense was its claim that Salix's patents were invalid as obvious. But Norwich faced an uphill battle.

To gain the right to sell its polymorphic form of rifaximin to treat HE, Norwich needed to invalidate Salix's three patents on methods of treating HE and its two patents on polymorphic rifaximin.

To sell polymorphic rifaximin to treat IBS-D, Norwich had to invalidate Salix's two patents on methods of treating IBS-D, as well as its two patents on polymorphic rifaximin. This was no easy task given the presumption of validity accorded issued patents and the concomitant requirement that obviousness be proved by clear and convincing evidence.

Against all odds, Norwich succeeded in invalidating all four of the patents blocking it from selling polymorphic rifaximin for IBS-D.

In a pair of victories reminiscent of Pyrrhus's first two battles against the Romans, Norwich invalidated both the IBS-D patents and the polymorphic rifaximin patents.

With respect to the IBS-D patents, the district court found the patents obvious in view of a 2006 journal article and a clinical trial protocol that had been published on the ClinicalTrials.gov website in 2005. Salix did not dispute that these references disclosed the limitations of the asserted claim or that a person of ordinary skill in the field would have been motivated to combine the references.

Instead, it argued that a person of ordinary skill would not have had a reasonable expectation of success in combining the references to obtain the claimed inventions. The district court disagreed.

Knobbe Martens was nationally recognized as a top firm for Hatch-Waxman Litigation (Generic) and General Patent Litigation in the 2024 LMG Life Sciences guide.

With regard to the polymorphic rifaximin patents, the district court found the claims obvious over a prior art patent and the common knowledge of a person of ordinary skill in the field. Salix argued that a skilled artisan would have lacked a reasonable expectation of success in producing the specific polymorphic form of rifaximin recited by the claims, rifaximin beta.

However, the district court found that the prior art patent disclosed several preparation protocols for rifaximin that would have produced rifaximin beta, and that a routine characterization of the rifaximin resulting from those preparation protocols would have detected its presence. A skilled artisan would have had a reasonable expectation of success because such characterization was routine and could have been performed in a single day.

The Federal Circuit affirmed all of these findings.

After its twin victories invalidating Salix's IBS-D patents and its polymorphic rifaximin patents, Norwich might have reasonably expected to be permitted to sell generic rifaximin beta for the treatment of IBS-D. But this is where things changed for Norwich.

The district court ruled that Norwich infringed Salix's method patents for treating HE and that these patents were valid. It then ordered the FDA to defer any approval of Norwich's ANDA until the HE patents expire in October 2029.

Norwich argued that its ANDA could be approved immediately for the noninfringing IBS-D indication. To no avail. The district court relied on Title 35 of the U.S. Code, Section 271(e)(4)(A), which provides that, where a district court finds an "act of infringement," any "approval of the drug ... involved in the infringement" shall be deferred until after the expiration of the infringed patents.

Norwich pointed out that its sale of generic rifaximin beta for treatment of IBS-D would not infringe any valid Salix patent. The district court ruled, however, that the act of infringement was the filing of an ANDA reciting an infringing use, namely, treating HE with rifaximin.

Norwich amended the language in its ANDA to eliminate references to treating HE with rifaximin. Norwich then sought relief from the judgment under Rule 60(b) of the Federal Rules of Civil Procedure. But the district court declined to exercise its discretion modify the judgment.

According to the court, it was unclear whether the amended language would still induce physicians to use Norwich's drug to treat patients with HE, and resolving this infringement issue would essentially require a second litigation.

This is how Norwich's twin successes in invalidating Salix's IBS-D and polymorphic rifaximin patents were transformed into Pyrrhic victories, at least for the moment. One suspects this saga is not over.

The *Salix* decision provides useful lessons for patent practitioners. For example, when the seller of a brand-name drug has separate method patents protecting each indication, an ANDA filer should consider whether it makes sense to list each indication in its ANDA.

If one indication is protected by patents that are more likely valid and infringed than the patents protecting the other indications, omitting that best-protected indication from the ANDA may be the better part of valor.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Luv N' Care, Ltd. v. Laurain

Unclean Hands and Inequitable Conduct: Dishonesty Is Not the Best Policy

In *Luv N' Care, Ltd. v. Laurain*, Appeal No. 22-1905, the Federal Circuit held that the district court correctly found unclean hands, but erred by finding no inequitable conduct without addressing the collective weight of the evidence of prosecution misconduct.

Luv N' Care ("LNC") sued Laurain and Eazy-PZ, LLC (collectively "EZPZ") seeking a declaratory judgment that LNC did not infringe EZPZ's patent for self-sealing dining mats for toddlers. EZPZ counterclaimed for patent and trade dress infringement. After a bench trial, the district court found that LNC failed to prove EZPZ's patent was unenforceable for inequitable conduct. The district court determined EZPZ's misrepresentations to the USPTO about the self-sealing functionalities of certain prior art only showed EZPZ's gross negligence, not deceptive intent. However, the district court found that unclean hands barred EZPZ's infringement counterclaims.

The Federal Circuit affirmed the finding of unclean hands. The Federal Circuit agreed that EZPZ attempted to gain an unfair advantage in the litigation through deceit and reprehensible conduct, including by failing to disclose related patent applications relevant to claim construction until after the close of discovery and motion practice, lying about the existence of responsive documents and prior art searches, and "repeatedly provid[ing] false testimony" during depositions and at trial.

The Federal Circuit vacated and remanded the district court's determination of no inequitable conduct. On appeal, LNC argued that the district court erred by failing to consider EZPZ's overall conduct and finding that EZPZ's misrepresentations about the self-sealing functionality of a prior art mat did demonstrate a specific intent to deceive the PTO. The Federal Circuit agreed. The Federal Circuit found that the district court erred by considering EZPZ's acts of prosecution misconduct "in isolation," and that it "failed to address the collective weight of the evidence regarding each person's misconduct as a whole." The Federal Circuit also explained that EZPZ's selective disclosure and "purposeful omission" of material information may "be indicative of a specific intent to deceive the PTO." Thus, the Federal Circuit held that, on remand, the district court should consider whether EZPZ's prosecution misconduct, collectively with its other acts of misconduct, show that either person involved in the misconduct intended to deceive the PTO.

Knobbe Martens was ranked highly for patent litigation across multiple jurisdictions in the 2024 *Intellectual Asset Management "Patent 1000"* guide.

Packet Intelligence LLC v. Netscout Systems, Inc.

Infringement Judgement Is Only Final When There's Nothing Left to Do but Execute

In *Packet Intelligence LLC v. Netscout Systems, Inc.*, Appeal No. 22-2064, the Federal Circuit held that an infringement judgment is only sufficiently "final" to be immune from a later finding of unpatentability if the litigation has moved to a stage that leaves nothing for the court to do but execute the judgment.

This case was before the Federal Circuit for the second time. Packet sued NetScout in the Eastern District of Texas for infringing various patents. Previously, the district court found that NetScout willfully infringed and that no asserted claim was unpatentable or invalid, and granted pre- and post-suit damages, enhanced damages, and an ongoing royalty for future infringement. In the first appeal, the Federal Circuit affirmed the district court's infringement and validity determination but reversed the award of some of the monetary damages, remanding the case back to the district court to reconsider damages. During the pendency of the remand, the Patent Trial and Appeal Board issued final written decisions in several 3rd-party IPRs that found all of the claims asserted by Packet against NetScout unpatentable. Packet appealed the Board's decision. Following issuance of the final written decisions, NetScout moved to dismiss Packet's infringement case, or in the alternative stay the case pending resolution of Packet's appeal. The district court denied the motion to dismiss or stay and entered an amended final judgment regarding the litigated issues on remand from the first appeal. NetScout appealed.

After NetScout appealed, the Federal Circuit affirmed the Board's final written decision of unpatentability in the 3rd-party IPRs. On appeal, the same 3-judge panel determined that Packet's patent infringement was moot because Packet's infringement judgment was not sufficiently final to be immune from the unpatentability affirmation. The Federal Circuit explained that an infringement judgment is only sufficiently "final" to be immune from a later finding of unpatentability if the litigation has moved to a stage that leaves nothing for the court to do but execute the judgment. Packet's infringement judgment was not sufficiently "final" after the Federal Circuit initially affirmed the infringement judgment because the district court had to reconsider the awarded damages on remand, which is more than "nothing … but execute the judgment." Packet's infringement judgment was also not sufficiently "final" after the district court issued the amended judgment because NetScout's appeal was non-frivolous.

Intellectual Tech LLC v. Zebra Technologies Corporation

Intellectual Tech May Stand Alone

In *Intellectual Tech LLC v. Zebra Technologies Corporation,* Appeal No. 22-2207, the Federal Circuit held that a patent owner may retain exclusionary rights to demonstrate an injury-in-fact for constitutional standing in an assertion of patent infringement despite agreement providing another party non-exclusive licensing rights.

Intellectual Tech (IT), a subsidiary of OnAsset Intelligence Inc (OnAsset), sued Zebra for patent infringement. Prior to the initiation of the lawsuit, OnAsset granted Main Street Capitol Corp. (Main Street) a security interest in the patent-in-suit, including rights that could be exercised upon default. OnAsset defaulted on its loan and entered into a forbearance agreement with Main Street. At the same time, IT was formed and OnAsset assigned the patent-in-suit to IT. IT entered into a joinder agreement to the loan agreement between OnAsset and Main Street, before subsequently defaulting. The agreements between OnAsset, IT, and MainStreet provided that, upon default Main Street, at its option, could, among other things, "sell, assign, transfer, pledge encumber, or otherwise dispose of" the patent-in-suit. Main Street had not exercised any options to the patent under the agreement at the time of the lawsuit. Zebra initially moved to dismiss for lack of standing, which the district court denied. Zebra renewed its standing motions in the form of a motion for summary judgment for lack of subject-matter jurisdiction. The district court granted the motion for lack of constitutional standing finding that the fact that Main Street could license the patent to Zebra deprived IT of all its exclusionary rights. The district court rejected IT's attempt to cure standing by joining Main Street because the constitutional standing defects existed at the time of filing and were, therefore, incurable. IT appealed.

On appeal, Zebra asserted that IT lacked exclusionary rights because Main Street's licensing rights from the agreements were (1) exclusive and thus deprived IT of all exclusionary rights or (2) non-exclusive, but divested IT of all exclusionary rights. First, the Federal Circuit rejected Zebra's argument that the security agreement granted Main Street exclusive licensing rights without taking further action by Main Street. Rather, the default merely triggered Main Streets options. Second, the Federal Circuit rejected Zebra's argument that Main Street's ability to license the patent divested IT of all exclusionary rights. The Federal Circuit held that "a patent owner has exclusionary rights sufficient to meet the injury-in-fact requirement even where, without more, it grants another party the ability to license." Additionally, the Federal Circuit held that Main Street's option to assign under the agreement was not a present divestment of IT's exclusionary rights—the assignment must be evaluated based on the actual transfer of rights, not the mere ability. Accordingly, the Federal Circuit reversed and remanded, finding that IT maintained at least some of its exclusionary rights in the patent and, therefore, suffered injury in fact, despite both IT and Main Street having the ability to license the patent.

The Federal Circuit also noted that it made no determination on whether IT's legal interest was sufficient to meet the "patentee" requirement for statutory standing under § 281 because the constitutional standing requirement showing an injury in fact is distinct.

FEATURE CASE

Ioengine LLC v. Ingenico Inc.

The Printed Matter Doctrine's Scope

The U.S. Court of Appeals for the Federal Circuit issued a precedential opinion in *Ioengine LLC v. Ingenico Inc.*

An unusual issue in *Ioengine* addresses the scope of the printed matter doctrine as applied to transmitted data or program code.

Certain printed matter is inherently unpatentable and cannot accord patentable weight to an otherwise old invention.

It is understood that words, like mental steps or laws of nature, fall outside the scope of patentable subject matter unless there is a functional relationship between the printed matter and the substrate on which that printed matter is placed. A few examples illustrate the bounds of the doctrine.

One case from the late 1960s involved a measuring spoon designed to easily measure ingredients when making half a recipe. The spoon eliminated the need to calculate half-amounts of the ingredients by including volumetric indicia that were, in fact, different from the volume being measured.

Thus, a half-recipe spoon would say it was 1 cup, but would instead have a volume of half a cup. Although the spoon itself was old, and the printed matter not itself patentable, the combination of the two created a new functional relationship that was held patentable.

In contrast, if the claim is effectively to the content of the printed matter itself, without any new functional relationship, then the printed matter is not entitled to any patentable weight. A more recent example of this is a claim to a kit that includes a drug and packaging that indicates how to administer the drug.

Unlike the purposely inaccurate measuring spoon, which created a new functional relationship that made cooking easier, adding instructions to a known product does not create a functional relationship between the product and words. Otherwise, merely changing the instructions would refresh the patent term for an old drug.

