

## Top 6 Patent Rulings Of 2020: A Midyear Report

By Ryan Davis

*Law360 (June 29, 2020, 6:44 PM EDT)* -- In the first half of the year, patent litigators saw decisions shutting down certain appeals in inter partes review cases and the Patent Trial and Appeal Board detailing when it will use its discretion to refuse to review patents. Here's a look at the most notable patent rulings so far in 2020.

### Thryv Inc. v. Click-To-Call Technologies LP

The U.S. Supreme Court's April ruling in this case limited the appellate arguments available to patentees when the PTAB invalidates a patent, and increased the board's power by barring judicial oversight of some of its decisions.

In a 7-2 decision, the high court held that when the board holds that a petition was filed on time and institutes review of a patent, that finding cannot be appealed. That is because the America Invents Act says the board's decisions to institute review are "final and nonappealable," and matters "closely tied" to that determination are likewise not subject to appeal, the justices said.

The decision overturned a Federal Circuit ruling that allowed appeals involving the time limit for filing petitions and leaves patent owners with one fewer way to attack a PTAB decision invalidating their patents.

The ruling expands the board's authority by allowing it to make decisions that can't be appealed and "really cements that the board is not getting much judicial review in that space," said Ken Weatherwax of Lowenstein & Weatherwax LLP.

Michael Hawes of Baker Botts LLP said the ruling means that "the playing field is a bit more level now," since the petitioners challenging patents have never been able to review the PTAB's decision not to institute review. Now patentees are barred from making appellate arguments that would be favorable to them, they "are feeling a little bit of that same pressure," he said.

### ESIP Series 2 LLC v. Puzhen Life USA LLC

The Federal Circuit began applying Thryv to prohibit other types of appeals in this May ruling, which held that patent owners cannot argue on appeal that a petitioner failed to meet the requirement of naming all the interested parties in the petition.

The decision cuts off another appellate argument that patentees had mounted when the board invalidated patents, and its reasoning suggests further restrictions on appeals may be on the way.

"It's sort of drawing a circle around procedural aspects of institution decisions and saying that they're not entitled to review," said Chris Loh of Venable LLP. He noted that the holding was an "about-face" from the Federal Circuit's pre-Thryv position that such issues can be appealed.

The Federal Circuit will be busy in the coming months analyzing whether Thryv prohibits other types of appeals. It is currently considering cases asking it to bar appeals on the issue of whether a patent qualifies for the covered business method review program and on the board's decision to join petitions.

### **PTAB Precedent On Denying Review**

The PTAB has more frequently been exercising its discretion to deny review of patents, and two recent decisions providing guidance on when it will do that were notable because "the amount of interest in the board's policy and law when it comes to granting institution is very high," Weatherwax said.

In the decision known as *Apple v. Fintiv*, which was made precedential in May, the PTAB established the factors it will consider when deciding whether to deny a petition challenging a patent because an upcoming district court infringement trial will resolve the same questions.

The factors include whether the issues before the board and the court overlap and the proximity of the trial and the date when the PTAB's decision is due. The PTAB then applied the factors to deny Apple's petition to review Fintiv's patent.

The decision suggests that it may become difficult for defendants in district courts that schedule trials quickly — like the Western District of Texas, where the Apple case is pending — to persuade the PTAB to review patents.

The PTAB also set guidelines on when it will exercise its discretion not to review a patent because the same invalidity arguments were previously considered by the U.S. Patent and Trademark Office in a decision called *Advanced Bionics LLC v. MED-EL Elektromedizinische Gerate GmbH*, which was made precedential in March.

The board explained that in those situations, it will deny review unless the petitioner can show that the office made a material error in issuing or upholding the patent. That guidance "certainly provides a better road map for patent owners" pursuing this argument in an effort to defeat a challenge, Loh said.

### **Samsung Electronics America v. Prisia Engineering Corp.**

The Federal Circuit ruled in this February decision that the PTAB cannot invalidate patents during inter partes reviews for being indefinite, limiting invalidity arguments to obviousness and anticipation.

