



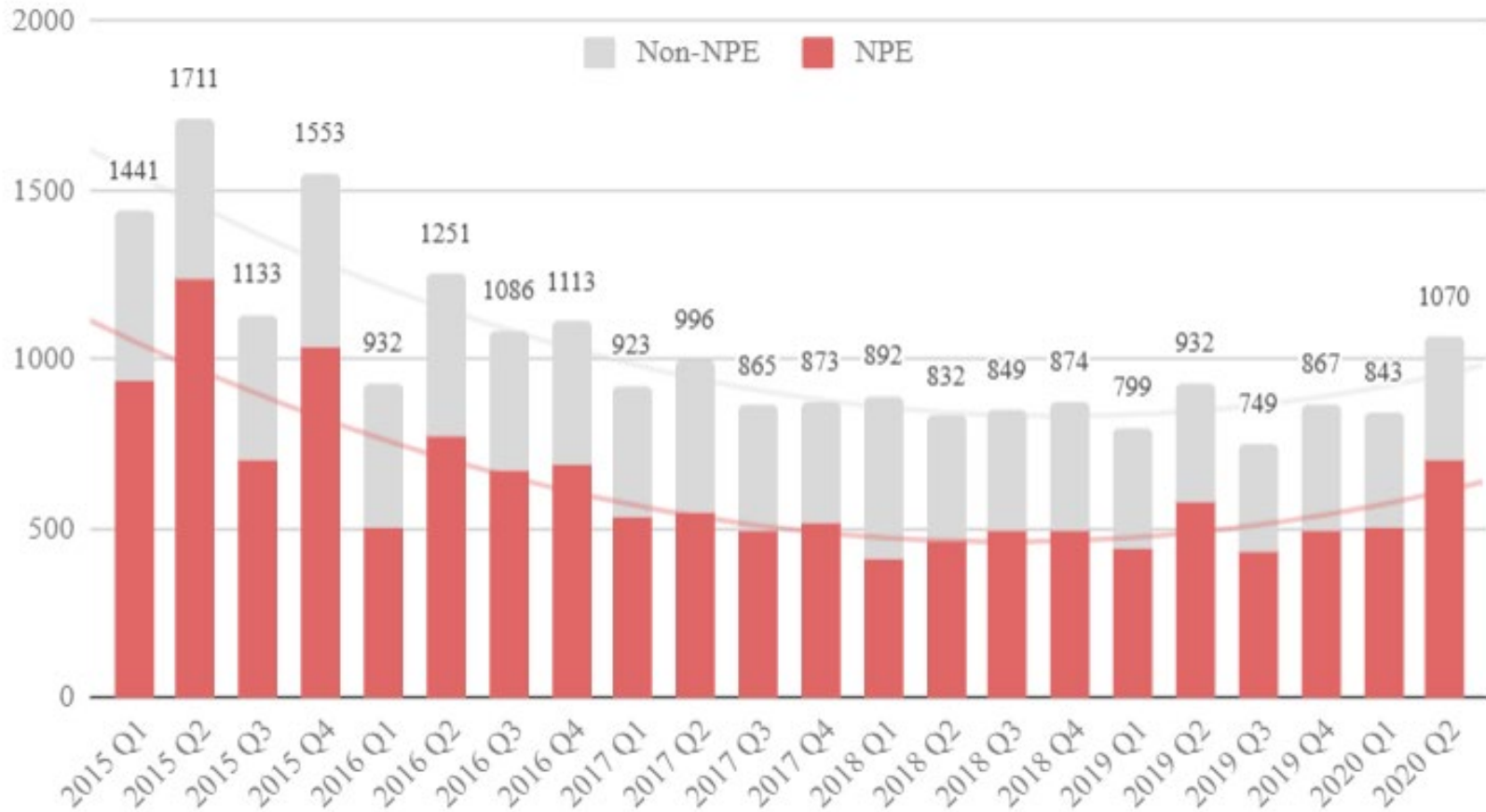
Federal Circuit & Supreme Court IP Year-in-Review (2019–Present)
Presented by Darryl Adams, James Quigley, Danae Robinson, and Janice Ta

