

6TH EDITION

Federal Circuit Appeals from the PTAB and ITC

Summaries of Key 2021 Decisions

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Introduction

Last year, the continued global COVID-19 pandemic forced American courts to largely continue the procedures set in place in 2020. The U.S. Court of Appeals for the Federal Circuit was no exception. It briefly returned to live oral arguments towards the end of the year before returning to telephonic arguments due to the rise of various COVID-19 variants.

Turning to the statistics, appeals from the U.S. Patent and Trademark Office (PTO) dipped for the second straight year in FY21. And due to a spike in appeals from the Court of Federal Claims, District Court appeals are now the *third* most common for the Federal Circuit. The number of appeals from the PTO reached an all-time high in 2019 at more than 650 appeals. In 2020, that number was less than 550 appeals, while in 2021, the number dipped further to just over 500 appeals. Pendency for Patent Trial and Appeal Board (PTAB) appeals also dipped in 2021 to 14.7 months. Appellate results continued to strongly favor appellees.

Overall in 2021, 77% of PTAB/Leahy-Smith America Invents Act (AIA) decisions were affirmed, 16% were remanded, 5% were reversed, and 2% were dismissed. The affirmance rate has checked in between 73% and 79% for each of the last six years. Of particular note, just 15% of the Federal Circuit's PTAB/AIA appeal decisions in 2021 resulted in precedential opinions, the smallest share ever recorded in the AIA era. Nonprecedential opinions, on the other hand, made up 49% of the court's decisions, the largest share in the AIA era. Rule 36 summary affirmances, correspondingly, dipped to their lowest level since AIA appeals began, at only 36%.

On the merits, we cover two U.S. Supreme Court decisions. In *Arthrex*, the Supreme Court largely affirmed the Federal Circuit's decision that Administrative Patent Judges were unconstitutionally appointed, but it tweaked the Federal Circuit's remedy. And in *Minerva Surgical*, the Court held that assignor estoppel was still a valid doctrine, but more limited in scope than the Federal Circuit recognized.

From the Federal Circuit, we have chosen a mix of cases from 2021 dealing with topics like printed publication status, non-obviousness for design patents, prosecution laches and other estoppels, and agency preclusion. We also look at cases addressing intervening rights in PTAB cases, and whether forum selection clauses can bar PTAB proceedings. Finally, we look at challenges parties have made to the PTAB's discretionary denial practices under the now well-known *NHK-Fintiv* standard.

The summaries and statistics in this review are the results of a collaborative process. We thank our co-authors—Deirdre Wells, Kristina Caggiano Kelly, Pauline Pelletier, Trey Powers, William Milliken, Anna Phillips, Kathleen Wills, and Jamie Dohopolski. We also thank Patrick Murray for his data and statistics contributions.

We appreciate your interest in this report, and we encourage you to see our firm's upcoming companion report "2021 PTAB Year in Review: Analysis & Trends," which is also available at sternekessler.com or by request. Please feel free to reach out to either of us if you have questions about this report, wish to discuss the future of Federal Circuit appeals, and/or if you would like hard copies of either of our 2021 "year in review" reports.

Best regards,



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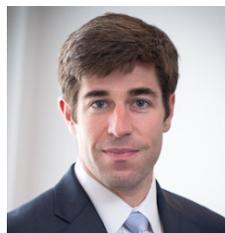
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- Chambers & Partners 2021



Don't miss Sterne Kessler's "2021 PTAB Year in Review: Analysis & Trends" report that explores the dynamic and ever-evolving nature of the United States Patent and Trademark Office Patent Trial and Appeal Board through a series of articles addressing the most significant decisions, updates, and rule changes of 2021.

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United States v. Arthrex, 141 S. Ct. 1970 (2021)

BY WILLIAM H. MILLIKEN

Arthrex appealed a final written decision from an *inter partes* review (IPR) where the U.S. Patent Trial and Appeal Board (PTAB) found all challenged claims of its patent anticipated. On appeal, Arthrex argued that the appointment of administrative patent judges (APJs) to the PTAB violates the Appointments Clause of the U.S. Constitution and therefore that the final decision should be vacated.

APJs are appointed by the Secretary of Commerce. The Constitution's Appointments Clause permits "inferior officers" to be appointed by "Heads of Departments" like the Secretary of Commerce, but it requires "principal officers" to be appointed by the President with the advice and consent of the Senate. Arthrex argued that APJs are principal officers and so cannot validly be appointed by the Secretary of Commerce.

The U.S. Court of Appeals for the Federal Circuit agreed with Arthrex that APJs' appointments were unconstitutional and purported to remedy the constitutional violation by severing and invalidating the portion of the Patent Act that prevents the Secretary of Commerce from removing APJs from service without cause. This remedy, the Federal Circuit concluded, changed the status of APJs to inferior officers and therefore rendered their appointments constitutional. All parties petitioned for certiorari.

On review, the U.S. Supreme Court affirmed the Federal Circuit on the merits of the constitutional issue but held that a different remedy was appropriate. The Court held 5-4 that APJs' ability to render final decisions on patentability on behalf of the Executive Branch is "incompatible with their status as inferior officers." Chief Justice Roberts, joined by Justices Alito, Gorsuch, Kavanaugh, and Barrett, concluded that APJs' final-word power "conflicts with the design of the Appointments Clause to 'preserve political accountability'" because it prevents the U.S. Patent and Trademark Office (PTO) Director

The Court held 5-4 that APJs' ability to render final decisions on patentability on behalf of the Executive Branch is "incompatible with their status as inferior officers."

from owning sole responsibility for IPR decisions. The Court stressed that it was not setting forth any "exclusive criterion for distinguishing between principal and inferior officers for Appointments Clause purposes," but it suggested that, at least in most circumstances, inferior officers may not issue "final decision[s] binding the Executive Branch."

As to remedy, Chief Justice Roberts, joined by Justices Alito, Breyer, Sotomayor, Kagan, Kavanaugh, and Barrett, held that "[d]ecisions by APJs must be subject to review by the Director." Giving the Director such review power, the Court explained, renders APJs inferior officers that can be validly appointed by the Secretary of Commerce. Accordingly, the Court partially invalidated 35 U.S.C. § 6(c), which provides that "[o]nly the Patent Trial and Appeal Board may grant rehearings," and severed it from the remainder of the statute. Following the Court's decision, the Director "may review final PTAB decisions and, upon review, may issue decisions himself on behalf of the Board." This, the Court explained, would "provide[] an adequate opportunity for review by a principal officer."

Justice Gorsuch concurred in part and dissented in part. He agreed that APJs' method of appointment was unconstitutional, but he disagreed with the majority's remedy. In Justice Gorsuch's view, determination of the appropriate remedy was "a policy choice" better suited for Congress. Justice Gorsuch would have simply "identif[ied] the constitutional violation, explain[ed] [the Court's] reasoning, and 'set[] aside' the PTAB's decision in this case."

Justice Breyer, joined by Justices Sotomayor and Kagan, concurred in the judgment in part and dissented in part. They would have held that APJs' appointments were valid because APJs are subject to sufficient direction and supervision by the Secretary of Commerce and the PTO Director to render them inferior officers. But they agreed that, assuming there was a constitutional violation, the remedial approach set forth in Chief Justice Roberts's opinion was correct.

Finally, Justice Thomas—joined in part by Justices Breyer, Sotomayor, and Kagan—dissented. Justice Thomas would have held that APJs are inferior officers because they are “lower in rank to” and subject to the supervision of the PTO Director and the Secretary of Commerce. Justice Thomas catalogued several such means of supervision—for example, the Director's ability to prescribe procedural rules, to set APJs' pay, to designate or de-designate particular opinions as precedential, and to affect the composition of panels. Justice Thomas disagreed with the majority's suggestion that inferior-officer decisions must be directly reviewable by a principal officer.