The printed matter doctrine thus runs both ways. The doctrine prevents patenting otherwise unpatentable subject matter by appending it to an object. The doctrine also prevents patenting an old object by adding new printed matter to it, unless the result is some new functional relationship between the printed matter and the object.

Similar to the famous 2014 U.S. Supreme Court ruling in *Alice Corp. v. CLS Bank International*, patentability requires a transformative functional relationship between content and substrate. Under *Alice*, a claim directed to patent-ineligible subject matter can add elements and an inventive concept that transforms the claim into patent-eligible subject matter.

Indeed, the Federal Circuit has applied *Alice* to analyze whether a claim that included printed matter was patent eligible and explained that a claim may be found patent ineligible under Section 101 if it is directed solely to nonfunctional printed matter without an additional inventive concept, as shown in *CR Bard Inc. v. AngioDynamics Inc*. in 2020.

Turning back to *Ioengine*, the Patent Trial and Appeal Board determined that two sets of claim limitations ran afoul of the printed matter doctrine. One set required program code to be configured to cause the transmission of encrypted communications.

The Board determined that the encrypted communications fell within the scope of the printed matter doctrine because, in the Board's view, that limitation was directed to the communicative content.

There was no functional relationship between the encrypted data and the communication carrying it because the claims did not require any use, manipulation or processing of that data. Based on these findings, the Board gave the encrypted communications limitation no patentable weight.

A second set of claims required that communication to a network node facilitate the download of program code. The Board determined that downloading program code is

a communication, and thus within the scope of the printed matter doctrine. The Board also reasoned that a claim to downloading program code is directed to the content of the information downloaded, which in the Board's view made it printed matter.

As a result, the Board explained, a claim to generic downloaded code has no functional relationship with, e.g., the claimed portable device or terminal and thus was not entitled to any patentable weight.

The Federal Circuit disagreed and reversed the Board's holding of unpatentability. The court explained that the printed matter analysis involves a two-step test.

First, the court must determine whether the limitation is directed to printed matter. This only occurs if the content of the information is claimed. If so, the second step asks whether the printed matter should be given patentable weight because it has a functional or structural relationship with the substrate.

With respect to the encrypted communications limitations, the court explained that the fact that there is a communication is different from the content of the communication. The claims required no specific content for the communications, and thus could not be directed to the content. Likewise, the requirement that the communication be encrypted relates to the form of the communication, and not its content.

In contrast, the printed matter doctrine is related to what is communicated instead of the act of the communication itself. Because the encrypted communications were not being claimed for any content, the court concluded they were not printed matter.

For the program code limitations, the court again emphasized that there was no informational content claimed and, accordingly, the program code could not be directed to printed matter.

The court also observed that the act of downloading did not transform the program code into printed matter. The court reversed the Board's anticipation determinations for these claims.

The takeaway from *Ioengine* is that the printed matter doctrine must be applied judiciously and specifically where claims are directed to the content of a communication and not to a communication generally.

In this instance, the petitioner in the inter partes review argued for a very broad application of the doctrine. The Board adopted the petitioner's position and found anticipation as a result.

But the Board's analysis in *Ioengine* would have transformed the doctrine into a broad tool undermining patentability for many claims to transmitting data or communications. In reality, however, the printed matter doctrine is much narrower than the Board's application, and can only be relied on when the content of the printed matter is claimed.

Consistent with the long line of cases related to printed matter, when claims are directed to a generic communication, data or computer program the printed matter doctrine does not apply because there is no particular content at issue.

The Federal Circuit's holding thus restores the printed matter doctrine to its status as a relatively narrow part of patent law.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

LKQ Corp. v. GM Global Technology Operations LLC

A Major Shift in Design Patent Law

Rarely does this monthly column consider a ruling that represents a fundamental shift in intellectual property law. However, the U.S. Court of Appeals for the Federal Circuit's en banc decision in *LKQ Corp. v. GM Global Technology Operations LLC* on May 21 overruled three decades of precedent and adopted a new standard for assessing the obviousness of design patents.

The case originated in an inter partes review before the Patent Trial and Appeal Board. Petitioner LKQ argued that GM's patent on an ornamental design for the front fender of an automobile was obvious in view of two prior art references: a design patent to Lian and a brochure for the Hyundai Tucson.

The PTAB applied the Rosen-Durling test, the standard that had governed design-patent obviousness since 1996, named after the Federal Circuit's 1996 decision in *Durling v. Spectrum Furniture Co.* and the court of Customs and Patent Appeals' 1982 decision in *In re: Rosen.*

The Board concluded that LKQ had failed to prove that it would have been obvious to combine the Lian patent and the Tucson brochure to obtain GM's patented design.

Under the Rosen-Durling test, LKQ had to show that (1) one of the references disclosed a design that was "basically the same as the claimed design," and (2) the other reference was "so related to the primary reference that the appearance of certain ornamental features in one would suggest the application of those features to the other."

The Board ruled that neither the Lian patent nor the Tucson brochure disclosed a design that was basically the same as GM's patented fender design. Because LKQ had failed to establish the existence of a primary reference, the Board did not reach the second prong of the test.

On appeal, a panel of the Federal Circuit found in 2023 that substantial evidence supported the Board's application of the Rosen-Durling test. The court then agreed to hear the appeal en banc to consider LKQ's argument that the Rosen-Durling test had been implicitly overruled by the U.S. Supreme Court's 2007 decision in *KSR International Co. v. Teleflex Inc.*

The en banc court reversed the Rosen-Durling test, ruling that the test was at odds not only with *KSR* but also with the Supreme Court's 1893 decision in *Smith v. Whitman Saddle Co*.

Central to the court's decision was the "reason to combine" requirement. Simply put, a utility patent is not obvious merely because all of the claimed features are present in various prior art references. The patent challenger must prove that a person of ordinary skill in the art would have had a reason or motivation to combine those references to obtain the claimed invention.

In *KSR*, the Supreme Court rejected the "teaching, suggestion or motivation test" for determining whether there was a reason or motivation to combine the prior art. The TSM test required that the reason to combine come from the prior art references themselves, the nature of the problem facing the inventor, or the common knowledge of persons of ordinary skill in the field. KSR rejected this approach as too rigid and ruled the reason or motivation to combine could come from any source, even common sense.

Though the *KSR* decision related to utility patents, the en banc Federal Circuit noted that, under Title 35 of the U.S. Code, Section 171(b), the patent statute's provisions also generally apply to design patents. The court therefore analyzed the *KSR* decision and concluded that the Rosen-Durling test was inconsistent with KSR's rejection of rigid rules "that deny factfinders recourse to common sense."

The Federal Circuit also ruled that the Rosen-Durling test conflicted with *Whitman Saddle*, the Supreme Court's seminal case on design-patent obviousness.

In *Whitman Saddle*, the court considered whether an ornamental design for a saddle was patentable in view of two prior art saddles. The court found that the patented design was little more than the combination of the front half of one saddle and the back half of the other. The court held that it was not inventive merely "to put the two halves of these saddles together in

the exercise of the ordinary skill of workmen of the trade, and in the way and manner ordinarily done."

In *Whitman Saddle*, the Supreme Court did not attempt to determine whether either saddle had "basically the same" design as the patented design, or whether the two saddles were "so related … that the appearance of certain ornamental features in one would suggest the application of those features to the other."

Indeed, because each saddle represented only half of the patented saddle design, neither one could have "basically the same" design as the patented design. The Federal Circuit therefore concluded that the requirements of the Rosen-Durling test conflicted with the Supreme Court's analysis in *Whitman Saddle*.

After discarding the Rosen-Durling test, the Federal Circuit ruled that design-patent obviousness should be assessed using the factors in the Supreme Court's 1966 decision in *Graham v. John Deere Co.,* a utility patent case. Those factors include the scope and content of the analogous prior art; the differences between the prior art designs and the patented design; the level of skill of an ordinary designer in the field; and secondary considerations that suggest nonobviousness, such as any commercial success enjoyed by the patented design or industry praise of the design.

On the key issue of whether a designer of ordinary skill had a reason to combine the prior art, the Federal Circuit held that, consistent with *KSR*, the reason need not come from the references themselves. "But there must be some record-supported reason (without hindsight) that an ordinary designer in the field of the article of manufacture would have modified the primary reference with the feature(s) from the secondary reference(s) to create the same overall appearance as the claimed design," the court noted.

The *LKQ* decision leaves many questions unanswered. For example, what reasons to combine will a design patent challenger be able to advance in arguing obviousness? Some reasons to combine that are regularly asserted in utility patent cases will likely be applicable in design patent cases. If an ornamental feature is commonplace in the field, then patent challengers will likely argue that this provides a reason or motivation to modify a reference in the same field to add that feature.

Other reasons to combine probably cannot be asserted in the design patent context. For example, a defendant challenging a utility patent can argue that two references would be combined because one or both address the problem the inventor sought to solve. But unlike most utility patents, design patents do not address a problem in the field and do not include a written description of such a problem. Design patents present a novel ornamental design and are composed almost entirely of images of the new design.

One interesting issue is whether defendants will be successful in arguing that an ordinary designer would combine two references because one solved a known functional problem.

Imagine a design patent on a three-legged stool with an oval seat and flared legs. A first prior art reference shows a stool with an oval seat, but with four straight legs. A second prior art patent shows a stool with three flared legs, but with a round seat. Can the defendant argue that a designer of ordinary skill would have been motivated to replace the oval stool's four straight legs with the round stool's three flared legs because four-legged stools are known to be unstable?

On the one hand, design patents protect only the ornamental design of an article of manufacture, not its functional features. On the other hand, designers of ordinary skill might know that four-legged stools are wobbly and want to select an ornamental design that does not suffer from that flaw. One thing is clear: The *LKQ* decision has given design patent lawyers and judges much food for thought.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Core Optical Technologies, LLC v. Nokia Corporation

Ambiguous Phrase in a Patent Assignment Precludes Summary Judgment Regarding Standing

In *Core Optical Technologies, LLC v. Nokia Corporation*, Appeal No. 23-1001, the Federal Circuit held that applying California law, the phrase "entirely on my own time" in an employment agreement was found ambiguous and therefore precluded summary judgment of no standing to sue for patent infringement.

Core Optical Technologies, LLC sued Nokia Corporation and others (collectively "Nokia") for patent infringement. Named inventor Dr. Mark Core had assigned the asserted patent to Core Optical in 2011. Nokia moved for summary judgment that Core Optical lacked standing. Nokia argued that the 2011 assignment was ineffective because Dr. Core had already assigned the patent rights to a third party called TRW Inc. through a 1990 employment-associated agreement. This 1990 agreement automatically assigned to TRW inventions that Dr. Core developed during his employment, but excepted inventions that were developed "entirely on [Dr. Core's] own time." Neither party disputed whether Dr. Core conceived of and reduced to practice the invention claimed in the '211 patent in the course of his PhD research beginning in 1993. During that PhD program, Dr. Core continued to work both as a salaried part-time TRW employee and as a PhD fellow sponsored by TRW. TRW paid Dr. Core's tuition and fees and provided Dr. Core with wages, a monthly stipend, and full employee benefits. The district court determined that the time Dr. Core spent on his PhD research was not entirely Dr. Core's "own time." It granted summary judgment that Core Optical lacked standing. Core Optical appealed.

The Federal Circuit vacated the district court's judgment. Applying California law, it found that the phrase "entirely on my own time" was ambiguous and could not be conclusively interpreted without further factual development. The Federal Circuit noted conflicting evidence regarding Dr. Core's use of TRW resources and the extent to which his PhD work, which led to the patent, was conducted independently of his employment. The Federal Circuit remanded for further proceedings to resolve these ambiguities.

Judge Mayer dissented. He opined that the district court correctly granted Nokia's motion for summary judgment after determining that, as a matter of California law, Dr. Core did not develop the patented invention "entirely on [his] own time."

Ecofactor, Inc. v. Google LLC

Reliably Determining Reasonable Royalty Rates from Lump Sum Licenses

In *Ecofactor, Inc. v. Google LLC*, Appeal No. 23-1101, the Federal Circuit held that license agreements containing a lump sum payment "based on" a royalty rate may provide evidence that a corresponding reasonable royalty rate has been reliably calculated.

EcoFactor sued Google for patent infringement over Google's smart thermostat products. At trial, the jury found Google infringed the patent and awarded EcoFactor damages. Google moved for a new trial on damages, arguing that the opinion of EcoFactor's damages expert should have been excluded from trial for being speculative and unreliable. The district court denied the motion, and Google appealed.

