

Patent Cases To Watch In The 2nd Half Of 2018

By **Matthew Bultman**

Law360 (July 6, 2018, 1:32 PM EDT) -- From the impact of the America Invents Act on the scope of the on-sale bar to sovereign immunity at the Patent Trial and Appeal Board, courts have a number of important issues to consider as we move into the second half of 2018.

Here's a look at some of the issues — and cases that implicate them — that will be worth watching over the next six months.

On-Sale Bar

The U.S. Supreme Court in June agreed to hear an appeal from Helsinn Healthcare SA, in a case that gives the justices a chance to provide guidance about the scope of the on-sale bar in the wake of the America Invents Act.

The on-sale bar is a provision of patent law holding that sales of an invention that occur more than a year before a patent application is filed are prior art that can be used to invalidate a patent. For decades, courts have held that the bar kicks in even when the sales are confidential.

But Helsinn argues the AIA changed the on-sale bar, narrowing it. Now, it says, only public sales that disclose the details of the invention should trigger the bar.

While the Federal Circuit disagreed, Helsinn has some big names in its corner, including Rep. Lamar Smith, R-Texas, a lead sponsor of the AIA. Smith has said the Federal Circuit's misinterpretation of the issue "could have profoundly adverse consequences."

There has been a good amount of head-scratching about the reach of the on-sale bar ever since the AIA was passed, attorneys say, and there is hope the Supreme Court will clear up some of that uncertainty with its ruling.

"From a practical perspective, it's important to know because it affects the way a lot of companies would do business," Leigh Martinson of McCarter & English LLP said.

Martinson noted that the AIA in many respects was meant to bring the U.S. patent system in line with other parts of the world. And in other countries, the sale of a patented product isn't invalidating unless it divulges the invention.

"This issue is interesting because of the legislative history and what the intent was of the AIA," he said.

The case is *Helsinn Healthcare SA v. Teva Pharmaceuticals USA Inc.*, case number 17-1229, in the Supreme Court of the United States.

Sovereign Immunity

Allergan PLC last year struck an unusual deal with a Native American tribe: It paid the tribe millions of dollars to take ownership of patents on its eye medication Restasis, which the tribe then licensed back to Allergan.

Why? It believed that tribal sovereign immunity would shield the patents from PTAB review.

The deal created an uproar on Capitol Hill — one lawmaker said it makes a "mockery" of Congress' power — and sparked concerns that other companies might follow Allergan's lead. One judge said that could spell the end of the inter partes review process.

But the PTAB in February decided to push ahead with challenges that generic drug companies had brought against the Restasis patents. The board ruled, in part, that tribal sovereign immunity did not apply in IPR.

Now, it's the Federal Circuit's chance to weigh in. The appeals court heard oral arguments in early June, when at least two judges appeared skeptical of the arrangement.

"The resolution of that issue is pretty important to a lot of people," Martinson said.

But that's not the only sovereign immunity issue on the Federal Circuit's plate. The University of Minnesota has filed a separate appeal that involves state sovereign immunity.

Unlike tribal immunity, the PTAB has recognized state sovereign immunity as a defense in IPRs. However, the board has said those protections can be waived when an infringement lawsuit is filed over the contested patents.

That decision, handed down in December, opened the door for Ericsson Inc. to challenge UM patents covering wireless communications technology, and LSI Corp. and Avago Technologies to go after a patent covering a method for encoding data on a hard disk drive.

In a May brief, UM called the ruling "unprecedented and inconsistent with controlling authority."

The cases are *Saint Regis Mohawk Tribe et al. v. Mylan Pharmaceuticals Inc. et al.*, case number 18-1638, and *Regents of the University of Minnesota v. LSI Corp.*, case number 18-1559, in the U.S. Court of Appeals for the Federal Circuit.

IPR Time Bar

The Federal Circuit in the final six months of 2018 could also decide an important question related to the IPR time bar.

It goes like this: Under the AIA, a company sued for infringement has one year to file a petition for IPR, starting from the time it was served with the complaint. But what happens when that complaint is dismissed without prejudice?

The PTAB has generally taken the position that a lawsuit dismissed without prejudice does not start the one-year clock; it treats the lawsuit like it never existed. But some patent owners argue that doesn't jive with the plain language of the AIA.

"[T]he board disregarded the unambiguous language of [the AIA] by inserting an analysis of a legal fiction that has no bearing on inter partes review," one company, Click-To-Call Technologies LLC, wrote in a Federal Circuit brief.