RELATED CASE

- See also *In re ESIP Series 2, LLC*, 2021 WL 4796543 (Fed. Cir. Oct. 14, 2021) (denying petition for mandamus from PTAB's refusal to consider petition for Director review filed after appeals of *inter partes* review had already concluded and certificate of cancellation had issued).

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- Intellectual Asset Management “IAM Patent 1000 2021”

Kannuu Pty Ltd. v. Samsung Elecs. Co. Ltd., 15 F.4th 1101 (Fed. Cir. 2021)

BY WILLIAM H. MILLIKEN

Kannuu Pty Ltd. and Samsung Elecs. Co. Ltd. entered into a non-disclosure agreement (NDA) as part of business discussions concerning Kannuu's remote control search-and-navigation technology. The NDA contained a forum-selection clause providing that "[a]ny legal action, suit, or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby must be instituted exclusively" in state or federal court in Manhattan. The parties did not reach a deal, and several years later Kannuu sued Samsung for patent infringement. Samsung then filed *inter partes* review (IPR) petitions against the asserted patents. Kannuu moved the district court for a preliminary injunction compelling Samsung to withdraw the IPRs in light of the NDA's forum-selection clause.

The district court denied Kannuu's motion, and the U.S. Court of Appeals for the Federal Circuit affirmed. The Federal Circuit held that the IPR proceedings did not "arise out of" or "relate to" the NDA or the transactions contemplated by it because the NDA "implicate[d] confidentiality and not the intellectual property rights of the parties." Kannuu accordingly was not entitled to a preliminary injunction because it could not show a likelihood of success on the merits.

In challenging the district court's decision, Kannuu made two primary arguments. First, Kannuu contended that the NDA applied to Samsung's IPR petitions because the NDA contemplated a potential license agreement between the parties, and the infringement lawsuit and Samsung's responsive IPR petitions related to Samsung's misuse of Kannuu's confidential information and its failure to license Kannuu's patents. The Federal Circuit rejected that argument because the NDA was not itself a license agreement; "an invalidated patent," the court explained, "does not change, disrupt, or otherwise impact the parties' NDA obligations."

A forum-selection clause may preclude post-grant proceedings at the U.S. Patent and Trademark Office, but not if the agreement within which it arises is insufficiently related to the post-grant proceeding.

Second, Kannuu contended that the IPR proceedings implicated provisions of the NDA because Kannuu intended to rebut Samsung's obviousness case with evidence that Samsung copied the patented technology in violation of the NDA. But the Federal Circuit rejected this argument as well, holding that "[t]he connection here—namely the mere possibility of some factual relevancy between the allegations of breach of the NDA and potential evidence in the *inter partes* review—is too attenuated to place the *inter partes* review petitions within the scope of an agreement that was always about protecting confidential information and was never about patent rights."

Judge Newman dissented. In her view, the IPR proceedings should have been deemed subject to the forum-selection clause because they related to the "transactions contemplated by" the NDA—specifically, the failed licensing negotiations between Kannuu and Samsung. She disagreed with the majority's view that the forum-selection clause did not apply because the agreement in question was an NDA rather than a patent-license agreement.

In re Vivint, Inc., 14 F.4th 1342 (Fed. Cir. 2021)

BY WILLIAM H. MILLIKEN

Alarm.com filed three petitions for *inter partes* review (IPR) against Vivint, Inc.'s '513 patent. The Patent Trial and Appeal Board (Board or PTAB) denied institution of the first two petitions because Alarm.com had failed to show a reasonable likelihood that it would prevail on the merits, and it denied institution of the third petition (the '091 petition) because it was, in the Board's view, an example of "undesirable, incremental petitioning" that "used prior Board decisions as a roadmap to correct past deficiencies."

Alarm.com then filed a request for *ex parte* reexamination (EPR) of the '513 patent. The EPR request "[l]argely . . . repackaged the arguments raised" in the '091 petition. After EPR was initiated, Vivint asked the U.S. Patent and Trademark Office (PTO) to terminate the proceeding because the EPR request should have been denied under 35 U.S.C. § 325(d) for the same reasons that the Board denied institution of the '091 petition. Vivint also argued that the EPR request did not present a substantial new question of patentability because Alarm.com had previously raised the same issues to the PTO in the '091 IPR. The PTO rejected those arguments, holding that (i) it lacked authority to terminate an EPR once the EPR request was granted; (ii) differences between EPRs and IPRs could justify different treatment under § 325(d); and (iii) the EPR request raised a substantial new question of patentability.

The U.S. Court of Appeals for the Federal Circuit vacated the PTO's decision and remanded the case with instructions to terminate the EPR. The court first held that the EPR request did present a substantial new question of patentability because (i) the PTO did not consider the merits of the arguments when it denied institution of the '091 petition and so those arguments still qualified as "new," and (ii) in any event, the EPR request raised two additional questions of patentability that were not raised in the '091 petition.

The Patent Office, when applying § 325(d), cannot deny institution of IPR based on abusive filing practices then grant a nearly identical reexamination request that is even more abusive.

The court held, however, that the PTO's treatment of Vivint's § 325(d) arguments was erroneous. The court rejected the PTO's position that it lacked authority to terminate an ongoing EPR. The PTO, the court concluded, has inherent authority to reconsider a decision granting an EPR request because "[t]he power to reconsider is inherent in the power to decide." The court further concluded that the PTO acted arbitrarily and capriciously in maintaining the EPR because the '091 petition was denied because of "Alarm.com's abusive filing practices" and the EPR request "was a more egregious abuse than the '091 petition under the same considerations already analyzed by the Board." The court characterized its holding as a "narrow" one—"the Patent Office, when applying § 325(d), cannot deny institution of IPR based on abusive filing practices then grant a nearly identical reexamination request that is even more abusive." Finally, the court noted that the PTO director may still launch a reexamination at her own initiative "even when a particular challenger has engaged in improper serial filing."

Hyatt v. Hirshfeld, 998 F.3d 1347 (Fed. Cir. 2021)

BY PAULINE M. PELLETIER

In *Hyatt*, the U.S. Court of Appeals for the Federal Circuit addressed “for the first time the PTO’s assertion of a prosecution laches defense in a civil action brought by a patentee under 35 U.S.C. § 145 to obtain a patent.” Gilbert P. Hyatt is the named inventor on hundreds of patent applications filed in the spring of 1995—a period immediately following implementation of the modern patent term framework created by the Uruguay Round of the General Agreement on Tariff and Trade (“GATT”).¹ In the wake of that reform, but before it took effect, over 50,000 applications were filed to secure pre-GATT status, a patent-filing phenomenon referred to as the “GATT Bubble.”

During the GATT Bubble, Hyatt bulk-filed 381 applications, many claiming priority to applications filed in the 1970s and 1980s. About five months after Hyatt filed his GATT Bubble applications, the U.S. Patent and Trademark Office (PTO) group Director Nicholas Godici met with Hyatt and they agreed that Hyatt would focus each application’s claims on distinct subject matter. This never came to pass and, 20 years later, Hyatt acknowledged that he lacked a “master plan” for demarcating his GATT Bubble applications. Through successive amendments, Hyatt added hundreds of new claims per application. For the four applications at issue in this case, claims were added between 12 and 28 years after their alleged priority dates, in the end totaling 1,592 claims, i.e., an average of 398 claims per application. For those 12 to 28 years, “Mr. Hyatt’s inventions were submerged.”

