

## The Biggest Patent Cases Of 2018

By **Matthew Bultman**

*Law360 (December 17, 2018, 5:24 PM EST)* -- There have been a number of consequential patent rulings over the past 12 months, from the U.S. Supreme Court allowing patent owners to recover some foreign lost profits to the Federal Circuit finding that tribal sovereign immunity doesn't apply at the Patent Trial and Appeal Board.

Here's a look back at the most significant rulings of 2018.

### **SAS Institute Inc. v. Iancu**

The Supreme Court's April ruling held that the PTAB must decide the validity of all challenged claims when it agrees to institute America Invents Act review of a patent, upending the PTAB's existing practice and forcing litigants to rethink traditional strategies.

The 5-4 ruling in favor of software developer SAS Institute Inc. ended the PTAB's ability to pick and choose which claims to review. The board later said it would consider all of the challenger's arguments, effectively making AIA reviews an all-or-nothing proposition.

"SAS has had a real impact at the board," said Jon Wright, a director at Sterne Kessler Goldstein & Fox PLLC.

Following the ruling, the PTAB was forced to revisit almost half of its pending cases because the board didn't institute review either on all challenged claims or on all arguments. Petitioners and patent owners, meanwhile, have had to reevaluate some of their traditional approaches.

With partial institutions gone, some patent owners, for example, have questioned the value of filing an initial response to a challenge. Petitioners, meanwhile, are grappling with the impact on estoppel, which limits arguments that can be made after a final PTAB decision.

"I think we're going to see petitioners, defendants in district court for example, thinking long and hard about which grounds to raise and whether even to pursue an [inter partes review]," said Kirkland & Ellis LLP partner Jeannie Heffernan.

Reviews are also becoming more expensive. The U.S. Patent and Trademark Office in August proposed raising the fee for AIA reviews, citing additional work that was created by the SAS Institute ruling. The

USPTO sought to increase the combined fee for inter partes reviews from \$30,500 to \$38,250 to challenge up to 20 claims, with additional fees for more claims.

Litigants may also see higher legal bills with more patent claims being argued and debated.

“Attorneys' fees, expert witness fees, patent office fees — everything will go up as a result of the SAS decision,” Venable LLP partner Adam Hess said.

### **Wi-Fi One LLC v. Broadcom Corp.**

The full Federal Circuit’s January ruling cleared the way for more appeals of PTAB decisions on instituting reviews of patents, appeals that in the past have been strictly limited.

The ruling, which came in a dispute between Wi-Fi One and Broadcom over a messaging patent, dealt with the narrow issue of the IPR time-bar. But it signaled the court was willing to allow other appeals of PTAB decisions to review patents.

“The Wi-Fi One case in and of itself was not that significant on the specific issue they decided,” Hess said. “But what was important is that it opened up the ability of appeals with regard to other decisions from the PTAB. That cracked the door, and now you see other issues being raised on appeal.”

One example is assignor estoppel.

The Federal Circuit in *Arista v. Cisco* endorsed the PTAB’s long-standing position that assignor estoppel — a doctrine that prevents former owners of a patent from challenging its validity — does not apply in IPR. The court said the doctrine has “no place” in the reviews.

The November ruling came just two years after the appeals court said assignor estoppel wasn’t one of the exceptions to the general rule that PTAB institution decisions can’t be appealed.

“Applying the now-governing reasoning in *Wi-Fi One*, it is clear that we may review the board’s decision as to whether [the AIA] contemplates application of assignor estoppel,” the court wrote in *Arista*.

The Federal Circuit also cited *Wi-Fi One* when it tackled a question about real parties-in-interest in a case involving defensive patent group RPX Corp. The court in *RPX* instructed the PTAB to use a more flexible test when looking for interested parties.

### **Berkheimer v. HP Inc.**

The Federal Circuit’s February ruling, which was followed days later by a similar ruling in *Aatrix Software v. Green Shades*, has made it more difficult for accused infringers to quickly invalidate a patent under the Supreme Court’s decision in *Alice v. CLS Bank*.