The Federal Circuit affirmed the district court's decision to deny Google's motion for a new trial. On appeal, Google argued the expert's royalty rate was "plucked . . . out of nowhere" and that the damages testimony lacked comparability and apportionment. The Federal Circuit noted that the challenged expert's testimony was based on three comparable licenses that contained lump sum payments that were "based on … a reasonable royalty calculation" at a particular rate and held that these licenses, along with various corroborating evidence, adequately supported the rate. The Federal Circuit also held that the three licenses were economically comparable to the hypothetically negotiated agreement and properly apportioned because the expert accounted for the difference in scope between the licenses in analyzing the hypothetical negotiation. Consequently, the Federal Circuit concluded that the expert relied on sufficiently comparable licenses and that the expert's opinion adequately apportioned the value of the patent. Thus, the damages opinion was admissible, and the district court did not abuse its discretion when it denied Google's motion for a new trial.

After the court issued its judgment, Google filed a petition for rehearing *en banc*. The petition generated considerable interest, with amicus briefs filed by many industry players, including Garmin International, Red Hat, SAP America, Tesla, Vizio, Intel, Cisco, and Apple. On September 25, 2024, the court granted the petition for rehearing *en banc* and vacated the original opinion. The court ordered the parties to file briefs to address whether the district court adhered to the Federal Rule of Evidence 702 and the standard set out in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993) when allowing testimony from EcoFactor's expert assigning a per-unit royalty rate to the license in evidence in the case. Despite expressly limiting the scope of the *en banc* review, Google attempted to expand the scope of the review and spent nearly twenty pages of its brief arguing another theory. On December 4, 2024, the Federal Circuit issued a per curium order noting the narrow scope of the *en banc* review and directing EcoFactor not to address Google's unsanctioned argument. Briefing is ongoing and oral argument is not yet scheduled.

Beteiro, LLC v. Draftkings Inc.

Relying on Computer-Implemented, Result-Focused Functional Language Is a Bad Bet

In *Beteiro, LLC v. Draftkings Inc.,* Appeal No. 22-2275, the Federal Circuit held that recitations of a computer-implemented method can be an abstract idea and non-eligible under 35 U.S.C. § 101 if the claims recite result-focused functional language that is analogous to longstanding "real-world" activities and do not improve technology.

Beteiro, LLC ("Beteiro") filed several patent infringement suits against various online wagering companies ("Appellees"), including DraftKings Inc., in the district court alleging that the Appellees infringed certain claims by providing a plurality of gambling and event wagering services. The Appellees filed motions to dismiss on the grounds that the asserted patents claim non-patentable subject matter under 35 U.S.C. § 101. The district court granted the motions to dismiss and denied Beteiro's motions for reconsideration. Beteiro appealed to the Federal Circuit.

The Federal Circuit affirmed the district court's decision and held that the asserted claims were directed to the abstract idea of "exchanging information concerning a bet and allowing or disallowing the bet based on where the user is located." Applying the two step Mayo/Alice framework, the Federal Circuit determined that the asserted claims were directed to an abstract idea because the asserted claims (1) broadly recite generic steps of a kind frequently held to be abstract; (2) were drafted using largely result-focused functional language, containing no specificity about how the purported invention achieves those results; (3) involved methods of providing particularized information to individuals base on their locations; (4) could be analogized to longstanding "real-world" activities; and (5) did not improve technology (e.g., computers). Further, under step two of the Mayo/Alice framework, the Federal Circuit held that the asserted claims achieved the abstract steps using generic computers and conventional technology. Therefore, the claims were directed to ineligible subject matter, and the Federal Circuit affirmed the district court's dismissal.

Amarin Pharma, Inc. v. Hikma Pharmaceuticals USA Inc.

More Liability for Generic-Drug Makers

The U.S. Court of Appeals for the Federal Circuit decided a case with potentially important consequences for how generic drugs are marketed, and induced infringement in general.

In *Amarin Pharma Inc. v. Hikma Pharmaceuticals USA Inc.,* Amarin marked a drug called Vascepa that the U.S. Food and Drug Administration approved for the treatment of severe hypertriglyceridemia.

Hikma submitted an abbreviated new drug application, or ANDA, to the FDA. An ANDA is a way for a generic-drug manufacturer to bring a drug equivalent to a branded drug to market but avoid much of the regulatory cost of other approval pathways.

As part of an ANDA approval, the generic drug product copies, in relevant part, the label used by the branded drug, including the indications for the product.

When Hikma submitted its ANDA seeking approval of a generic version of Vascepa, Vascepa was only approved for the severe hypertriglyceridemia indication. While Hikma's ANDA was pending, Amarin obtained FDA approval for an additional indication for Vascepa as a treatment to reduce cardiovascular risk.

Amarin added the cardiovascular indication to its label and, at the same time, removed a warning that indicated that the effect of Vascepa on cardiovascular mortality had not been determined.

After Amarin added the cardiovascular indication, Hikma had a choice. Hikma could either modify its own label to add the cardiovascular indication, or Hikma could carve out the cardiovascular indication, and only seek approval for the original severe hypertriglyceridemia indication. This latter approach is colloquially called a "skinny label" because the generic label includes less than all of the indications for the approved drug.

A generic-drug manufacturer might choose the skinny label approach to simplify the ANDA approval process. Because one ANDA approval pathway involves the generic certifying that the patents covering the branded drug are invalid, unenforceable or will not be infringed by the generic product, a skinny label lets the generic company avoid infringing patents that only cover certain indications.

In this case, Amarin had two patents that covered the cardiovascular indication. To avoid those patents, Hikma chose to carve out the cardiovascular indication using a skinny label that sought approval to market generic Vascepa indicated for the treatment of only severe hypertriglyceridemia.

Hikma's label, however, was not an exact copy of the original Vascepa label because the Hikma label did not include the warning that the effect of Vascepa on cardiovascular mortality had not been determined.

The FDA eventually approved Hikma's generic product for treatment of severe hypertriglyceridemia. During and after the approval, Hikma issued a series of press releases related to its generic product. In these releases, Hikma referred to its generic version of Vascepa.

The releases also referred to the sales data for Vascepa, which accounted for all uses of Vascepa and not just the severe hypertriglyceridemia indication. Hikma also marketed its product on its website, with the statement, in small type, that its generic version is indicated for fewer than all approved indications of Vascepa.

After FDA approval, Hikma launched its generic product. A month later, Amarin sued, alleging that Hikma induced infringement Amarin's cardiovascular-related patents.

Amarin's complaint alleged Hikma's press releases, website, and product label — by removing the warning that the effect on cardiovascular mortality had not been determined — demonstrated that Hikma had a specific intent to encourage physicians to directly infringe the cardiovascular patents by prescribing Hikma's generic product for cardiovascular indications.

The U.S. District Court for the District of Delaware granted Hikma's motion to dismiss, holding Amarin's complaint did not sufficiently state a claim for induced inducement.

On appeal, the Federal Circuit reversed the dismissal and remanded for the case to go forward on Amarin's induced infringement theory because, in the court's view, Hikma pled sufficient factual support to plausibly support a finding of induced infringement.

The Federal Circuit drew a clear distinction between the ANDA approval process, which involves questions of infringement resolved by the skinny label, and infringement after the ANDA approval involving marketing.

The court explained that during the ANDA approval process, the generic product is merely hypothetical. The court distinguished this process from the postlaunch situation, where the generic drug is sold and marketed.

The court also distinguished Hikma's actions from situations where infringement is based solely on the scope of the skinny label. The court found that Amarin's allegations transformed the case into a different question than asked during the ANDA approval process because Amarin alleged both Hikma's label and Hikma's postapproval statements and marketing actions combined to induce infringement.

The court explained that even though the case had its genesis in the ANDA approval process, postapproval "it is nothing more than a run-of-the-mill induced infringement case." For such an inducement case, the court held, the proper analysis is to consider whether the totality of the allegations, when taken as true, plausibly plead Hikma induced infringement.

Because the case came to the Federal Circuit as an appeal of the grant of a Rule 12(b)(6) motion to dismiss, the review is only of the allegations accepted as true, and only for plausibility, not probability.

The court focused narrowly on the question of whether Hikma actively induced direct infringement by healthcare workers prescribing Hikma's generic product for cardiovascular indications. The court rejected the idea that the indications listed in Hikma's label alone controlled the infringement analysis.

Instead, the court held that other parts of the label might still support inducement, including the fact that Hikma did not include the warning from the original severe hypertriglyceridemia label that indicated a lack of testing for cardiovascular-related indications. More importantly, the court emphasized that the combination of the label and Hikma's public statements and marketing materials provided a basis for induced infringement.

Among other things, the court pointed to the fact that Hikma referred to its drug as a "generic equivalent to Vascepa" or "generic Vascepa," and Hikma's statement in a press release that Vascepa is indicated in part for the severe hypertriglyceridemia indication.

The court also noted that Hikma's releases pointed to the total Vascepa market, and not just the market for the severe hypertriglyceridemia indication — the cardiovascular indication makes up at least 75% of total Vascepa sales. The court concluded that these allegations, in combination with the label, plausibly stated a claim for induced infringement.

The court also held that Amarin's allegations presented a factual issue of what Hikma's label and public statements conveyed to the marketplaces. At the motion to dismiss stage, the court explained, any such factual disputes must be presumed in Amarin's favor.

Thus, the court held it was at least plausible that a physician could read press releases "touting sales figures attributable largely to an infringing use" and Hikma's reference to its "generic version" of a drug indicated "in part" for the severe hypertriglyceridemia indication as an instruction to prescribe Hikma's generic drug for any approved indication of Vascepa.

The Federal Circuit also addressed the issue of whether identifying the generic drug as AB-rated could avoid allegations of inducement. An AB-rated drug means there is generic equivalence for only the labeled uses, and no others. The court seemingly left open the possibility that identifying a generic drug as AB-rated might avoid induced infringement.

But the court disagreed that the allegations in this case required that result at the motion to dismiss stage because at least some of Hikma's statements did not include the disclaimer that its generic drug was AB-rated.

The court also rejected the idea that reversing the motion to dismiss would effectively eviscerate the skinny label carveouts used by generic companies to receive FDA approval. Instead, the court indicated, "clarity and consistency in a generic manufacturer's communications regarding a drug marketed under a skinny label may be essential in avoiding liability for induced infringement."

The court concluded that, at the motion to dismiss stage, Hikma's alleged actions did not achieve such clarity and consistency.

Amarin creates uncertainty in the sale and marketing of generic drugs postapproval. Under *Amarin*, it appears that a generic drug company may not always be able to avoid inducement just because the FDA-approved label does not include the infringing indication.

The court provided little guidance about what a generic label should include to help avoid inducement, and generally left that question unresolved. Hikma's allegedly inducing actions were also relatively general, for example stating that the drug was a generic equivalent of Vascepa. That statement accurately reflects the FDA approval, but *Amarin* suggests that such accurate statements regarding regulatory approval may constitute inducement.

The court's opinion may also suggest that additional context, for example clear statements in every single communication about the drug explaining the AB-rating or the approved indications, might have justified the dismissal. But, again, the exact steps that might have allowed dismissal under 12(b)(6) are not articulated.

The ultimate result from *Amarin* is a very permissive pleading standard for induced infringement. While *Amarin* was decided in the context of FDA-approved drugs and generic equivalents, the court expressly noted its decision applied a run-of-the-mill inducement analysis not limited to the specific pharmaceutical regulatory situation.

Moving forward, *Amarin* may allow for creative inducement pleadings outside of just the pharmaceutical context. For example, *Amarin* suggests that citing sales data related to a patented method might be enough to support allegations of induced infringement.

Ultimately, *Amarin* will likely result in more allegations of induced infringement by generic drugs postapproval, with more of those cases proceeding to at least the summary judgment stage instead of being cut off at the outset.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Natera, Inc v. Neogenomics Laboratories, Inc.

"Mere Vulnerability" to an Invalidity Challenge Insufficient to Defeat Preliminary Injunction

In *Natera, Inc v. Neogenomics Laboratories, Inc.*, Appeal No. 24-1324 the Federal Circuit held that preliminary injunction may be valid if a substantial question of invalidity was not raised, even if the asserted patent is vulnerable to an invalidity challenge.

Natera alleged that NeoGenomics' product, RaDaR assay, infringed Natera's patents related to detecting ctDNA for early assessment of cancer relapse. The District Court issued a preliminary injunction barring NeoGenomics from making, using, selling, or offering for sale RaDaR assay, as it infringed Natera's patent, US 11,519,035. The District Court clarified its order several times in order to allow certain research and testing using the RaDar assay to proceed in light of the public interest in such uses. NeoGenomics appealed, arguing (a) that RaDaR assay does not infringe Natera's patent, (b) that the '035 patent is invalid in light of a prior art reference and knowledge in the field, and (c) that public interest would dictate allowing the sale of RaDaR assay due to its superior sensitivity. The Federal Circuit disagreed and affirmed the District Court.