According to the court, the PTO struggled with the Hyatt morass, including Hyatt’s “creation of an

The doctrine of prosecution laches places additional, equitable restrictions on patent prosecution conduct beyond those imposed by statute or U.S. Patent and Trademark Office regulation.

overwhelming, duplicative web of applications and claims” aggravated by “his failure to cooperate with the PTO” and “delay in presenting claims,” including “Hyatt’s tendency to rewrite claims in whole or in significant part midway through prosecution effectively restart[ing] prosecution for the newly rewritten claims.” Then, from 2003 to 2012, the PTO stayed examination of many of Hyatt’s applications pending litigation with Hyatt on various issues. In 2013, the PTO resumed examination of Hyatt’s applications, creating a dedicated art unit tasked with conducting prosecution of Hyatt’s applications—an effort that would cost the agency \$10 million over the next five years of examining Hyatt’s GATT Bubble applications.

Claims of the four applications at issue were finally rejected and reviewed by the Board, which affirmed many of the rejections. A suit by Hyatt under 35 U.S.C. § 145 followed, in which Hyatt sought issuance of the rejected claims. In the § 145 action, the PTO moved to dismiss Hyatt’s action on the basis of prosecution laches. The PTO argued that, even setting aside the period from 2003 to 2012 when prosecution was suspended, Hyatt had engaged in a “pattern of delay in prosecuting his nearly 400 patent applications from 1969 through the present day.” Hyatt opposed the motion and the district court held a five-day bench trial on the issue of whether prosecution laches barred issuance of Hyatt’s four involved applications.

Following trial, the district court issued an order under Fed. R. Civ. P. 52(c), in which it concluded that prosecution laches did not bar issuance of patents based

¹ This reform changed the term of U.S. patents from 17 years following the date of issuance to 20 years following the filing date of the earliest non-provisional U.S. or international application to which priority is claimed. The reform was motivated in part to deter strategies in which applicants would delay prosecution, by abandoning applications and filing continuing applications, until technology had matured in the market place, thus allowing some so-called submarine patentees to specifically target the new products of unsuspecting competitors.

on the four applications. In essence, the district court faulted the PTO for failing to take specific actions to advance prosecution in the face of Hyatt's approach to prosecution, including that the PTO did not take "specific and formal" measures to obtain missing information that was not forthcoming from Hyatt, making the "applications and claims ... difficult, if not impossible" to examine. The district court also focused on the four applications at issue, discounting arguments about Hyatt's broader pattern of conduct across the tangled web of related applications. The district court went on to address patentability on the merits, finding that certain claims were not unpatentable. It thus ordered the PTO to issue patents as to those claims, a ruling that the PTO appealed.

On appeal, the Federal Circuit vacated and remanded the district court's determination on prosecution laches for further proceedings consistent with its opinion, and to provide Hyatt with the opportunity to present evidence on that issue. The Federal Circuit held the remainder of the case in abeyance, retaining jurisdiction over the patentability issues. On prosecution laches, the Federal Circuit held, for the first time, that this doctrine is available to the PTO as a defense in a § 145 action. The Federal Circuit also found that the district court erred by failing to consider the "totality of the circumstances," ignoring evidence of Hyatt's pattern of rewriting or shifting claims midway through prosecution in applications other than the four at issue in this case. The Federal Circuit found that the district court additionally erred by focusing on the PTO's conduct to a greater extent than Hyatt's, observing: "It is not the case that an applicant may prosecute his patents however he or she wishes within the statute and PTO regulation, because the doctrine of prosecution laches places an additional, equitable restriction on patent prosecution conduct beyond those imposed by statute or PTO regulation." The Court stated: "The applicant is in the driver's seat and must take care to

avail itself of the PTO's beneficial patent examination process as it stands and in a way that avoids undue delay leading to prejudice imposed on others." The Federal Circuit held that, on the present record, Hyatt's delay was both unreasonable and unexplained, which shifted the burden to Hyatt to then prove otherwise. The Federal Circuit explained that "[b]eyond merely the magnitude of Hyatt's delay in filing his claims, Hyatt adopted an approach to prosecution that all but guaranteed indefinite prosecution delay."

Finally, the Federal Circuit observed that "Hyatt's time-wasting process obstructed the PTO from examining not only Hyatt's four applications at issue, but nearly all of his GATT Bubble applications." Given the duration of Hyatt's unreasonable and unexplained delay, and its magnitude, the Federal Circuit found that the burden had been shifted to Hyatt to prove lack of prejudice. The Federal Circuit further concluded "that the PTO has carried its burden of proving that Hyatt engaged—intentionally or not—in a clear abuse of the PTO's patent examination system that contributed to delay in the four applications at issue" and that "Hyatt's approach to prosecuting his GATT Bubble applications made it impossible for the PTO to process them using its normal compact prosecution procedures." The Federal Circuit then remanded the case to give Hyatt the opportunity to present evidence in response to its decision, while clearly cautioning the district court that: "We can divine no reason in the record currently before the court that would suffice, but Hyatt is entitled as a matter of fairness to present evidence and be heard on this issue."

The Federal Circuit in this case has given the PTO new legal precedent with which to deal with applicants whose dilatory actions may prejudice others. Whether the PTO uses the doctrine of prosecution laches against applicants beyond Mr. Hyatt remains to be seen.

Mylan Labs. Ltd v. Janssen Pharmaceutica, N.V., 989 F.3d 1375 (Fed. Cir. 2021)

BY JAMIE DOHOPOLSKI

Mylan appealed from a Patent Trial and Appeal Board (Board) discretionary denial of institution of an *inter partes* review (IPR) proceeding. The Board declined to institute Mylan's IPR under *NHK-Fintiv*, a multi-factor analysis that permits the Board to discretionarily deny institution based on the advanced status of other, parallel proceedings out of concern for efficiency. In this case, the Board denied institution based on two co-pending district court infringement actions brought by Janssen Pharmaceutica—one against Mylan Laboratories and the other against Teva Pharmaceuticals. In balancing the *NHK-Fintiv* factors to deny institution, the Board reasoned that both district court proceedings involved substantially similar invalidity contentions as Mylan's IPR petition and were set (or likely to be set) for trial prior to the mandatory deadline for Board to issue a Final Written Decision in the IPR.

Mylan sought both direct appellate review of this denial under 28 U.S.C. § 1295(a)(4)(A) and mandamus relief under 28 U.S.C. § 1651. Mylan made the same two legal assertions in its appeal and request for mandamus relief. First it argued that the Board's denial of institution based on the timing of the *Teva* litigation undermines Mylan's constitutional due process rights. Second, it argued that *NHK-Fintiv* denials are contrary to the Leahy-Smith America Invents Act (AIA). The U.S. Court of Appeals for the Federal Circuit ultimately dismissed Mylan's direct appeal for lack of jurisdiction under 35 U.S.C. § 314(d), and denied Mylan's request for mandamus on the merits.

The court first resolved the jurisdictional issue on the direct appeal. It determined that § 314(d) bars direct appellate review of *NHK-Fintiv* denials. Relying on its precedent in *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*, 749 F.3d 1373 (Fed. Cir. 2014), the court explained that § 314(d) limits the general appellate jurisdiction it has over Board decisions under 28 U.S.C. § 1295(a)(4)(A): both the language of § 314(d) and the surrounding structure of the law

The U.S. Court of Appeals for the Federal Circuit's scope of review for *inter partes* review institution denials is very narrow.

"dispel any notion" that the Federal Circuit may entertain appeals from IPR institution denials. The court explicitly rejected Mylan's argument that *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), and *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), undermined *St. Jude*. Accordingly, the court dismissed Mylan's direct appeal.

The court then turned to Mylan's request for mandamus relief. On the jurisdictional question, the court determined that § 314(d) did not bar its jurisdiction under 28 U.S.C. § 1651. Since "[a] decision denying institution prevents the Board from issuing any final decisions that falls within [the Federal Circuit's exclusive] direct appellate jurisdiction" under 28 U.S.C. § 1295(a)(4)(A), the court "must be able to protect [its] prospective jurisdiction through mandamus."