Click-To-Call is appealing a PTAB decision that invalidated claims in its patent on an anonymous telephone communications system. A company called Bennett Regulator Guards Inc. has also raised the issue in a separate case.

Should the Federal Circuit agree with the patent owners, there is some concern about the potential for gamesmanship. In theory, a patent owner could file a lawsuit, dismiss it, then wait for the one-year window to expire before filing again.

Byron Pickard of Sterne Kessler Goldstein & Fox PLLC said this could put accused infringers in a tough spot.

"If the rule is that the one-year bar is not reset, then they've got a really tough decision to make about whether they proceed with an IPR petition even though they're no longer being sued for infringement," he said.

Patent owners here have a simple textual argument, according to John Dragseth of Fish & Richardson PC, whereas petitioners' arguments are more about the purpose of the law. This dynamic is something that comes up in any number of statutory cases, he said.

"You've got the textualists against the pragmatic people," he said. "In the big picture, nobody has ever really solved this problem of how often you rely on the text versus how often you rely on the purpose."

The cases are Click-To-Call Technologies LP v. Oracle Corp. et al., case number 15-1242, and Bennett Regulator Guards Inc. v. Atlanta Gas Light Co., case number 17-1555, in the U.S. Court of Appeals for the Federal Circuit.

Post-Oil States

The Supreme Court shut down a constitutional challenge to AIA reviews in April, when it found in *Oil States v. Greene's Energy* that the proceedings do not violate the Seventh Amendment's right to a jury trial.

But the narrow ruling left open some questions. Among them: Can AIA reviews be applied retroactively to patents that were issued before the law was enacted in 2011?

“In the next few months, we’ll definitely see cases from the Federal Circuit deciding that issue,” said Naveen Modi of Paul Hastings LLP. “And then obviously those will probably go up to the Supreme Court.”

One of the patent owners already raising this question is Goodson Holdings LLC, which saw claims in two of its patents invalidated after a challenge from Titeflex Corp. It argues that applying the AIA to patents it received in 2009 and 2010 is unconstitutional.

“Not only has the government taken Goodson’s rights away using a retroactive procedure, it has not compensated Goodson for the taking of his rights,” Goodson wrote in a May brief at the Federal Circuit.

A company called Christy Inc. has also filed a potential class action lawsuit against the U.S. government, arguing the cancellation of patents in AIA reviews is a taking of property rights. The lawsuit seeks more than \$100 million in damages.

Attorneys expect to see various due process challenges to specific practices at the PTAB as well. This could include issues related to expanded PTAB panels and “panel stacking,” which seemed to catch the attention of the Supreme Court in *Oil States*.

“That case screamed, please take your shot on due process,” said Yar Chaikovsky of Paul Hastings, adding that “you’re going to see a lot of challenges to IPR process continue.”

The cases are *Goodson Holdings LLC v. Titeflex Corp*, case number 18-1134, in the U.S. Court of Appeals for the Federal Circuit; and *Christy Inc. v. U.S.*, case number 18-cv-000657, in the U.S. Court of Federal Claims.

Other Federal Circuit Cases to Watch

Wi-Fi One LLC v. Broadcom Corp. (the sequel): After already winning one en banc rehearing, Wi-Fi One is back for more, seeking a second chance in front of the full appeals court to address the proper standard of appellate review for the PTAB’s application of its own rules.

University of California v. Broad Institute Inc.: The appeals court heard arguments in April in this high-stakes dispute over whether UC and the Broad Institute are entitled to separate patents on CRISPR, a breakthrough gene-editing technology.

Momenta Pharmaceuticals Inc. v. Bristol-Myers Squibb Co.: How the court decides this dispute, over a Bristol-Myers patent covering a rheumatoid arthritis treatment, could impact drug companies’ ability to appeal PTAB decisions when they challenge a drug patent before they are ready to launch a competing product.

ATI Technologies ULC v. Matal: This case, involving semiconductor technology, could give the Federal Circuit a chance to address the standard the PTAB applies when evaluating what’s known as “swear behind” — when a patent owner tries to disqualify a reference by establishing an earlier date of invention.

GoPro Inc. v. Contour IP Holdings LLC: GoPro is appealing PTAB decisions that upheld two Contour patents covering action video cameras, in a case that could provide guidance on the appropriate standard for determining whether a printed publication is available as prior art.

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