On appeal, NeoGenomics argued that the District Court failed to engage in explicit claim construction of the '035 patent. The Federal Circuit determined that no definitive claim construction was necessary, as NeoGenomics did not present a claim construction dispute until its motion to stay the preliminary injunction pending appeal. NeoGenomics next asserted that the burden for defeating a preliminary injunction is "mere vulnerability" of the patent to an invalidity challenge. The Federal Circuit indicated that NeoGenomics was incorrect. While an accused infringer need not make out a case of actual invalidity to avoid a preliminary injunction, the accused infringer does need to show a "substantial question of invalidity." NeoGenomics failed to articulate a reason why a skilled artisan would have been motivated to use the prior art reference for cfDNA-based cancer detection, and thus failed to show a substantial question of invalidity.

Finally, NeoGenomics argued that RaDaR has superior sensitivity to Natera's product, so public interest would require overturning the preliminary injunction to benefit cancer patients. The Federal Circuit found that NeoGenomics assertion of RaDaR's superiority was unsupported by clinical data and further found that the District Court's efforts to tailor the injunction to allow research using the RaDaR assays and certain testing to proceed addressed concerns regarding the public interest in access to RaDaR assays.

Knobbe Martens and several of the firm's partners are recognized in *Chambers USA* for patent litigation.

Backertop Licensing LLC v. Canary Connect, Inc.

Repeat Patent Plaintiff Pays Price for Not Appearing in Person

In *Backertop Licensing LLC v. Canary Connect, Inc.*, Appeal No. 23-2367 the Federal Circuit held that Federal Rule of Civil Procedure 45 does not limit the geographical range of a court's ability to *sua sponte* issue an order to appear.

Background: Over the past year and a half, the Chief Judge of the District of Delaware has been investigating potential attorney and party misconduct in dozens of related patent cases. The plaintiffs in these cases are limited liability companies that appear to be associated with IP Edge (a patent monetization firm) and Mavexar (consulting shop). Due to concerns that tactics employed by IP Edge and Mavexar concealed from the court the real parties in interest, perpetrated fraud on the court by fraudulently conveying patent to shell LLCs by filing fictitious assignments with the USPTO, violated local disclosure rules, and violated the Rules of Professional Conduct, the District Court held evidentiary hearings to gather information regarding the conduct of the parties. The cases involving Backertop Licensing LLC are part of the District Court's inquiry.

District Court Proceedings: Ms. LaPray was the sole owner of Backertop Licensing LLC, an entity that had filed at least twelve patent infringement cases across several federal district courts. Ms. LaPray was also the managing member of six other LLCs that had filed at least ninety-seven patent infringement cases. In March 2023, the District Court ordered Backertop, Ms. LaPray, and their attorneys to produce documents relating to the court's concern regarding potential fraud on the court and ordered Ms. LaPray to identify "any and all assets owned by Backertop." Backertop sought to have the production order set aside and then subsequently filed a joint stipulation of dismissal. Days later Backertop's attorneys sought to withdraw as counsel, which Backertop opposed. The District Court set a hearing and ordered all parties to appear in person. The court denied Backertop's motion to set aside the production order and, after receiving the production, notified the parties that the District Court had questions for Ms. LaPray which required her physical presence in court. To accommodate Ms. LaPray's conflicts, the court set a new hearing date and denied her request to appear telephonically. Backertop moved for reconsideration, arguing that FRCP 45's geographic limit "preclude[d] the District Court's order requiring Ms. LaPray to appear in Delaware." The District Court denied the motion. After Ms. LaPray still refused to attend the scheduled hearing, the District Court found her in civil contempt of court and imposed a fine of $200 per day until she appeared in-person in court. Backertop and Ms. LaPray appealed.

Federal Circuit Proceedings: The Federal Circuit affirmed the District Court, explaining that "[o]n its face, FRCP 45 only applies to a party or attorney's efforts to subpoena a person required to attend a trial, hearing, or deposition within a 100-mile radius." Accordingly, Rule 45 did not apply to the district court's sua sponte order to appear. The Federal Circuit additionally held that the District Court's order to compel was an "appropriate means to investigate potential misconduct involving Backertop."

Miller Mendel, Inc. v. City Of Anna, Texas

Automating a Process for Performing Background Checks Held Patent Ineligible Under § 101

In *Miller Mendel, Inc. v. City Of Anna, Texas*, Appeal No. 22-2090 the Federal Circuit held that no live controversy exists over any claims eliminated from infringement contentions prior to a judgment on the pleadings.

Miller Mendel, Inc. ("Miller Mendel") alleged that the City of Anna, Texas ("City") infringed its patent claims directed to a software system for managing pre-employment background investigations. Citing § 101 patent ineligibility, the District Court granted City's motion for judgment on the pleadings. Miller Mendel appealed, inter alia, the court's patent ineligibility holding. On cross appeal, City argued that the District Court erred in its Reconsideration Order, which clarified that the judgment limited the invalidity holding to only claims one, five, and fifteen.

First, the Federal Circuit affirmed the District Court's Reconsideration Order. City argued that the invalidity holding should also extend to claim nine. The Circuit, however, cited a lack of subject matter jurisdiction over the remaining claims. Prior to the District Court's initial judgment, Miller Mendal amended its infringement contentions. It only alleged infringement of claims one, five, and fifteen. The amendment, therefore, eliminated any existing controversy and undermined the court's subject matter jurisdiction over the remaining claims.

Second, the Federal Circuit affirmed the District Court's patent ineligibility holding. Applying *Alice* step one, the Circuit held that the claims, while an improvement, constituted a mere abstract idea. Applying step two, the claims failed to contain additional elements that transformed the invention into a patent-eligible application. The limitations required only routine computer and network functionality, and the specification described the invention as automating the "majority of the tasks of a common pre-employment background investigation."

Softview LLC v. Apple Inc.

Estoppel Does Not Apply to Previously Issued Claims

In *Softview LLC v. Apple Inc.*¿ Appeal No. 23-1005 the Federal Circuit held that estoppel under 37 CFR § 42.73(d)(3)(i) only applies to obtaining new or amended claims in the PTO and does not apply to maintaining already issued claims.

Apple and Motorola requested inter partes reexaminations of SoftView's patent, directed to displaying internet content on mobile devices. Kyocera also filed a petition for inter partes review ("IPR") regarding 18 of the 319 SoftView's patent claims. Apple also filed a separate request for *ex parte* reexamination, but all the inter partes and *ex parte* reexaminations were stayed pending the outcome of Kyocera's IPR. The Board found the 18 challenged claims of SoftView's patent unpatentable as obvious as a result of the IPR.

After the IPR, the stays on the reexaminations were lifted. During the *ex parte* reexamination, SoftView amended various claims by combining limitations from multiple canceled claims from the IPR proceeding. Those amended claims issued in an *ex parte* reexamination certificate. Later, in the inter partes reexaminations, the Board rejected all pending claims, including the previously issued claims from the *ex parte* reexamination, as unpatentable under 37 C.F.R. § 42.73(d)(3)(i) because they were not "patentably distinct" from those that had been invalidated in the IPR. SoftView appealed the inter partes reexaminations, arguing, among other things, that the Board improperly applied estoppel under § 42.73(d)(3)(i) to previously issued claims.

Section 42.73(d)(3)(i) bars a patent owner from "obtaining in any patent: (i) A claim that is not patentably distinct from a finally refused or canceled claim." The Federal Circuit agreed with SoftView that, by its terms, Section 42.73(d)(3)(i) only applies to "obtaining" a claim and not maintaining an existing claim. Thus, the Federal Circuit vacated the Board's decision as to claims that were already issued.

SoftView also argued that the PTO did not have the authority to issue Section 42.73(d)(3)(i) because that regulation renders claims unpatentable based on a comparison to previously canceled claims, rather than to the prior art. The Federal Circuit rejected that argument, finding that the PTO's regulations were lawfully promulgated under the PTO's rulemaking authority. Thus, the Federal Circuit affirmed the Board's decision barring SoftView from obtaining amended claims that were not patentably distinct from those canceled in the IPR proceeding.

Sanho Corp. v. Kaijet Technology International Limited, Inc.

A Private Sale Is Not Sufficient for Public Disclosure Under 35 USC 102(b)(2)(B)

Public disclosures, public uses, secret uses and secret sales: The patent law can appear a confusing quagmire full of unseen hazards to inventors attempting to develop and exploit their innovations.

In two recent decisions, the U.S. Court of Appeals for the Federal Circuit waded into this quagmire and provided guidance to inventors who wonder what they are permitted to do between conceiving their invention and filing their patent application.

In *Sanho Corp. v. Kaijet Technology International Limited Inc.* on July 31, the Federal Circuit rejected a patent owner's argument that its secret sale of products embodying its inventions constituted a public disclosure of the invention. Affirming the Patent Trial and Appeal Board, the Federal Circuit ruled that the invention was not publicly disclosed by the secret sale.

Two weeks later, on Aug. 12, the court issued an opinion in *Celanese International Corp. v. International Trade Commission*, an appeal from the International Trade Commission. There the Federal Circuit ruled that Celanese's secret sale was an invalidating disclosure that put its invention on sale more than a year before it filed its patent application.

How can a secret sale be an invalidating disclosure but not a public disclosure? Some background is necessary.

The patentability of inventions is governed by the America Invents Act, which went into effect in September 2012. The relevant provision is Title 35 of the U.S. Code, Section 102. Section 102 specifies that certain types of disclosures will invalidate a patent if they occur before the inventor files his or her patent application.[1]

First, it is an invalidating disclosure if the invention is described in a patent or printed publication, publicly used or placed on sale before the inventor's patent application is filed. However, none of these things is an invalidating disclosure if done by the inventor less than a year before filing the patent application.

Second, it is an invalidating disclosure if someone else describes the invention in a patent application filed before the inventor's application. In essence, the inventor's patent is invalid because someone else won the race to the Patent Office.

The invalidating disclosure that spelled the end of Sanho's patent was an earlier-filed patent application. Someone else had beaten Sanho to the Patent Office.

But all was not lost for Sanho. The AIA's provision on invalidating disclosures also contains an exception — a sort of safe harbor.[2] That exception provides that, if an inventor publicly discloses the invention, that public disclosure negates any subsequent invalidating disclosure. Sanho argued that it publicly disclosed its invention when it sold products embodying the invention. And because that sale preceded the earlier-filed patent application, that application was not an invalidating disclosure.

But Sanho's sale was a secret sale negotiated between two individuals using private messages. The Board ruled that an invention cannot be "publicly disclosed" by a secret sale, and it invalidated Sanho's patent.

On appeal to the Federal Circuit, Sanho argued that, if a secret sale is an invalidating disclosure, it must also be a public disclosure. Consistency requires no less.

The Federal Circuit disagreed. It held that "disclosure" and "publicly disclosed" are different terms that have different meanings. Putting an invention on sale is an invalidating disclosure — even if the sale is secret — because of the policy against allowing a patent owner to extend its monopoly beyond the statutory period.

The policy behind the AIA's publicly disclosed exception is very different. That provision is intended to encourage inventors to make their inventions available to the public. Because that policy is not served by secret sales, secret sales do not qualify as public disclosures.

The Federal Circuit therefore ruled that Sanho's secret sale was not a public disclosure that negated the third party's earlier patent application. The court affirmed the Board's finding of unpatentability.

A secret sale is not the only secret activity that can constitute an invalidating disclosure, but not a public disclosure that triggers the safe harbor. Long ago, in the 1881 decision in *Egbert v. Lippmann*, the U.S. Supreme Court addressed a use that was later described as a "secret public use."

The invention in *Egbert* was an improved corset. The inventor's friend complained that she was always breaking her corset springs. The inventor developed a new type of corset spring and gave his friend a corset embodying the invention. She must have liked the corset, because she wore it for over two years and eventually married the inventor.

Because the inventor's friend wore the corset in public, the patent challenger argued the invention was "in public use" in violation of the contemporaneous patent statute. But the friend wore the corset under her clothing, so it was invisible to the public. The patent owner therefore argued that it was a secret use that should not invalidate the patent.

The Supreme Court ruled that the invention was in public use, but not because the public could somehow learn about the invention by studying the friend's clothing. Rather, the inventor made it public by giving it away without any restrictions. The friend was free to show the invention to anyone she wished. It was available to the public in that the inventor could no longer keep it secret.

Returning to *Sanho*, the lesson for inventors is clear. Inventors should publicly disclose their invention as soon as possible. A secret sale will not suffice. Nor, in all likelihood, will a secret public use. A better approach is to publish an article or present the invention at a conference or trade show. That will help establish, in any subsequent dispute, what was disclosed, when it was disclosed, and whether the disclosure was public.

Moreover, as the *Celanese* decision highlights, inventors must file their patent application within a year of any public disclosure, use, sale or commercialization of their invention. Given that a sale will start the one-year clock running, the invention ideally would be publicly disclosed no later than the date an offer for sale is accepted.

Finally, a company can make a public disclosure even if it is unsure whether the new product embodies or was produced by a patentable invention.

Unless the company can maintain any innovations as trade secrets, and is considering doing so, it can make a public disclosure to protect any patentable innovations it may have developed. Once the device, compound or method has been publicly disclosed, the company will have a year to determine whether it developed anything patentable and to file its patent application.