But when it came to the merits, Mylan's request for mandamus fell short. The Federal Circuit, after describing mandamus as a "drastic and extraordinary remedy," determined that the scope of the court's mandamus review for a Board decision denying institution "is very narrow" given that IPR institution decisions are committed to agency discretion. As a result, the court's review was confined to only "colorable constitutional claims." And as to Mylan's constitutional arguments, its procedural and substantive due process arguments failed because Mylan could not identify a deprivation of life, liberty, or property or a fundamental right to have the Board consider its IPR petition based only on parallel proceedings to which Mylan is party. As to Mylan's AIA challenges to *NHK-Fintiv*, the court stated that "it is difficult to imagine a mandamus petition that challenges a denial of

institution and identifies a clear and indisputable right to relief." As a result, the court found Mylan's AIA challenge unavailing.

Mylan has since filed a petition for a writ of certiorari to the U.S. Supreme Court, which remains pending. The petition asks the Court to consider the scope of § 314(d)'s direct appeal bar on decisions not to institute as well as the procedural and substantive legality of *NHK-Fintiv* under the Administrative Procedure Act and AIA, respectively.

RELATED CASES

- Petition for a Writ of Certiorari, *Apple Inc. v. Optis Cellular Tech., LLC*, No. 21-118 (July 2021) (asking whether the Federal Circuit may review *NHK-Fintiv* denials through direct appeal or mandamus as unlawful under the APA and AIA)
- Petition for a Writ of Certiorari, *Intel Corp. v. VLSI Technology LLC*, No. 21-888 (December 2021) (same)



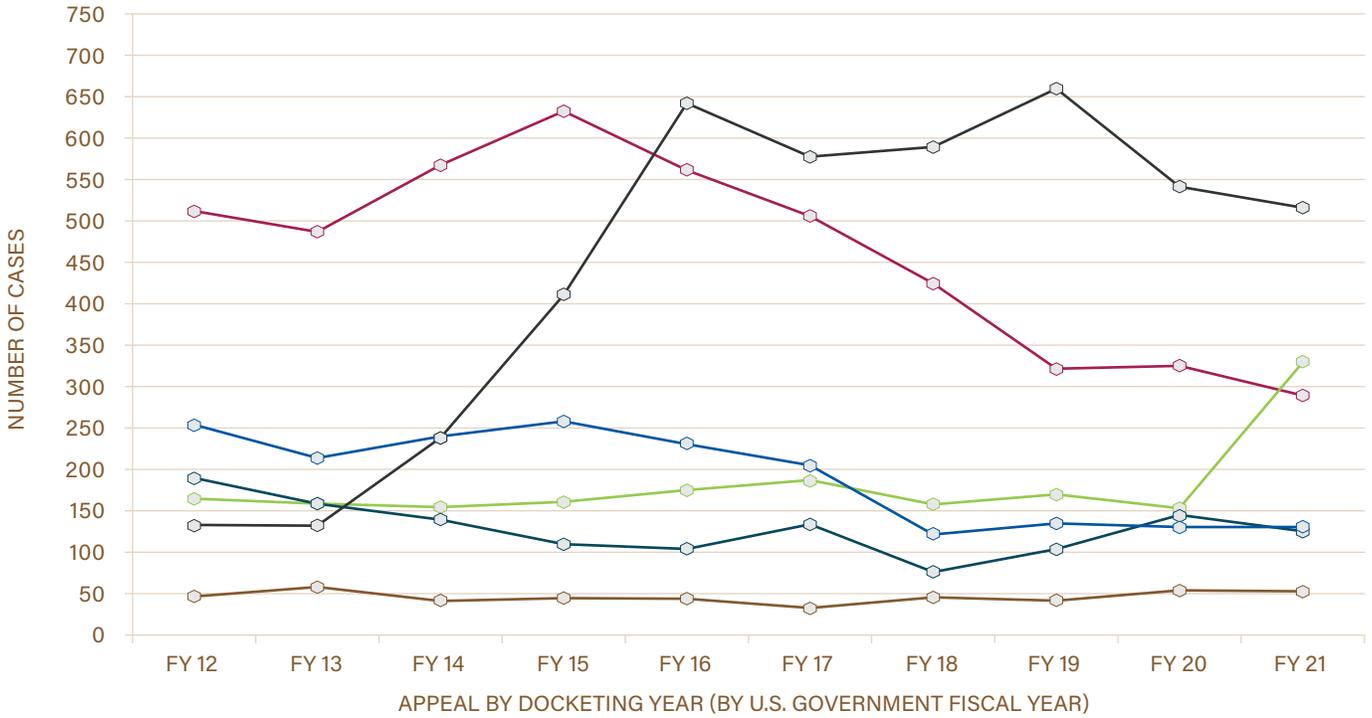
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The *PTAB Strategies and Insights* newsletter provides timely updates and information regarding best practices for petitioners and patent owners at the USPTO's Patent Trial and Appeal Board. In addition to offering direct insights into winning strategies, the newsletter also provides timely updates regarding relevant Federal Circuit and Supreme Court decisions.

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United States Court of Appeals for the Federal Circuit

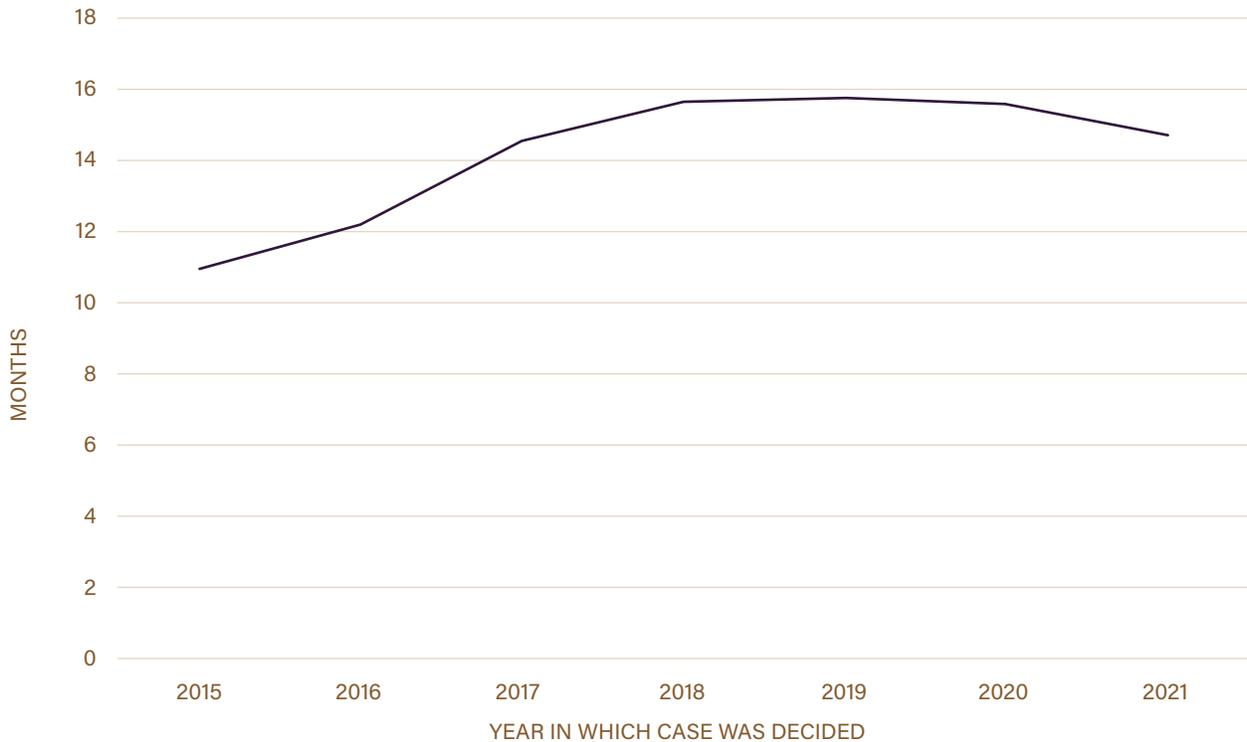
Major Origins of Appeals



Appeals from the USPTO dipped for the second straight year in FY21. Due to a spike in appeals from the Court of Federal Claims, District Courts are now the third most common source for CAFC appeals.