The *Alice* ruling held that patents are invalid under Section 101 of the Patent Act if they cover abstract ideas and do not transform them into something more than “well understood, routine and conventional activities.” The Federal Circuit decisions emphasized that what is “routine and conventional” is a factual issue that often cannot be decided on summary judgment or motions to dismiss.

“[Section] 101 has been a very important tool in district court litigation and those two cases, in

particular, have certainly started to make 101 a little more difficult to use early on in the district court process,” said Eliot Williams of Baker Botts LLP.

The decisions also have ramifications for patent prosecution. Following the Berkheimer ruling, the USPTO issued a guidance memo that established limits on when patent examiners can reject applications for claiming patent-ineligible material.

Glenn Forbis of Harness Dickey & Pierce PLC said the impact can also be seen at the PTAB.

"There have been more cases decided for the patentee where the PTAB has examined the factual basis for a finding" that an invention isn't patent eligible under Alice, Forbis said.

### **Saint Regis Mohawk Tribe v. Mylan Pharmaceuticals Inc.**

The Federal Circuit's July ruling held that tribal sovereign immunity doesn't apply in IPRs, rejecting a controversial maneuver from Allergan PLC designed to shield patents for its dry-eye medication Restasis from review at the PTAB.

Allergan paid the Saint Regis Mohawk tribe to take ownership of the patents and license them back, under the theory that tribal immunity would insulate the patents from PTAB review. The deal sparked concerns from Congress as well as a federal judge, who said the strategy could spell the end of IPRs.

"[The Federal Circuit's ruling] basically stopped what would have been a huge end run around IPR reviewability," said Michael Joffe of Sterne Kessler, a firm that represents one of the generic companies involved in the case.

The appeals court made no mention of the political or policy concerns in its decision, focusing instead on the question of whether IPRs were more similar to a civil lawsuit, where tribal immunity normally applies, or to traditional agency actions, which generally are not barred by the immunity.

Deciding it was the latter, the court emphasized that the director of the USPTO has broad discretion in deciding whether to review a challenged patent. It also noted the PTAB can continue its review of a patent even if the owner chooses not to participate in the proceeding.

"The director's important role as a gatekeeper and the board's authority to proceed in the absence of the parties convinces us that the USPTO is acting as the United States in its role as a superior sovereign to reconsider a prior administrative grant," the court wrote. "The tribe may not rely on its immunity to bar such an action."

### **WesternGeco LLC v. Ion Geophysical Corp.**

The Supreme Court's June ruling allows patent owners to recover foreign lost profits under certain circumstances, reversing a Federal Circuit decision that such damages cannot be awarded based on overseas conduct.

The justices' 7-2 ruling held that WesternGeco, a unit of Schlumberger Ltd., was able to recover profits that it lost outside the U.S. due to rival Ion Geophysical's infringement of WesternGeco's oil exploration patents.

But the ruling dealt with a specific patent statute and a fairly unusual fact pattern, leaving open the burning question of whether it would apply more broadly to other types of patent lawsuits as well.

Judge Leonard Stark in the District of Delaware tackled that question in a long-running case between Power Integrations Inc. and Fairchild Semiconductor Inc. And the judge took an expansive view of the Supreme Court's decision.

In an October order, Judge Stark held the Supreme Court's decision covers more infringement scenarios than the narrow one that the justices ruled on. Should the order be upheld, it could lead to a significant increase in available patent damages, attorneys say.

Court watchers may not have to wait long for an answer, as Judge Stark certified his order for immediate appeal to the Federal Circuit.

"You don't often look at a district court decision or certification for appeal as significant, but I would put that up there" among the year's most important cases, said Marshall Gerstein & Borun LLP partner Sandip Patel.

"I think we're going to get some clarity on what everyone is thinking about the scope and applicability of WesternGeco," said Heffernan, whose firm represented WesternGeco at the Supreme Court.

### **Also Notable**

The Supreme Court ruled in *Oil States v. Greene's Energy* that AIA reviews do not violate the constitutional right to a jury, rejecting the argument that patents are private property of the patentee that must be adjudicated in court. The April ruling left intact the AIA review system, although it left open the door for other constitutional challenges to the reviews.

--Additional reporting by Ryan Davis. Editing by Jill Coffey and Aaron Pelc.