[1] 35 U.S.C. § 102(a).

[2] 35 U.S.C. § 102(b)(1)(B) and § 102(b)(2)(B).

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Mobile Acuity Ltd. v. Blippar Ltd.

Specify the Steps of Information Manipulation or Lose Under § 101

In *Mobile Acuity Ltd. v. Blippar Ltd.,* Appeal No. 22-2216, the Federal Circuit held that patent claims that merely recite result-orientated, functional language without specifying the steps of information manipulation are invalid under 35 U.S.C. § 101.

Mobile Acuity sued Blippar for infringement of two patents directed to systems and methods for associating user uploaded images and information to real world locations. Blippar filed a motion to dismiss arguing that certain claims were representative of the entire claim set of each patent and that the claims were invalid under 35 U.S.C. § 101. The district court granted Blippar's motion to dismiss, finding the challenged claims to be representative of all claims of the asserted patents and further finding those claims to be directed to nonpatentable subject matter. Mobile Acuity then appealed to the Federal Circuit.

On appeal, the Federal Circuit affirmed the district court. First, the Federal Circuit held that the district court correctly treated certain claims as being representative of all claims of the asserted patents. The Federal Circuit found that Blippar had shown that all claims of the asserted patents were "substantially similar and linked to the same ineligible concept" and that Mobile Acuity had failed to identify any limitations in any of its claims that were materially different from the claims the district court treated as representative.

Second, the Federal Circuit found that the asserted claims were directed to the abstract idea of "receiving information, associating information with images, comparing the images, and presenting information based on that comparison." Under step one of the two-step Alice/Mayo test, the Federal Circuit determined that the asserted claims consisted solely of result-orientated, functional language and omitted any specific requirements as to how the steps of the claim were to be performed. Specifically, the Federal Circuit found that claim language requiring one image be "corresponding" to another image failed to claim a specific method for comparing the images. Under step two of the Alice/Mayo test, the Federal Circuit concluded that Mobile Acuity's purported inventive concept was part of the abstract idea itself.

Knobbe Martens was nationally ranked in 2024 for Patent Litigation and Trademarks (Litigation), and noted as a "Firm to Watch" in ITC Litigation, by *The Legal 500* U.S. Guide

Celanese International Corporation v. International Trade Commission

The On-Sale Bar Still Applies to the Products of Secret Processes

In *Celanese International Corporation v. Itc,* Appeal No. 22-1827, the Federal Circuit held that process patent claims are invalid under the on-sale bar (35 U.S.C. § 102(a)(1)) when products of a secret process are sold before the critical date.

Celanese filed a petition in the International Trade Commission, accusing Jinhe of importing a product made using Celanese's patented process. Jinhe moved for summary determination that the asserted claims were invalid under the on-sale bar, because Celanese made sales in the United States of a product made using its patented process prior to the critical date. Celanese argued that the America Invents Act ("AIA") changed pre-AIA on-sale bar law such that the on-sale bar did not apply. The ALJ granted Jinhe's motion, ruling that the AIA did not change the meaning of "on sale" and that the asserted claims were therefore invalid. The Commission denied review, and Celanese appealed to the Federal Circuit.

The Federal Circuit noted that it "has long held that sales of products made using secret processes before the critical date would bar the patentability of that process." It explained that, in *Helsinn Healthcare S.A. v. Teva Pharms. USA*, 586 U.S. 123 (2019), the Supreme Court determined that the enactment of the AIA did not change the substantial body of law regarding confidential sales under the "on sale" language in Section 102. Accordingly, the Supreme Court held that the sale of a patented compound that did not publicly disclose the compound's composition nevertheless triggered the post-AIA on-sale bar. Applying the same reasoning, the Federal Circuit held that Congress did not intend "to abrogate the settled construction of the term" with respect to sales of products made using secret, patented processes. The Federal Circuit ruled any textual changes in pre-AIA and post-AIA Section 102 were to "reflect[] no more than a clerical refinement of terminology for the same meaning in substance." The court also determined that changes in Sections 102(b), 271(g), and 273(a) did not indicate that Congress intended to change the scope of the on-sale bar. Accordingly, it affirmed the ITC's determination of invalidity.

Allergan USA, Inc. v. MSN Laboratories Private Ltd.

Parent Trap: Clarifying the Limits of Obviousness-Type Double Patenting in Parent-Child Patent Relationships

In *Allergan USA, Inc. v. MSN Laboratories Private Ltd.*, Appeal No. 24-1061 the Federal Circuit held that a first-filed, first-issued, later-expiring patent claim cannot be invalidated for obvious-type double patenting based on a later-filed, later-issued, earlier-expiring child patent when the patents share a common priority date.

In 2019, Sun Pharmaceutical Industries (Sun) submitted an Abbreviated New Drug Application (ANDA) seeking FDA approval to market and sell a generic version of Viberzi®. Allergan then sued Sun, alleging that the filing of Sun's ANDA directly infringed one of Allergan's patents, which had over 1,000 days of patent term adjustment. While the litigation was pending, continuations of the patent issued (child patents). Sun argued that the later-expiring parent patent was invalid for obviousness-type double patenting over the child patents. The district court found the parent patent invalid for obviousness-type double patenting (ODP). The district court concluded that the later expiration date from the patent term adjustment led to an unjust extension of patent term, violating the principles of ODP.

The Federal Circuit reversed, holding that a first-filed, first-issued, later-expiring claim cannot be invalidated by a later-filed, later-issued, earlier-expiring reference claim having a common priority date. In this case, the parent patent was the first to be filed and issued and defined the initial scope of exclusivity for the invention. The child patents derived from the same original application but were filed later. The Federal Circuit explained that the parent patent cannot be invalidated by the child patents merely because the parent patent had a longer term due to patent term adjustment. Invalidating earlier-filed patents in this scenario would undermine the purpose of patent term adjustment, which is to compensate for delays in patent prosecution, and would create an unjust scenario where a patent owner would lose the benefit of a duly awarded extension.

Knobbe Martens was named a Litigation "Standout" in the 2025 edition of *BTI Litigation Outlook*.

Platinum Optics Technology Inc. v. Viavi Solutions Inc.

Platinum Cannot Stand on Speculation

In *Platinum Optics Technology Inc. v. Viavi Solutions Inc.*, Appeal No. 23-1227, the Federal Circuit held that standing based on potential infringement liability requires concrete plans for future activity which will create a substantial risk of future infringement or will likely lead to a patentee claiming infringement.

Viavi sued Platinum Optics Technology ("PTOT") for patent infringement in two civil actions that were dismissed with prejudice. While the district court cases were still pending, PTOT filed an inter partes review petition challenging the patent asserted in the civil actions. After the district court cases were dismissed, the Board issued a final written decision holding that PTOT failed to show the patent claims were unpatentable. PTOT appealed the Board's findings.

Although a party does not need Article III standing to appear before an administrative agency, it must have standing to seek review of an agency's final action in federal court. Here, the Federal Circuit determined that PTOT lacked standing and dismissed the appeal. PTOT claimed it had standing because it had a substantial risk of facing future infringement claims by Viavi. In support of its argument, PTOT first pointed to a letter from Viavi which stated that Viavi believed PTOT would be required to infringe Viavi's patent to fulfill their supply agreements. However, the Federal Circuit noted that it was sent before the civil actions were dismissed with prejudice and concluded that PTOT's speculation about future suits based on the letter was insufficient to establish standing. Next, PTOT submitted a declaration stating that it was developing new models of its products and anticipated that Viavi would again assert the patent-in-suit. The Federal Circuit found the declaration unpersuasive, noting that the declaration did not provide development plans or the particulars of the models, and did not describe how the new models might relate to the patent-in-suit. The Federal Circuit concluded that PTOT failed to establish it had concrete plans for future activity that would create a substantial risk of infringement or likely motivate Viavi to assert a claim of infringement. PTOT therefore lacked standing to appeal the Board's decision.

Wisconsin Alumni Research Foundation v. Apple Inc.

Are Literal Infringement and the Doctrine of Equivalents the Same Issue?

In *Wisconsin Alumni Research Foundation v. Apple Inc.*, Appeal No. 22-1884, the Federal Circuit held that literal infringement and infringement under the doctrine of equivalents are treated as the same issue for issue preclusion.

Wisconsin Alumni Research Foundation ("WARF") appealed final judgments in two related litigations against Apple. In the first litigation ("*WARF I*"), WARF alleged that Apple's A7 and A8 processors infringe WARF's '752 patent. In the second litigation ("*WARF II*"), WARF alleged that Apple's A9 and A10 processors infringed the same patent. In *WARF I*, a jury found that Apple literally infringed WARF's patent. Apple appealed the jury verdict and the Federal Circuit reversed. *WARF II* was stayed pending the outcome of the *WARF I* appeal. WARF then requested a new trial in *WARF I* on infringement under the doctrine of equivalents. WARF also sought to continue in *WARF II* under a doctrine of equivalents theory. The district court denied both requests. In *WARF I*, the district court denied WARF's motion for a new trial under a doctrine of equivalents theory because WARF had waived that theory. In *WARF II*, the district court found that the noninfringement decision in *WARF I* precluded a finding that the A9 and A10 processors infringed the '752 patent. WARF appealed both decisions.

The Federal Circuit first affirmed that WARF waived its doctrine-of-equivalents theory in *WARF I* in part because WARF had affirmatively abandoned that theory for strategic reasons. Next, the Federal Circuit affirmed that WARF's doctrine of equivalents theory was barred by the earlier finding of no literal infringement. The Federal Circuit held that the A7/A8 processors in *WARF I* were "essentially the same" as the A9/A10 processors in *WARF II* and that literal infringement and the doctrine of equivalents are the same "issue" for the purpose of issue preclusion—they share the same statutory basis, were historically treated as the same issue, and the evidence and pretrial preparation would be the same under both theories. Finally, the Federal Circuit held that *WARF II* was also barred by the *Kessler* doctrine, which bars infringement claims against essentially the same products after an earlier finding of noninfringement.

Realtime Adaptive Streaming LLC v. Sling TV, LLC

Relying on Irrelevant Factors to Award Attorneys' Fees Is a Red Flag

In a patent infringement action brought by plaintiff Realtime Adaptive Streaming LLC against defendants DISH and related Sling entities (collectively "DISH"), the district court granted DISH's motion for summary judgment, finding the plaintiff's asserted claims invalid under Section 101. The district court then granted DISH's motion for attorneys' fees. In its fee award decision, the district court discussed six "red flags" that the plaintiff should have heeded rather than continuing to litigate. The court found that the plaintiff's pursuit of the case despite these "red flags" rendered the case exceptional under Section 285. Plaintiff appealed.

The Federal Circuit held that the district court abused its discretion in finding the case exceptional. Specifically, the Federal Circuit found that five of the district court's six "red flags" should not have been given weight. The Federal Circuit held that two district court decisions finding claims ineligible that were "essentially the same in substance" as the asserted claims were relevant to the exceptional case determination. However, the court found that the remaining five "red flags" were not relevant. The irrelevant red flags included Patent Office determinations that related claims were anticipated or obvious; a notice letter from DISH warning the plaintiff that its patent claims were invalid; and the invalidity analysis of DISH's expert. Because the district court relied on all six "red flags" in its analysis, the Federal Circuit vacated the district court's fee award and remanded the case for further consideration.

Broadband Itv, Inc. v. Amazon.Com, Inc.

Combining Abstract Ideas Does Not Make Them Less Abstract

In *Broadband Itv, Inc. v. Amazon.Com, Inc.*, Appeal No. 23-1107, the Federal Circuit held that when assessing patent eligibility under 35 U.S.C. § 101, combining two abstract ideas does not make either less abstract, and conventionality can be analyzed at both steps of the Alice test.

Broadband iTV, Inc. sued Amazon.com and related entities (Amazon), alleging infringement of five patents. Amazon moved for summary judgment that Broadband's patents claimed patent-ineligible subject matter. The district court granted Amazon's motion, finding that Broadband's patents claimed patent-ineligible subject matter and were therefore invalid under § 101. Broadband appealed.

The Federal Circuit affirmed. Applying step one of *Alice*, the Federal Circuit found that the claims of four asserted patents were directed to the abstract idea of receiving metadata and organizing the display of video content based on that metadata. The court agreed with the district court that combining two abstract ideas does not render either less abstract. For the fifth patent, the Federal Circuit found the claims were directed to the abstract idea of collecting and using viewing history to recommend categories of video content. The court distinguished *Core Wireless* and *Data Engine*, where the claims were not abstract because they were directed to a technological solution (an improved structure or function) to a known technological problem. In contrast, the Federal Circuit found that Broadband's claims were not directed to any specific technological solution. Applying step two of *Alice*, the Federal Circuit agreed with the district court that nothing in the claims transformed them into significantly more than the abstract ideas themselves.