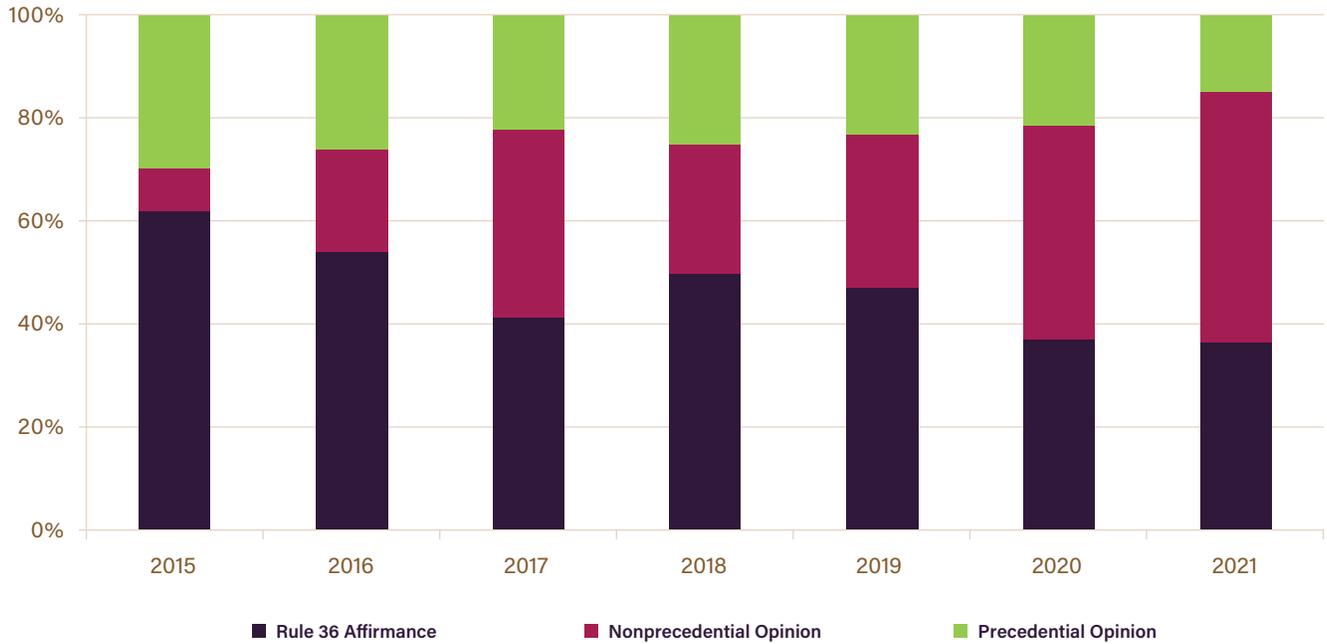
Note: Includes reinstated, cross-, and consolidated appeals.

Average IPR/CBM/PGR Appeal Pendency in Months



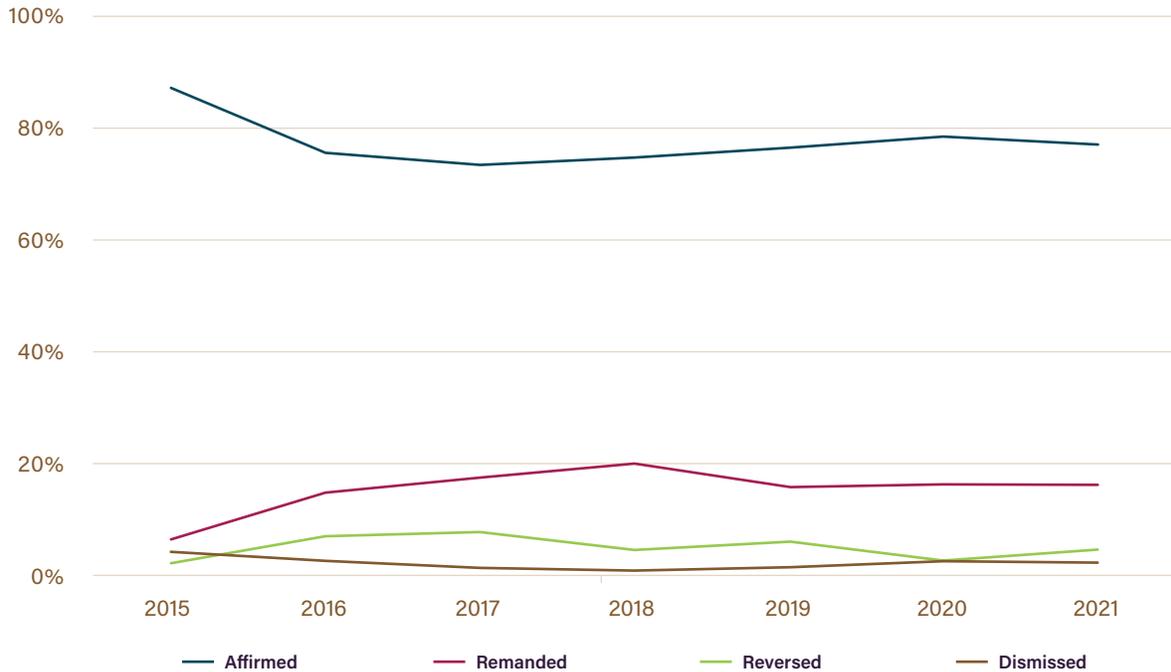
PTAB/AIA appeal pendency from docketing to opinion declined noticeably on an annual basis for the first time ever in 2021. COVID-19 delays had increased average pendency in the second half of 2020, and the court's docket efficiency appeared to recover in 2021.

IPR/CBM/PGR Appeal Disposition Types



Just 15% of the Federal Circuit's PTAB/AIA appeal decisions in 2021 were precedential opinions, the smallest share ever recorded. Nonprecedential opinions made up 49% of the court's decisions.

IPR/CBM/PGR Appeal Outcomes



Overall in 2021, 77% of PTAB/AIA decisions were affirmed, 16% were remanded, 5% were reversed, and 2% were dismissed. The affirmance rate has checked in between 73% and 79% for each of the last six years.

Chart data on pages 14–15 is sourced from the U.S. Court of Appeals for the Federal Circuit.

SynQor, Inc. v. Vicor Corp., 988 F.3d 1341 (Fed. Cir. 2021)

BY KRISTINA CAGGIANO KELLY

SynQor, Inc. appealed the *inter partes* reexamination decision of the Patent Trial and Appeal Board (Board) holding un-patentable as obvious original claims 1–19, 28, and 31 of SynQor’s patent, U.S. Patent No. 7,072,190 as well as newly presented claims 34–38, which were proposed during the reexamination proceeding. The U.S. Court of Appeals for the Federal Circuit found that decisions the Board made in previous reexamination proceedings precluded finding claims 1–19, 28, and 31 obvious based on the grounds relied upon by the Board, and that the expiration of the ’190 patent rendered any appeal of the Board’s decision regarding claims 34–38 moot.

During a first reexamination of patent claims reciting a DC-to-DC voltage converter, the Board found that two prior art references could not be properly combined in an obviousness rejection because they operated at incompatible frequencies. This decision was appealed and the Federal Circuit affirmed. In a subsequent reexamination proceeding, the Board issued an obviousness rejection over these same two references, finding that the frequency differential did not defeat a motivation to combine the teachings. The above-captioned appeal followed.