While most observers had accepted that indefiniteness findings are beyond the PTAB's authority, the decision marked the first time the Federal Circuit had definitively ruled on the issue. As a result, some patents may be left in a kind of limbo, where the PTAB finds them indefinite, but cannot invalidate them.

"It could theoretically lead to cases where patents are allowed to stay around just because people can't understand what they say, which is sort of an oddity," said Michael Joffre of Sterne Kessler Goldstein & Fox PLLC.

The Federal Circuit did say in a footnote that in those situations, the petitioner would not be estopped from challenging the patent as obvious or anticipated in district court.

According to Hawes, that "kind of took away the catch-22 the petitioners were worried they were going to get hit with," where receiving such an unusual decision from the board would cut off their other invalidity arguments in court.

### **Nike Inc. v. Adidas AG**

In this April ruling, the Federal Circuit held that when reviewing proposed amended patent claims in inter partes reviews, the PTAB can use its own reasons for rejecting them as invalid, and is not limited to relying on the arguments made by the petitioner.

By allowing the PTAB to look at the evidence in the record to come up with invalidity theories that are different from the petitioner's, the decision enhances the board's authority to scrutinize amended claims. At the same time, it gives patent owners a chance to respond, by holding that the board must notify the parties before making such a decision.

When a patent owner proposes amended claims, petitioners now know that after making their own argument for why they should be rejected, the board can act as a stopgap and fill in arguments they may have missed.

"It does ... raise the bar for the patent owner to be on guard for those sorts of situations," Loh said.

### **Four More Rulings You Need To Know ...**

#### **Illumina Inc. v. Ariosa Diagnostics Inc.**

While many patents on medical diagnostics have been invalidated by the courts for claiming ineligible natural phenomena, this case was an exception. The Federal Circuit held in March that Illumina's patents on diagnosing Down syndrome in a fetus are patent eligible because they cover a method of preparing DNA for testing, rather than a natural phenomenon.

Given how many diagnostic patents have been invalidated, the decision provides a possible way to write them to avoid that fate, and "anything that gives guidance to attorneys who are drafting those claims is very valuable, and I think this case is one of those tools," Hawes said. The case may not be over, however, since Ariosa has asked the full court to review the panel decision.

#### **Joint Eligibility Order**

In an unusual ruling in January, Judge Leonard Stark of the District of Delaware ruled on patent eligibility issues in eight separate cases brought by two unrelated patent owners, Pebble Tide LLC and Mimzi LLC, having heard arguments at a joint hearing weeks earlier.

The judge found that Pebble Tide's patents were invalid for claiming abstract ideas and granted the defendants' motion to dismiss. He found, however, that there were factual disputes about whether Mimzi's patents are ineligible and refused to dismiss the company's cases.

The odd scenario of bringing cases together for argument and decision just because they involve patent eligibility is one litigants may want to look out for in the future, said Kevin O'Brien and Mackenzie Martin of Baker & McKenzie LLP: "If other judges follow what Judge Stark is experimenting with here, your case might be taken up with other cases."

### **In re: Google LLC**

The Federal Circuit ruled in February that Google can't be sued for patent infringement in the Eastern District of Texas just because it had servers located in the district. The servers are not a "place of business" that establishes venue for patent suits, the court ruled, adding to the body of law on the contentious issue of venue in patent cases and shutting down a creative theory aimed at keeping suits in the reputedly plaintiff-friendly district.

### **Amneal Pharmaceuticals et al. v. Almirall LLC**

In a decision that addressed for the first time whether the fee-shifting statute in patent law applies to the PTAB, the Federal Circuit ruled in June that it cannot award fees due to allegedly unreasonable conduct at the board. Fees are available only for behavior in court, the Federal Circuit held, though it noted that the PTAB has its own rarely-invoked authority to impose sanctions.

--Editing by Peter Rozovsky.