The Federal Circuit also rejected Broadband's argument that the district court erred by assessing the conventionality of the claimed inventions at both *Alice* steps. The court explained that it may be necessary to analyze conventionality at both *Alice* steps to determine whether a claim is directed to a longstanding or fundamental human practice (in step one) and what the patent states is the claimed advance over the prior art (in step two). As the Federal Circuit reiterated, "there is no bright line between the two steps."

Osseo Imaging, LLC v. Planmeca USA, Inc.

An Expert Witness Need Not Have Been a POSITA at the Time of the Invention

In *Osseo Imaging, LLC v. Planmeca USA Inc.*, Appeal No. 23-1627, the Federal Circuit held that an expert witness can testify from the perspective of a POSITA at the time of the invention even if they did not qualify as a POSITA until later.

Osseo Imaging, LLC sued Planmeca USA Inc., alleging infringement of three patents. The district court jury found that Planmeca infringed Osseo's patents and that certain claims of those patents were not invalid for obviousness. Planmeca moved for judgment as a matter of law that it did not infringe and the patents were invalid. In its motion, Planmeca argued that the testimony of Osseo's technical expert should be disregarded because he had not acquired the requisite amount of experience needed to qualify as a person of ordinary skill in the art (POSITA) by the time of the alleged inventions. The district court denied the motion, explaining that Planmeca provided no legal support for its argument that experts must attain their expertise prior to the alleged date of invention. Planmeca appealed.

The Federal Circuit affirmed. The Federal Circuit agreed with the district court that there is no timing requirement for when POSITAs acquired their skill in order to testify from the perspective of a POSITA. As the court explained, obtaining at least the ordinary skill in the art at any time is the sole qualification an expert must meet to testify from the perspective of a POSITA—"nothing more is required." The Federal Circuit also found that *Kyocera Senco Indus. Tools Inc. v. Int'l Trade Comm'n*, 22 F.4th 1369 (Fed. Cir. 2022) did not support adding the timing requirement proposed by Planmeca. The court explained that Osseo's expert undisputedly qualified as a POSITA, and therefore *Kyocera* was inapplicable because it only addressed whether an expert who never qualified as a POSITA at any time could testify from a POSITA's perspective. Rejecting the proposed timing requirement, the Federal Circuit concluded that an expert can acquire the necessary level of skill later and yet develop an understanding of what a POSITA would have known earlier, at the time of the alleged invention. The court also found that the jury's verdict on infringement and validity was supported by substantial evidence, and therefore affirmed the district court's denial of judgement as a matter of law on those issues.

Contour IP Holding LLC v. Gopro, Inc.

Tying Claimed Technological Advancements to Specific Technological Methods Is a Winning POV on Patent Eligibility

In *Contour IP Holding LLC v. Gopro, Inc.*, Appeal No. 22-1654, the Federal Circuit held that claims are patent-eligible under 35 U.S.C. § 101 where the written description discloses improving technology through specific technological means and the claims reflect that improvement.

Contour filed two lawsuits in the Northern District of California, accusing several of GoPro's point-of-view ("POV") digital video cameras of infringing Contour's patents. GoPro argued on summary judgment that the asserted claims were patent ineligible under § 101. The district court agreed with GoPro. The court found under *Alice* step one that the representative claim was directed to the abstract idea of "creating and transmitting video (at two different resolutions) and adjusting the videos' settings remotely" and under *Alice* step two that the claim recited only functional, results-oriented language without indication that the physical components are behaving in any way other than their basic, generic tasks. Contour appealed to the Federal Circuit.

The Federal Circuit reversed. The Federal Circuit held that the claims were "directed to a specific means that improves the relevant technology" rather than an abstract idea at *Alice* step one. The district court has construed the claims such that they were limited to a particular way "that a camera processor might generate multiple video streams of varying quality for wireless transmission." The court noted that this mechanism was described in the specification as improving POV camera technology, and held that the claims "thus require specific, technological means … that in turn provide a technical improvement." The court also rejected GoPro's argument that the claims were directed to ineligible subject matter because they "simply employ known or conventional components that existed in the prior art." "[T]hat alone does not necessarily mean the claim is directed to an abstract idea."

Vascular Solutions LLC v. Medtronic, Inc.

Consistency Is Not Key: Inconsistent Infringement Theories Do Not Make Claims Indefinite

In *Vascular Solutions LLC v. Medtronic, Inc.*, Appeal No. 24-1398, the Federal Circuit held that when the same limitation appears in multiple claims, a patentee's infringement theories for that limitation may vary from claim to claim.

Vascular Solutions LLC, Teleflex LLC, Arrow International LLC, and Teleflex Life Sciences LLC (collectively, "Teleflex") filed a patent infringement suit against Medtronic, Inc. and Medtronic Vascular, Inc. (collectively, "Medtronic"), asserting forty claims across seven patents.

The patents claim a catheter containing a "proximal substantially rigid portion." In some asserted claims, the substantially rigid portion includes a side opening. In other asserted claims, the side opening is recited as separate from the substantially rigid portion. Because both sets of claims were asserted against the same accused device, Teleflex proposed two mutually exclusive theories about which part of the accused device was the "substantially rigid portion."

The district court noted the inconsistency between the two infringement theories and sought a construction that would make clear where the "substantially rigid portion" ended on the accused device. Unable to discern such a construction, the district court held all asserted claims indefinite. Teleflex appealed.

The Federal Circuit explained that the inconsistency between Teleflex's infringement theories for the "substantially rigid portion" did not make the claims indefinite. Although claim limitations should be construed the same way across related patent claims, a single construction can support different infringement theories for different claims. In this case, the Federal Circuit endorsed a construction that specified the function of the "substantially rigid portion" without specifying its boundaries on the catheter. Because different portions of the catheter could satisfy the same functional construction in the context of different claims, Teleflex was free to advance its two distinct infringement theories without rendering the claims indefinite. Accordingly, the Federal Circuit vacated the district court's judgment and remanded the case.

Astellas Pharma, Inc. v. Sandoz Inc.

Sua Sponte Decision on Ground Not Presented by the Parties Is Improper

In *Astellas Pharma, Inc. v. Sandoz Inc.*, Appeal No. 23-2032, the Federal Circuit held that district Court violated the party presentation principle when it *sua sponte* invalidated a patent under § 101 when the parties did not present that invalidity ground.

Astellas filed suit against Sandoz, Zydus, Lupin, and Lek (collectively, "Sandoz") for infringement of a pharmaceutical patent directed to compositions and methods of treatment for overactive bladder. In its initial invalidity contentions, Sandoz argued the asserted claims were invalid under 35 U.S.C. §§ 102, 103, and 112. Prior to trial, Astellas agreed to assert only three claims and Sandoz agreed to limit its invalidity arguments to only those under § 112. After a five-day bench trial, the district court found all three asserted claims invalid *sua sponte* under 35 U.S.C. § 101. Astellas appealed.

The Federal Circuit held the district court's order invalidating the patent under § 101 improper for violating the party presentation principle. The party presentation principle relies on the parties to "frame the issues for decision" and the court to act as a "neutral arbiter of matters the parties present." Because the parties did not present argument regarding invalidity under § 101, it was an abuse of discretion for the district court to decide the issue on that ground. The Federal Circuit remanded for consideration of issues raised by the parties, namely infringement and invalidity under § 112.

Crocs, Inc. v. Effervescent, Inc.

Falsely Claiming Patent Protection May Violate the Lanham Act

A claim that an unpatented product feature is "patented," "proprietary," or "exclusive" may violate Section 43(a)(1)(B) of the Lanham Act.

Crocs brought suit against U.S.A. Dawgs, Inc. and several other competitor shoe distributors (collectively, "Dawgs") for patent infringement. Dawgs filed a counterclaim against Crocs alleging false advertising violations of Section 43(a) of the Lanham Act. The counterclaim alleged that Crocs advertised its footwear products as being made of a "patented," "proprietary," and "exclusive" material called "Croslite" without possessing a patent directed to that material. Dawgs alleged that Crocs' statements deceived consumers into believing that competitor footwear products were made of inferior material compared to Crocs' products. Crocs moved for summary judgement that Dawgs' counterclaim was legally barred and the district court granted Crocs' motion. The district court concluded that the terms "patented," "proprietary," and "exclusive" were claims of inventorship or authorship and not claims regarding the nature, characteristics, or qualities of products as required by Section 43(a)(1)(B) of the Lanham Act. Dawgs appealed.

The Federal Circuit reversed. The court first addressed Supreme Court and Federal Circuit caselaw that held that mere claims of authorship (such as claiming to be the creator of a product) or inventorship (such as claiming a product is "innovative") do not violate Section 43(a)(1)(B). The Federal Circuit distinguished these prior cases because a claim that a product feature is "patented" is not necessarily a claim of authorship or inventorship. A claim that a product feature is "patented" may be a claim that the product is different in nature, characteristics, or qualities from competing products because the manufacturer has an exclusive right in the advertised feature. Accordingly, the court reversed and remanded for further proceedings.

AlexSam, Inc. v. Aetna, Inc.

Aetna and License-Term Review

The Oct. 8 decision in *AlexSam v. Aetna* from the U.S. Court of Appeals for Federal Circuit serves as a warning to licensees that believe their agreement protects them from being sued for infringing the patent.

In this case, Aetna had a good reason to be confident. In its 2013 decision in *AlexSam v. IDT Corporation*, the Federal Circuit had previously considered the same license agreement and the same AlexSam patent, and then ruled that the license barred AlexSam's infringement claims against IDT.

But this time around, the court reached the opposite conclusion. It held that Aetna's license did not immunize it from AlexSam's infringement claims.

AlexSam is the owner of U.S. Patent No. 6,000,608, a now-expired patent that AlexSam has asserted in several lawsuits and against numerous defendants.

The '608 patent is directed to a debit card or credit card system with a processing hub that allows cardholders to conduct specialized transactions — such as accessing funds in a health savings account — using standard credit card readers of the sort commonly found in stores and banks.

In 2005, AlexSam granted MasterCard a license under multiple patents including the '608 patent. The license authorized MasterCard "to process and enable others to process Licensed Transactions."

Two years later, AlexSam sued IDT Corp., Walgreens Co. and others who were using the MasterCard network to activate prepaid phone cards and gift cards.

In its 2013 decision in *IDT*, the Federal Circuit ruled that AlexSam's claims against IDT failed because IDT had a sublicense under the AlexSam-MasterCard license. The court relied on language in the license specifying that licensed transactions included "the entire value chain and all parts of the transaction and may involve other parties including ... processors [and] card vendors."

The license also provided that, "[t]o the extent that these other parties participate in a Licensed Transaction, they will also be licensed under this Agreement," and that "all Licensed Transactions shall be deemed sublicensed under an implied sublicense granted hereunder to all participating parties."

At some point before 2015, Aetna began offering customers a PayFlex Mastercard that could be used to pay medical expenses from a health savings account. AlexSam sued MasterCard in the U.S. District Court for the Eastern District of New York in 2015, and it sued Aetna in the U.S. District Court for the District of Connecticut in 2019.

In the Connecticut case, Aetna moved to dismiss the complaint under Rule 12(b)(6), asserting that the allegedly infringing activities were licensed. It was undisputed that Aetna had a sublicense under the AlexSam-MasterCard license.

Relying on the Federal Circuit's IDT decision, the district court ruled that all of Aetna's transactions in connection with PayFlex MasterCards were licensed because the AlexSam-MasterCard license applied to transactions at any point in the value chain. The district court therefore granted the motion to dismiss.

AlexSam appealed the dismissal, and the Federal Circuit reversed. After reviewing the specific language of the AlexSam-MasterCard license, the court concluded that the scope of the license was not as broad as the scope of AlexSam's asserted claims.

It was therefore possible that some of Aetna's PayFlex MasterCard transactions could have fallen within the scope of the asserted patent claims, but outside the scope of the license.

The Federal Circuit's analysis turned on the license agreement's definition of "Licensed Transaction." That term was defined as each process of activating or adding value to an

Knobbe Martens was recognized for an Impact Case of the Year at the 2024 LMG Americas Life Sciences Awards.

account or subaccount which is associated with a transaction that utilizes MasterCard's network or brands where data is transmitted between a POI Device ["Point-Of-Interaction Device"] and MasterCard's financial network or reversing such process, provided that such process is covered by one of the Licensed Patents.

Under this definition, only transactions that involved "activating or adding value to an account" were licensed.

Unfortunately for Aetna, the asserted claims of the '608 patent were not so limited.

They recited a system in which (1) a bank card communicates a unique identification number, such as a medical identification number, to a processing hub via a standard point-of-sale credit card reader; and (2) the processing hub accesses different databases depending on whether the card is being used as a credit card or a medical card.

Thus, nothing in the asserted claims required that the transaction involve activating or adding value to an account. Notably, routine transactions in which cardholders debit their health savings accounts in order to pay medical expenses could infringe the asserted claims, but would likely fall outside the scope of the license.