The Federal Circuit held that the Board was collaterally estopped from now finding that an artisan would be motivated to combine two references that it previously found could not be properly combined. In doing so, the Federal Circuit clarified that Congress did not intend to foreclose issue preclusion from *inter partes* reexamination proceedings, which otherwise meet the elements of the common law doctrine. The statutory estoppel provisions applicable to *inter partes* reexaminations provide for grounds-based estoppel similar to the current *inter partes* review (IPR) estoppel provisions of 35 U.S.C. § 315(e) as well as fact-based estoppel in subsequent district court actions. Here,

Collateral estoppel can arise from factual determinations made in prior U.S. Patent and Trademark Office proceedings involving the same patent.

each party had a full and fair opportunity to argue the evidence. Even though reexamination proceedings do not have a formal adversarial structure, the *inter partes* reexamination requester was able to participate and present its positions and competing evidence.

The court noted that the unavailability of cross-examination through compulsory process in such proceedings weighed against issue preclusion, but was not dispositive in eliminating the applicability of the doctrine. It was also counterbalanced by the technical expertise of Board factfinders, which places less importance on the expert testimony that would have been tested through cross-examination. Having found that issue preclusion could legally apply to collaterally estop the Board from finding a motivation to combine, the court vacated and remanded the decision.

While this decision relates to *inter partes* reexaminations—a now-defunct proceeding that the America Invents Act replaced with IPR—the Federal Circuit’s holding nonetheless provides useful insight into the mechanics and scope of collateral estoppel as it applies to U.S. Patent and Trademark Office (USPTO) litigation, and even agency determinations more generally.

John Bean Techs. Corp. v. Morris & Assocs., Inc., 988 F.3d 1334 (Fed. Cir. 2021)

BY KRISTINA CAGGIANO KELLY

This case was the second opinion in a patent dispute saga between two poultry processing competitors over patented poultry chilling technology. See *John Bean Tech. Corp. v. Morris & Associates, Inc.*, 887 F.3d 1322 (Fed. Cir. 2018). Leading up to the first case, Morris & Associates, Inc. wrote a demand letter to John Bean Techs. Corp. in 2002 alleging that one of John Bean's patents was invalid over certain identified prior art. John Bean did not respond, and Morris spent the next decade developing and selling poultry chillers that included the patented features. In 2013, John Bean submitted its patent for reexamination and obtained new claims. Six weeks later, John Bean sued Morris for patent infringement. The district court granted Morris's motion for summary judgment of laches and equitable estoppel. From that appeal, the U.S. Court of Appeals for the Federal Circuit reversed and remanded, ruling that the district court abused its discretion in finding equitable estoppel based on activity beginning in 2002, 12 years prior to the issuance of the reexamination certificate.

Back before the district court, Morris filed another motion for summary judgment, this time invoking the defense of equitable intervening rights. Absolute intervening rights, set forth in 35 U.S.C. § 252, precludes infringement liability for any activity that predates a reexamination certificate, where the reexamination substantively and substantially altered the claims. See 35 U.S.C. § 307(b). Additionally, "equitable" intervening rights may shield a party from prospective or continuing infringement where "substantial preparation" and "investments [were] made or business commenced before" the reexamination. 35 U.S.C. § 252; see also *Marine Polymer Techs., Inc. v. HemCon, Inc.*, 672 F.3d 1350, 1362 (Fed. Cir. 2012) (en banc) ("[A]fter a patent emerges from reexamination, [§ 307(b)] makes available absolute and equitable intervening rights . . . with respect to 'amended or new' claims in the reexamined patent.")

When asserting new patent claims emerging from post-grant reviews, take due account of potential equitable intervening rights.

The district court granted Morris's motion for equitable intervening rights, finding that Morris's investments, business model, and the industry in general, outweighed the fact that Morris's profits over the years had recouped that investment. The district court explained that "requiring a company to eliminate [two-thirds] of its business because a patent holder, after, a decade, decided to seek reexamination and enforce the patent is inequitable." John Bean appealed, arguing that the district court gave inappropriately little weight to Morris's recoupment of its investment. John Bean relied on a 10th Circuit case from 1979 in support of its position, as this was an issue of first impression for the Federal Circuit.

The Federal Circuit affirmed. It explained that equitable intervening rights are highly discretionary and reviewed with a high level of deference. The court held "recoupment is not the sole objective of § 252's protection of 'investments made or business commenced' before the claims' alteration." Rather, it is one of six discretionary factors to consider, and is not dispositive. The timing of events and prospective burden on Morris were also important considerations in the totality of the analysis. *John Bean* thus provides an important insight into the risks and defenses associated with asserting reexamined and reissued patents. The same principles would apply to patents having undergone *inter partes* review that, post-amendment, issue with new claims.

Minerva Surgical, Inc. v. Hologic, Inc., 141 S. Ct. 2298 (2021)

BY MICHAEL JOFFRE

The inventor of a patent assigned to Hologic subsequently founded Minerva Surgical. Hologic then filed a continuation with broader claims. Based on that broader patent, Hologic brought an infringement case against Minerva, which asserted the patent was invalid. Hologic argued that the invalidity defense was barred under the doctrine of assignor estoppel and the district court agreed. The U.S. Court of Appeals for the Federal Circuit affirmed that decision, rejecting Minerva's argument that assignor estoppel does not apply because Hologic broadened the claims—after the inventor's assignment—without the inventor's input. The U.S. Supreme Court granted certiorari on the issue.

Assignor estoppel remains a valid doctrine, but its scope is limited.

The Court held that assignor estoppel was still a valid doctrine but that it was more limited in scope than the Federal Circuit recognized. Specifically, the Court held that an accused infringer is only estopped from setting forth invalidity defenses that are in conflict with a prior explicit or implicit representation that the infringer made in assigning the patent. For example, in this case, assuming that the new claims were materially broader than the old ones, the assignor had not made any representation about the new claim's validity. Therefore, assignor estoppel would not apply. As such, the Court vacated and remanded the Federal Circuit's judgment.

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- Intellectual Asset Management “IAM Patent 1000 2021”

Uniloc 2017 LLC v. Facebook Inc., 989 F.3d 1018 (Fed. Cir. 2021)

BY MICHAEL JOFFRE

Facebook filed an *inter partes* review (IPR) petition against claims 1–8 of Uniloc 2017 LLC’s patent on Voice over Internet Protocol. Meanwhile, an IPR proceeding was already pending on claims 1–6 and 8 of the same patent, based on a petition filed by Apple and later joined by Facebook. LG Corporation subsequently filed its own petitions that were identical to Facebook’s and sought to join Facebook’s IPRs. Uniloc maintained that 1) Facebook was estopped under 35 U.S.C. § 314(e)(1) from maintaining its separate IPR from the Apple IPR and 2) LG was a real party in interest or privy to Facebook, so it was also estopped from maintaining a separate IPR from Apple’s. In its final written decisions, the U.S. Patent Trial and Appeal Board (Board) held that Facebook was estopped from challenging claims 1–6 and 8, but not claim 7. It also held that LG was not a real party in interest or privy to Facebook. Uniloc appealed both determinations to the U.S. Court of Appeals for the Federal Circuit.

The court first determined that it had jurisdiction to review both of the Board’s conclusions under 35 U.S.C. § 314(d). Based on prior U.S. Supreme Court decisions and the strong presumption of reviewability of agency action, the court held that § 314(d) did not preclude judicial review of the Board’s application of § 315(e)(1)’s estoppel provisions, where the events triggering estoppel occurred after institution of the IPR.

Finding Uniloc’s challenge to the Board’s estoppel decisions reviewable, the court held that there was substantial evidence that LG was not a real party in interest or privy to Facebook.

Finding Uniloc’s challenge to the Board’s estoppel decisions reviewable, the court held that there was substantial evidence that LG was not a real party in interest or privy to Facebook. Specifically, the court rejected Uniloc’s argument that, merely because LG joined Facebook’s IPR, it was automatically a real party in interest or privy to Facebook. Finally, the court held that Facebook was not estopped from challenging claim 7 in its own IPR because § 315 explicitly limits its estoppel to previously challenged claims only.

Campbell Soup Co. v. Gamon Plus, Inc., 10 F.4th 1268 (Fed. Cir. 2021)

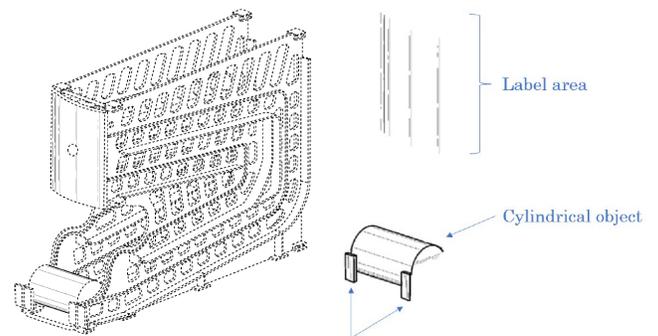
BY DEIRDRE M. WELLS

Campbell Soup Co. petitioned for *inter partes* review (IPR) of Gamon Plus, Inc.'s design patents D612,646 and D621,645. The Patent Trial and Appeal Board (Board) instituted the IPR and determined that Campbell Soup did not establish unpatentability because it had not set forth a proper primary reference. Campbell Soup appealed, and the U.S. Court of Appeals for the Federal Circuit vacated and remanded the case to the Board. On remand, the Board again determined that Campbell Soup did not establish unpatentability. The Board found that the prior art has the same overall visual appearance as the claimed designs, but that it is outweighed by objective indicia of nonobviousness. In particular, the Board credited the commercial success, praise, and copying of the claimed commercial embodiment. The Board found both a presumption of nexus, and a nexus-in-fact, between the claimed designs and the patentee's evidence of commercial success and praise.

Campbell Soup again appealed the final written decision to the Federal Circuit. This time, the court reversed the Board's decision. The Federal Circuit found that substantial evidence did not support either the Board's presumption of nexus or the Board's finding of nexus-in-fact.

Regarding a presumption of nexus, the Federal Circuit explained that the presumption only applies if the product alleged to be a commercial embodiment of the claims is coextensive with the claimed invention. The Federal Circuit explained that the coextensive analysis is not limited to whether unclaimed features are *ornamentally* insignificant but considers whether there are

functionally significant unclaimed product features (even if they not ornamentally significant). Presented on the left below is the sole figure of D612,646. On the right is an annotated image removing the unclaimed aspects and leaving only the claimed design.



Here, given the limited aspects of Gamon's products covered by the design patent claims, the Federal Circuit found that Gamon's product includes significant unclaimed functional elements. In such cases, the presumption does not apply. Thus, the Federal Circuit held that substantial evidence did not support the Board's presumption of nexus.

Turning next to nexus-in-fact, the Federal Circuit stated that absent a presumption of nexus, nexus can nonetheless be shown if the objective indicia are the direct result of unique characteristics of the claimed invention (rather than a feature that was known in the prior art). The Federal Circuit stated that the Board only found four features that distinguished the claimed designs from the prior art. The Federal Circuit held that, in order to establish nexus, the patentee would have needed to present evidence that the objective indicia derived from those four "unique characteristics." The Federal Circuit found that the patentee Gamon failed to do so, presenting instead evidence linking the objective indicia to aspects of the commercial product that were already present in the prior art. Thus, as with the presumption, the Federal Circuit held that substantial evidence did not support the Board's finding of nexus-in-fact.

To find a presumption of nexus for commercial success in the design-patent context, the commercial product should not have significant unclaimed functional elements.

In re SurgiSil, 14 F.4th 1380 (Fed. Cir. 2021)

BY DEIRDRE M. WELLS

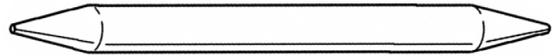
SurgiSil filed for a design patent on the ornamental design for a lip implant. The sole figure in SurgiSil's application is shown in the top image in the right column. The patent examiner rejected the patent application under 35 U.S.C. § 102 over a Blick prior art catalog that discloses an art tool (referred to as a stump) for smoothing and blending large areas of pastel or charcoal. The similarly-shaped Blick art tool is shown in the bottom image on the right.

SurgiSil appealed the rejection to the Patent Trial and Appeal Board (Board), which affirmed the examiner's rejection. The Board found that the differences in shape between the claimed design and Blick are minor. The Board rejected SurgiSil's argument that Blick could not anticipate because it disclosed a "very different" article of manufacture than the claimed lip implant. The Board stated that for the purposes of determining the scope of the claim "it is appropriate to ignore the identification of the article of manufacture in the claim language."

SurgiSil appealed the Board's affirmance to the U.S. Court of Appeals for the Federal Circuit, which reversed. The court held that the Board's predicate decision, that the article of manufacture identified in the claim is not limiting, was an erroneous legal conclusion. The Federal Circuit stated that "[a] design claim is limited to the article of manufacture identified in the claim; it does not broadly cover a design in the abstract."

The Federal Circuit thus reversed the Board's finding that Blick—which the parties did not dispute discloses an art tool rather than a lip implant—anticipates a claim directed to a lip implant.

A design claim is limited to the article of manufacture identified in the claim; it does not broadly cover a design in the abstract.



Raytheon Technologies Corp. v. General Electric Co., 993 F.3d 1374 (Fed. Cir. 2021)

BY R. WILSON "TREY" POWERS III, PH.D.

General Electric Co. (GE) petitioned for *inter partes* review (IPR) of claims 3 and 16 of Raytheon Technologies Corp.'s U.S. Patent No. 9,695,751 related to gas turbine engines. The U.S. Patent Trial and Appeal Board (Board) found the challenged claims to be invalid over the "Knip" prior art—a forward-looking, 1987 NASA technical memorandum. The U.S. Court of Appeals for the Federal Circuit (Federal Circuit) reversed, holding that the Board erred in finding Knip to be an enabling reference.

The '751 patent claims a geared gas turbine engine with two turbines, a specific number of fan blades, turbine rotors, and stages. The claims each also recite a "power density" (thrust per unit engine volume) range that was described as "much higher than in the prior art." The claims do not require any specific materials to build the claimed engine. In its petition, GE relied on Knip, which envisioned superior performance characteristics for an imagined "advanced [turbofan] engine" that incorporated "all composite materials."

During the proceeding, Raytheon established that the prior art's disclosure of "highly aggressive performance parameters for a futuristic turbine engine was based on the use of nonexistent composite materials." One of those performance parameters was the engine's "power density." GE, for its part, put forth no evidence that a skilled artisan could have actually made the patented turbine engine with the claimed power density. There was thus no dispute at trial that the construction of such an engine using all composite materials was not attainable as of the critical date.

In its final decision, the Board found Knip to be enabling prior art and concluded that the claims would have been obvious. This is because, in its view, Knip provided enough information to allow a skilled artisan to determine a power density. The Board reasoned that even if the prior art's power density did not fall within the claimed range, "power density is a

Patent challengers should take care when using forward-looking prior art that it enables the skilled artisan to actually make and use the claimed invention.

results effective variable." The Board further observed that the claims at issue do not require the advanced materials recited by Knip, so whether Knip's advanced engine had been or could be implemented "is not the proper consideration." The Board's overall conclusion thus focused on the narrow question of whether Knip itself provided enough disclosure to enable a skilled artisan to calculate the power density of Knip's advanced engine—that is, it focused on whether Knip was a self-enabled reference with respect to the claimed power density.