In ruling for AlexSam, the Federal Circuit observed that the district court relied too heavily on the IDT decision interpreting the AlexSam-MasterCard license. The district court seemed to believe the IDT decision meant that any transaction in a MasterCard value chain was licensed.

However, AlexSam had asserted different claims in the IDT case. In that case, which involved prepaid phone and gift cards, the asserted claims were expressly limited to activation or adding value.

The Federal Circuit concluded: "Just because all of the alleged activity at issue in IDT was licensed does not make all of the allegedly infringing activity in this case also licensed."

AlexSam's lesson for licensees is clear: Carefully review the terms of the license before jumping in. MasterCard probably obtained a license that was limited to activating or adding value to an account because, in 2005, it was only contemplating using the patented system with phone cards and gift cards.

Had it negotiated for an unqualified license under the '608 patent, it would have had the flexibility to partner with Aetna in issuing health savings account cards.

Aetna, of course, had no opportunity to review the license terms when the AlexSam-MasterCard agreement was executed. It became a licensee years later, by automatic operation of the agreement.

But Aetna could have reviewed the license terms when it decided to partner with MasterCard in issuing PayFlex health savings account cards to its customers. Aetna and MasterCard presumably signed one or more agreements to govern their new business relationship.

Before an important business agreement is signed, each party should conduct a thorough due-diligence investigation to assess the risks associated with the agreement, including intellectual property risks. As the Aetna case highlights, that due diligence should include evaluating license agreements that could impact the company's business plans.

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

Provisur Technologies, Inc. v. Weber, Inc.

Failure to Obtain Advice of a Third Party Is Not Evidence of Willfulness

In *Provisur Technologies, Inc., v. Weber, Inc.*, Appeal No. 23-1438, the Federal Circuit held that patentees cannot use an accused infringer's failure to obtain noninfringement advice from a third party to prove the accused infringement was willful.

Provisur filed a lawsuit alleging Weber's SmartLoader products infringed a Provisur patent. A jury found Weber willfully infringed and awarded damages. Following the verdict, Weber moved for judgment as a matter of law of no willful infringement and no infringement, and for a new trial on damages. The district court denied Weber's motions. Weber appealed.

The Federal Circuit reversed the district court's willfulness finding. It found testimony from Provisur's expert violated 35 U.S.C. § 298, which prohibits using an accused infringer's failure to obtain advice of counsel to prove willfulness. During trial, the expert testified about Weber's failure to consult a third party to evaluate the allegedly infringed patents. The Federal Circuit held that Provisur cannot circumvent § 298 by substituting advice from a third party for advice of counsel, and that the district court erred in admitting the expert's testimony. The court found the remainder of the expert's testimony insufficient as a matter of law to establish willfulness.

The Federal Circuit also reversed the district court's denial of judgment as a matter of law of noninfringement. According to the court, Provisur's infringement theory relied on establishing Weber's SmartLoader could be reprogrammed to operate as claimed. Provisur's expert testified this could be accomplished by manipulating certain parameters of the SmartLoader's conveyor. However, the court noted, doing so required access that was not available to Weber's customers. Additionally, the expert testified not that he was able to configure the SmartLoader as claimed, but that he merely could have done so. The Federal Circuit concluded the expert's testimony was therefore not substantial evidence demonstrating infringement.

Third, the Federal Circuit reversed the district court's denial of a new trial on damages. It held the district court erred by permitting Provisur to use the entire market value rule. The court noted the accused features of Weber's SmartLoader are parts of a larger component, which itself is just one component of an entire multi-component food packaging line. The Federal Circuit held that Provisur failed to present sufficient evidence demonstrating the patented features drove demand for the entire line.

Utto Inc. v. Metrotech Corp.

Resolving Claim Construction Dispute at 12(b)(6) Stage May Be Error if Specification Indicates Claim Term Does Not Have Its Plain Meaning

In *Utto Inc. v. Metrotech Corp.*, Appeal No. 23-1435, the Federal Circuit held that the district court erred in construing the claims at the motion to dismiss stage where the plain meaning of the word "group" was "two or more," but the specification indicated the term may mean "one or more."

UTTO Inc. sued Metrotech Corp. alleging patent infringement and moved for a preliminary injunction. The asserted patent claimed methods for detecting underground utility lines, which the patent refers to as "buried assets." In denying the preliminary injunction motion, the district court construed the phrase "group of buried asset data points" to require "two or more" data points for each buried asset. Medtrotech moved three times to dismiss UTTO's infringement claim under Rule 12(b)(6) because UTTO alleged that Medtrotech's product used only one data point for each buried asset. The district court granted those motions but, for the first two, permitted UTTO to amend its complaint. However, the district court granted the third motion to dismiss with prejudice because UTTO's allegations did not satisfy the court's construction requiring "two or more" data points. UTTO appealed, arguing that the district court erred by construing claims at the motion to dismiss stage.

The Federal Circuit vacated and remanded district court's dismissal of the infringement claim. The court expressly rejected the argument that claim construction is categorically forbidden at the motion to dismiss stage. However, the Federal Circuit agreed with UTTO that the district court did not sufficiently analyze whether "a group of buried asset data points" must be at least two data points, and thus fuller claim construction proceedings were required. While the Federal Circuit acknowledged that the plain meaning of "a group…" usually means two or more, it emphasized that the specification must play a central role in the claim construction analysis. In the specification, the Federal Circuit found two passages supporting UTTO's argument that the claimed "group" refers to one or more data points. The district court had rejected UTTO's argument because such support appears "only twice" in the specification, but the Federal Circuit questioned why twice was not enough to overcome the general presumption that plural terms like "group" refer to two or more. The court also indicated that extrinsic evidence may be helpful in the claim construction proceedings on remand.

Telefonaktiebolaget LM Ericsson v. Lenovo (United States), Inc.

Anti-Suit Injunctions and SEPs

Typically, a patent case involves a few patents asserted against a few products produced by a few companies. But what happens when an entire industry is premised on the need to use hundreds or thousands of patents from many different companies? That is exactly the situation for the cellular telephone industry, which requires interoperability.

To address that interoperability requirement, the industry developed the 5G wireless communication standard. But a company that owns a patent essential to practicing a standard would have an outsized ability to negotiate a license.

Thus, the standard-setting body requires standard-essential patent, or SEP, holders to commit to offering irrevocable licenses on fair, reasonable and nondiscriminatory terms — a FRAND commitment.

On Oct. 24, the U.S. Court of Appeals for the Federal Circuit decided *Telefonaktiebolaget LM Ericsson v. Lenovo (United States) Inc.*, a case that involved a dispute over FRAND licensing terms for 5G SEPs.

Ericsson involved the unusual situation where the Federal Circuit interpreted and applied law from the U.S. Court of Appeals for the Ninth Circuit to litigation filed in the Fourth Circuit. But that detailed legal analysis underscores the complexities of parties licensing SEPs within the background threat of global patent litigation.

Case Background

Ericsson and Lenovo had engaged in a long-term attempt to agree on a global-cross license for SEPs. But they could not come to an agreement and instead took their dispute to court.

After making a final offer, Ericsson sued Lenovo in the U.S., alleging in the U.S. District Court for the Eastern District of North Carolina that Lenovo infringed four of Ericsson's SEPs.

Ericsson also sought a declaration that it had complied with its FRAND requirements and negotiated in good faith with Lenovo. If the court decided Ericsson's offer to Lenovo had not met its FRAND commitments, Ericsson requested that the district court determine a FRAND rate.

This started a global patent litigation between the parties. Lenovo sued Ericsson in the U.K., asking that court to determine FRAND terms for a global cross-license between the parties and later requesting an injunction for infringement of a Lenovo SEP.

Ericsson sued Lenovo in Colombia and Brazil and obtained injunctions against Lenovo in both countries.

Lenovo eventually answered the initial Ericsson complaint and asserted counterclaims, including infringement of Lenovo's 5G SEPs, breach of Ericsson's FRAND commitment, and a declaration setting FRAND terms for a global cross-license.

After filing its counterclaims, Lenovo moved for an anti-suit injunction to prohibit Ericsson from enforcing the injunctions issued in Colombia and Brazil. An anti-suit injunction can, in certain circumstances, prevent foreign proceedings due to overlap with domestic litigation.

The widely used anti-suit test from the Ninth Circuit's 2012 decision in *Microsoft Corp. v. Motorola Inc.* applies a three-part analysis: (1) determining whether the parties and issues are the same in the foreign and domestic actions, and that the domestic action is dispositive of the foreign action; (2) weighing factors including whether the foreign litigation would frustrate the policy of the forum issuing the anti-suit injunction; and (3) assessing the anti-suit injunction's impact on comity, which is the consideration and respect paid to the decisions rendered by other courts.

An anti-suit injunction would have been a powerful way for Lenovo to delay legal consequences for the foreign injunctions while also making the U.S. court the arbiter of the FRAND licensing rates. But the district court found that the allegations and cross-allegations seeking a global-cross license would not resolve the parties' dispute.

As a result, the district court determined that the domestic suit was not dispositive of the foreign action, and therefore denied the anti-suit injunction.

The Federal Circuit's Analysis

Lenovo appealed, and the Federal Circuit vacated the district court's denial and remanded for further proceedings.

The Federal Circuit initially confirmed that the three-step test from Microsoft would govern the analysis. Though the Fourth Circuit, from which the case originated, had not expressly adopted the *Microsoft* analysis, the Federal Circuit determined any difference between Microsoft and other anti-suit analyses would be immaterial for the purpose of the appeal.

And because the district court only reached the first prong of the *Microsoft* analysis, the Federal Circuit likewise restricted its review to just the issue of whether the domestic proceeding would be dispositive of the foreign action.

The court then framed the key dispute on appeal as whether the domestic suit would be dispositive of the enjoined Colombian and Brazilian actions.

The Federal Circuit reviewed the factual circumstances in *Microsoft* and concluded that in *Microsoft* the dispositive requirement was met if the district court's determination could resolve the foreign claims. And the Federal Circuit noted that the anti-suit injunction in *Microsoft* resolved less than all the issues in the foreign dispute from that litigation because *Microsoft* left the patentee free to seek damages in foreign courts.

Turning to the Ericsson case, the Federal Circuit explained that the district court's interpretation of the dispositive requirement was too narrow.

While the district court applied the dispositive prong to require, effectively, complete overlap that would resolve the entire foreign proceeding, the Federal Circuit explained that resolving fewer than all issues in the case, i.e., only injunctive relief, could still suffice.

The Federal Circuit also explained that the district court's analysis applied a too-high standard with respect to the resolution of the foreign issues because it required certainty that the decision would resolve the foreign issues.

The Federal Circuit, however, explained that *Microsoft's* dispositive prong would still be met as long as the potential resolution of the case in Lenovo's favor could resolve the foreign issues.

The Federal Circuit's holding thus applies a broad view of the first step in the *Microsoft* analysis because an anti-suit injunction only requires the potential to resolve a portion of the foreign litigation, namely the injunctive relief issued for SEPs.

The Ruling's Implications

Since all patent cases are appealed to the Federal Circuit, the court's interpretation of *Microsoft* will likely have broad consequences for practitioners.

One such consequence is that the first step in the *Microsoft* analysis will be less of an impediment to obtaining an anti-suit injunction.

Accordingly, practitioners should not hesitate to seek anti-suit injunctions even if the domestic litigation will resolve fewer than all issues, and even if that resolution is speculative. Adequate pleading should make meeting the dispositive prong of *Microsoft* achievable in most cases.

Another consequence of the Federal Circuit's interpretation of *Microsoft* is that it shifts the anti-suit dispute to the remaining factors, which relate to policy and comity. Such policy inquiries may be relatively fact-specific. Therefore, practitioners need to be prepared to point out evidence supporting specific policy concerns that might justify or undermine the anti-suit injunction.

Additionally, practitioners seeking to defend against an anti-suit injunction need to be prepared to wrestle with the complicated issue of comity early in the case instead of relying on the dispositive prong to resolve the issue.

Ericsson illustrates the complexity associated with global litigation involving SEPs. Intricate contractual obligations and the potential for parallel foreign judgments mean that a court must assess policy issues and determine the deference due to foreign courts.

After *Ericsson*, courts can no longer sidestep these difficult policy issues by denying an anti-suit injunction on the dispositive prong.

The above summary was originally published in Law360 as part of an ongoing column *on recent noteworthy Federal Circuit decisions.*

Knobbe Martens was named Firm of the Year: Patent Disputes (West) at the 2024 *Managing IP* Americas Awards.

Cisco Systems, Inc. v. K.Mizra LLC

Can't Be Stopped: Appellants Cannot Dismiss Appeal Days Before a Mandate Issues

In *Cisco Systems, Inc. v. K.Mizra LLC,* Appeal No. 22-2290, the Federal Circuit denied appellants' unopposed motion to voluntarily dismiss their appeal where appellants filed the motion after the court's opinion and days before issuance of a mandate.