On appeal, Raytheon argued that Knip did not enable a skilled artisan to make the claimed invention because it was only through the use of imagined and unavailable "revolutionary" advanced composites that the prior art was able to suggest the advanced performance characteristics recited in the challenged claims. GE maintained its position that "it is irrelevant whether Knip actually enables a [skilled artisan] to build the specific engine contemplated by Knip."

The Federal Circuit disagreed with GE and reversed. The court explained that the Board (and GE) improperly focused on whether Knip was self-enabling with respect to the claimed power density range, despite the undisputed unavailability of the materials required to achieve that range. It observed that GE's argument "may have carried the day if GE had presented other evidence to establish that a skilled artisan could have made the claimed turbofan engine with the recited power density." But GE failed to present any such evidence, and Raytheon's un rebutted evidence thus carried the day.

This case has important lessons for practitioners relying on self-enabling prior art to prove up obviousness. As the court explained at the beginning of the opinion, “[t]here usually is no dispute about whether an asserted prior art reference is ‘self-enabling,’ i.e., whether a skilled artisan can make and use the subject matter disclosed in the reference.” Moreover, “there is no absolute requirement for a relied-upon reference to be self-enabling in the § 103 context, so long as the overall evidence of what was known at the time of invention establishes that a skilled artisan could have made and used the claimed invention.” But this case is a good reminder that “that if an obviousness case is based on a non-self-enabled reference, and no other prior art reference or evidence would have enabled a skilled artisan to make the claimed invention, then the invention cannot be said to have been obvious.”



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Valve Corporation v. Ironburg Inventions Ltd., 8 F.4th 1364 (2021)

BY KATHLEEN WILLS

Valve Corporation petitioned for *inter partes* review (IPR) of two patents owned by Ironburg Inventions directed to hand held controllers for game consoles. The Patent Trial and Appeal Board (Board) determined that a key reference had not been properly authenticated and was thus unavailable as prior art under 35 U.S.C. § 102(a)(1). Valve appealed.

The IPR exhibit at issue was the “Burns article,” a printed copy of an online review of an Xbox 360 controller with an indicated publication date of October 20, 2010. The Burns article had been cited as prior art during prosecution of both patents involved in the IPR. Despite its use in prosecution, the Board found that the IPR exhibit failed to meet the standard for authentication under Fed. R. Evid. 901(a), which requires that a party authenticating or identifying an item of evidence “must produce evidence sufficient to support a finding that the item is what the proponent claims it is.” The U.S. Court of Appeals for the Federal Circuit disagreed, finding the record was sufficient to establish that the exhibit proffered in the IPR was substantively the same as the Burns article cited during prosecution.

The court explained that authentication of an exhibit routinely happens by comparison under Fed. R. Evid. 901(b)(3), where either an expert witness or the trier of fact compares the exhibit to an authenticated specimen. The same type of authentication by comparison had been accepted as evidence in *VidStream LLC v. Twitter, Inc.*, 981 F.3d 1060, 1066-67 (Fed. Cir. 2020), where a version of a reference proven to be prior art was evidence that the IPR version of the reference was also prior art. In this case, the IPR exhibit and the Burns article used in prosecution were nearly identical, with the same text, number of paragraphs, and images. The only difference was that the date of access for the exhibit, but the court dismissed this as an immaterial difference. Similarly, the court held that differences in imaging due to how a document is downloaded and printed are not sufficient to disqualify a reference. As to

As the trier of fact, the Board has an obligation under Federal Rule of Evidence 901(b)(3) to assess document authenticity by “comparison with an authenticated specimen,” if a party so requests.

the Board’s conduct, the court explained that the Board has an obligation under Federal Rule 901(b)(3) as the trier of fact to compare documents and determine an exhibit’s authenticity, particularly when the exhibits (here, nine and ten pages each) are not burdensome.

Ironburg argued in the alternative that the documents were not prior art, because Valve had not shown that the IPR exhibit or the Burns article were publicly accessible before the priority date of the patents at issue. The court disagreed. It found “overwhelming evidence” that the Burns article was publically accessible more than two years before the priority date. The evidence included a declaration and litigation testimony by a co-inventor of the two patents that he facilitated the publication of the Burns article with the purpose of reaching the general public, promoting the business, and selling controllers. The court also noted the lack of any dispute during prosecution that the Burns article was prior art: “If an examiner could access the article before the priority date, so could the general public.” Importantly for IPR practitioners, the court sanctioned the use of the “Wayback Machine,” a tool run by the nonprofit Internet Archive, as a means for the Board to determine when a web reference was first available on the Internet.

On the totality of the evidence, the Federal Circuit reversed and remanded for the Board to consider Valve’s unpatentability arguments based on the Burns article. The case has important lessons for both the Board and IPR practitioners when it comes to authenticating non-patent literature as prior art for use in IPR proceedings.

Qualcomm Inc. v. Intel Corp., 6 F.4th 1256 (Fed. Cir. 2021)

BY ANNA G. PHILLIPS

Intel Corp. petitioned for six *inter partes* reviews (IPRs) challenging the validity of U.S. Patent No. 9,608,675, a patent directed to power management in wireless devices. In each proceeding, Intel and patent-owner Qualcomm Inc. agreed the signals described by the term “a plurality of carrier aggregated transmit signals” must increase user bandwidth. The increased bandwidth requirement had already been adopted in a parallel International Trade Commission (ITC) proceeding.

At the oral hearing before the Patent Trial and Appeal Board (Board), one judge asked Intel a single question about the increased bandwidth requirement. Qualcomm received no questions about the increased bandwidth requirement, and it was not otherwise discussed during the oral hearing. After the hearing, the Board *sua sponte* ordered briefing about a different claim term, one that was discussed at great length at the hearing. The Board did not request any additional briefing on the increased bandwidth requirement.

The Board ultimately issued six final written decisions, concluding that all challenged claims were unpatentable as obvious. The Board also construed the term “a plurality of carrier aggregated transmit signals” to mean “signals for transmission on multiple carriers,” omitting the agreed-upon requirement that the signals increase user bandwidth.

Qualcomm appealed. The U.S. Court of Appeals for the Federal Circuit vacated and remanded, finding that Qualcomm’s procedural due process rights and the Administrative Procedure Act (APA) were violated because the Board failed to provide Qualcomm with adequate notice of, and no opportunity to respond to, the Board’s *sua sponte* construction.

The court explained that while the Board may adopt a construction of a disputed claim term that neither party proposes without violating the APA, that is not what happened here. Instead, the Board gave no indi-

Qualcomm further illuminates how the APA limits agency action and protects parties in IPR proceedings.

cation it would depart from the parties’ agreement that the signals were required to increase bandwidth. At the hearing, the Board did not announce a new construction, criticize the agreed-upon requirement, follow up on the single question to Intel about the increased bandwidth requirement, or ask any related questions to Qualcomm. And even though the Board ordered additional briefing on another claim term after the hearing, the Board gave no indication that it would not adopt the parties’ agreed-to increased bandwidth requirement. Qualcomm, thus, had no opportunity to respond to the Board’s new construction.

The court also found that the Board’s new construction prejudiced Qualcomm. Qualcomm had argued throughout the proceedings that the prior art did not disclose the increased bandwidth requirement. So, by removing that requirement, the Board “eliminated an element on which Intel bore the burden of proof.” The court explained that “without notice of the Board’s elimination of the increased bandwidth requirement, Qualcomm had no reason to brief that requirement or establish an evidentiary record supporting it, particularly given the limited word count and breadth of issues in these IPRs.”

RELATED CASE

- *M & K Holdings, Inc. v. Samsung Electronics Co. Ltd.*, 985 F.3d 1376 (Fed. Cir. 2021) (finding APA violation when Board found claim anticipated when only ground presented was obviousness)

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