Cisco filed, and HPE joined, a petition for inter partes review of a patent owned by K.Mizra. The Board concluded Cisco did not carry its burden of showing a motivation to combine prior art references. Cisco and HPE appealed. The Federal Circuit issued an opinion that vacated and remanded the Board's determination regarding motivation to combine.

After the Federal Circuit issued the opinion but days before it issued a mandate, Cisco and HPE moved to dismiss their appeal, providing that the motions were unopposed due to settlement. The Federal Circuit invited the PTO to comment. The PTO asked the Federal Circuit to deny the motions because the court had already entered its opinion and judgment and denied rehearing.

The Federal Circuit agreed with the PTO and denied Cisco and HPE's motions to dismiss the appeal. The court had previously held that, even without a request to vacate an opinion, dismissing an appeal "days before issuance of a mandate, . . . which would result in a modification or vacatur of [the court's] judgment, is neither required nor a proper use of the judicial system." In this case, the court found no reason to deviate from that principle. The court further reasoned that "additional consideration of the Director's unconditional right to intervene . . . generally counsels against granting a motion to dismiss an appeal from the Board after [the Federal Circuit] has already decided the appeal." The court noted the parties are permitted to seek dismissal at the Board upon the remand.

Knobbe Martens ranked among the top five most diverse midsize law firms for representation of minorities among equity partners, and among the top five midsize firms for overall partner diversity in *Law360*'s annual Diversity Snapshot.

PS Products, Inc. v. Panther Trading Co. Inc.

An Award of Attorneys' Fees and Costs Under 35 U.S.C. §285 Does Not Preclude Sanctions Pursuant to the Court's Inherent Authority

Section 285 does not prohibit an award of deterrence sanctions under the court's inherent authority.

PSP sued Panther for alleged infringement of a design patent. Panther filed motions to dismiss for failure to state a claim and improper venue. In response, PSP moved to voluntarily dismiss the case with prejudice, which the court granted. After the dismissal, Panther moved for attorney fees and costs as well as a monetary deterrence sanction. The district court granted the motion and ordered PSP to pay a $25,000 deterrence sanction under the court's inherent power. PSP appealed the deterrence sanction, and Panther requested attorney fees and costs for defending the appeal.

The Federal Circuit affirmed the award for sanctions but declined to award attorneys' fees. The Federal Circuit held the district court did not clearly err by both awarding attorneys' fees and imposing a deterrence sanction because Section 285 does not preclude a district court from separately imposing sanctions under another authority. The Federal Circuit also held PSP's continued presentation of meritless infringement and venue arguments did not make the appeal frivolous as argued, and thus declined to award attorneys' fees for the appeal.

Crown Packaging Technology, Inc. v. Belvac Production Machinery, Inc.

"Quotation" Letter Found to Constitute Offer Invalidating Patents

An offer for sale described as a "quotation," containing specific and complete terms and directed to an entity in the U.S., constitutes a commercial offer for sale.

Crown Packaging Technology, Inc. sued Belvac Production Machinery, Inc., alleging infringement of three patents directed to necking machines used in making metal beverage cans. Belvac argued the patents were invalid as anticipated under the pre-AIA on-sale bar (35 U.S.C. § 102(b)) because Crown offered to sell a necking machine embodying the asserted claims in the U.S. more than a year before its patents were filed. The district court granted summary judgment to Crown, ruling the patents were not invalid under the on-sale bar. After a jury trial, the court entered a judgment that the asserted claims were not invalid and not infringed.

The Federal Circuit reversed the district court's validity finding because it held the asserted patents were invalid under the on-sale bar. The Federal Circuit found that, while Crown's letter to a third-party was a "quotation," it still constituted an offer to sell the claimed inventions. Specifically, the court noted that the letter was signed by Crown's representative, sent to a specific third-party, and included a detailed description of the claimed inventions, a price, and delivery terms. The court further found that Crown's offer was made in the U.S. because the quotation letter was sent to the third-party's place of business in Colorado. Because it found the on-sale bar applied, the court reversed and remanded for entry of judgment in Belvac's favor.

Cytiva Bioprocess R&D Ab v. JSR Corp.

Bound to Happen: Inherent Property Leaves No Question of Reasonable Expectation of Success

A claim limitation merely reciting an inherent property or result of an otherwise obvious composition or process can be found obvious without finding a reasonable expectation of success.

JSR filed six inter partes reviews on three patents owned by Cytiva. The patents related to compositions for chromatography matrices and processes for isolating target compounds using those matrices. The Board held that all of the composition claims and most of the process claims were unpatentable, but found four dependent process claims not unpatentable. The Board held that JSR's obviousness arguments regarding the dependent process claims required a showing of reasonable expectation of success. Cytiva appealed on the claims found unpatentable, and JSR cross-appealed on the four dependent claims found not unpatentable.

The Federal Circuit affirmed the Board's decision that most of the challenged claims were unpatentable, and reversed the Board's decision that the four dependent process claims were not unpatentable. The court noted that the dependent process claims had no material differences from corresponding composition claims that the Board found unpatentable for merely reciting an inherent feature. The Federal Circuit disagreed with the Board's requirement that JSR show a reasonable expectation of success for the dependent process claims, since if a limitation of claim is inherent "there is no question of a reasonable expectation of success in achieving it." Thus, because the dependent process claims merely recited the result of an inherent property of an otherwise obvious composition, the claims were obvious.

Mirror Worlds Techs., LLC v. Meta Platforms, Inc.

Unsupported Expert Testimony Cannot Create a Genuine Issue of Material Fact

Expert testimony that is conclusory, supported by inadmissible evidence, or fails to address key claim limitations does not suffice to create a genuine issue of material fact sufficient to avoid summary judgment of non-infringement.

Mirror Worlds alleged that Meta's backend systems infringed several patents covering stream-based data organization. After the close of discovery, Meta moved for summary judgment of non-infringement, arguing that its systems did not meet various claim limitations regarding sources of data and how data was presented. The district court granted summary judgment of non-infringement, agreeing with Meta that Mirror Worlds had not presented evidence sufficient to show that Meta's systems practiced each limitation of the asserted claims. Mirror Worlds appealed, arguing that the district court overlooked its expert's testimony, which it alleged created a genuine issue of material fact sufficient to avoid summary judgment.

The Federal Circuit upheld the district court's findings, agreeing that Mirror Worlds had not produced sufficient evidence to create genuine disputes of material fact. In particular, the court noted that Mirror Worlds's expert improperly relied on inadmissible, unauthenticated screenshots created by a third party; that other aspects of the expert's testimony were conclusory; and that the expert failed to address the full scope of each claim limitation. The Federal Circuit held that such testimony was not sufficient to create a genuine issue of material fact.

FEATURE CASE

DDR Holdings, LLC v. Priceline.com LLC

A Patent Prosecution History Lesson

Patent law is a jurisprudential jungle, a complex legal ecosystem full of pitfalls and predators that can prove fatal to the unwary attorney. In such a perilous environment, it can be tempting to seek refuge in the "black letter" rules the Federal Circuit applies with comforting regularity. But sometimes what appears to be a safe haven is no shelter at all. In the patent jungle, even the most axiomatic of hornbook rules has exceptions.

In the Federal Circuit's recent decision in *DDR Holdings, LLC v. Priceline.com LLC*, the plaintiff DDR attempted to rely on two legal principles that had been firmly established for decades. Its position had also been adopted by the PTO's Patent Trial and Appeal Board in an inter partes review proceeding brought by the defendant, Priceline.com. Despite this, DDR saw its position rejected first by the District of Delaware and then the Federal Circuit.

DDR's patent is directed to methods of generating a composite web page that combines visual elements of a host website with content from a third-party "merchant." Priceline.com operates a website containing content from third parties offering travel-related services, but not goods.

DDR sued Priceline.com in district court, arguing that the third parties offering services through Priceline.com's website were "merchants." Priceline.com responded by successfully petitioning for inter partes review of DDR's patent.

Patent owners in IPR proceedings typically advance narrow constructions of their patents' claims to minimize the risk the Board will find the claims unpatentable in light of the prior art. These same considerations mean petitioners typically advance broad constructions. But here the parties clearly had infringement on their minds. Priceline.com argued for a narrow construction of "merchant" limited to sellers of goods, not services. And DDR argued for a broad construction of "merchant" that encompassed sellers of goods or services. DDR won the claim construction dispute. Even better for DDR, the Board's broad construction of "merchant" did not lead the Board to find DDR's claims unpatentable.

When the parties returned to district court, the dispute centered on the meaning of "merchant." Fresh from its win before the Board, DDR had every reason to be confident. Its argument relied on two principles of patent law so venerable they were practically carved in stone.

The first of these principles states that, where a patent specification contains an explicit definition of a claim term, the definition selected by the applicant controls.[1] DDR's provisional patent application contained just such an express definition. It stated: "Merchants, defined as producers, manufacturers, and select distributors of products or services...." For reasons unknown, DDR deleted this definition in its non-provisional application. DDR argued, however, that the definition was nevertheless part of the patent because the patent incorporated the provisional application by reference. DDR's argument relied on another well-established principle: that "the entire contents" of an incorporated patent application become part of the incorporating patent.[2]

Despite relying on two rock-solid principles of patent law, and despite prevailing on the same issue in the inter partes review, DDR lost at the district court. The district court noted that, under *Phillips*, claim terms are given the meaning they would have to a person of ordinary skill in the field who has read the patent and its prosecution history. In the court's opinion, such a person would have found it significant that DDR deleted its "goods and services" definition, and that the patent's remaining references to "merchant" referred solely to sellers of goods. The court therefore limited the term "merchant" to sellers of goods.

In affirming the district court, the Federal Circuit relied on an exception to the incorporation-by-reference rule, an exception it articulated two years earlier in *Finjan LLC v. ESET, LLC*.[3] In *Finjan*, the court held that the "use of a restrictive term in an earlier application does

not reinstate that term in a later patent that purposely deletes the term, even if the earlier patent is incorporated by reference." The Federal Circuit held that a skilled artisan would have concluded that, after DDR filed its provisional application, its intended meaning of "merchant" evolved to exclude sellers of services.

DDR also argued that, because Priceline.com had litigated and lost on the issue in the inter partes review, Priceline.com was collaterally estopped in the district court litigation. The Federal Circuit deemed that argument forfeited because DDR did not timely raise the argument in the district court or in its opening appellate brief. On the merits, estoppel did not apply because the Board had applied the broadest-reasonable-interpretation standard, not the *Phillips* standard that applies in district court proceedings. While the Board's broad "goods and services" construction may have been reasonable in light of the provisional application's broad definition, it was not the meaning a skilled artisan would give the term after reading the prosecution history. The Federal Circuit therefore affirmed the district court's construction. And because the parties' stipulated that Priceline.com did not infringe under that narrower construction, the Federal Circuit affirmed the district court's summary judgment of noninfringement.

The *DDR* decision provides useful lessons. Most importantly, patent applicants must be careful when filing a patent application that claims priority to a provisional application. Provisionals are often very rough documents thrown together as quickly as possible to obtain the earliest possible priority date. In DDR, the provisional application appeared to be a marketing document for a company called Nexchange.

When the patent applicant later files its non-provisional patent application, it will typically differ significantly from the provisional. Before filing that application, the applicant should compare the two documents to determine whether any arguably definitional statements have been altered or removed. As the *DDR* decision demonstrates, any arguable change in the scope of the invention from the provisional to the non-provisional application could later be deemed an intentional evolution in the applicant's understanding of the invention.

[1] See, e.g., Renishaw PLC v. Marposs Societa' Per Azioni, 158 F.3d 1243, 1249 (Fed. Cir. 1998).

[2] See, e.g., Ultradent Prods., Inc. v. Life-Like Cosmetics, Inc., 127 F.3d 1065, 1069 (Fed. Cir. 1997).

[3] 51 F.4th 1377, 1382 (Fed. Cir. 2022).

The above summary was originally published in Law360 as part of an ongoing column on recent noteworthy Federal Circuit decisions.

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Knobbe Martens delivers resourceful, creative solutions for our clients that enable them to secure compensation when competitors tread on their IP rights or falsely allege infringement. Our litigators protect and enforce IP rights in state, federal and appellate courts across the country, before the ITC, PTAB and TTAB, through mediation, arbitration and out-of-court settlements, and internationally.

We are about the end game, consistently delivering favorable results to protect the world's most well-known brands, fast-growth companies and entrepreneurs. While aggressively defending our clients' rights, we take a practical approach to problem solving, work diligently to identify potential risks and opportunities, and develop winning strategies.

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Our appellate team includes 10 former Federal Circuit law clerks, including a former associate solicitor of the Patent & Trademark Office. As a result, we understand, from practical and hands-on experience, the key strategies for briefing and arguing even the most sophisticated appellate cases to the court.

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