Overview

- IP Litigation Stats
- Patent
 - Sections 101 and 102
 - PTAB Proceedings
 - Other Notable Patent Cases
- Trademark
- Copyright

District Court Patent Litigation Filings

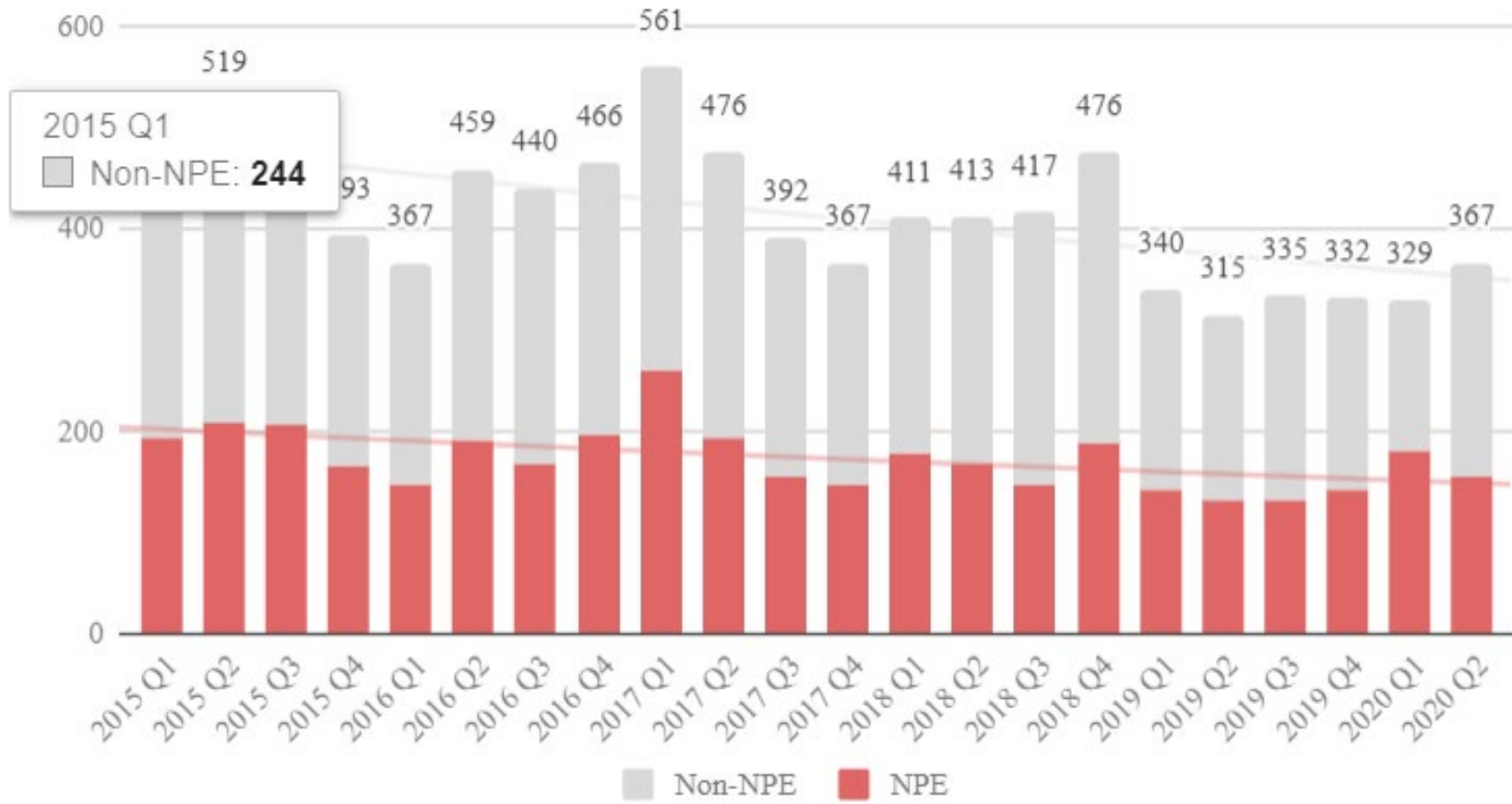
District Court Litigation: Q1 2015 - Q2 2020



Source: Unified Patents

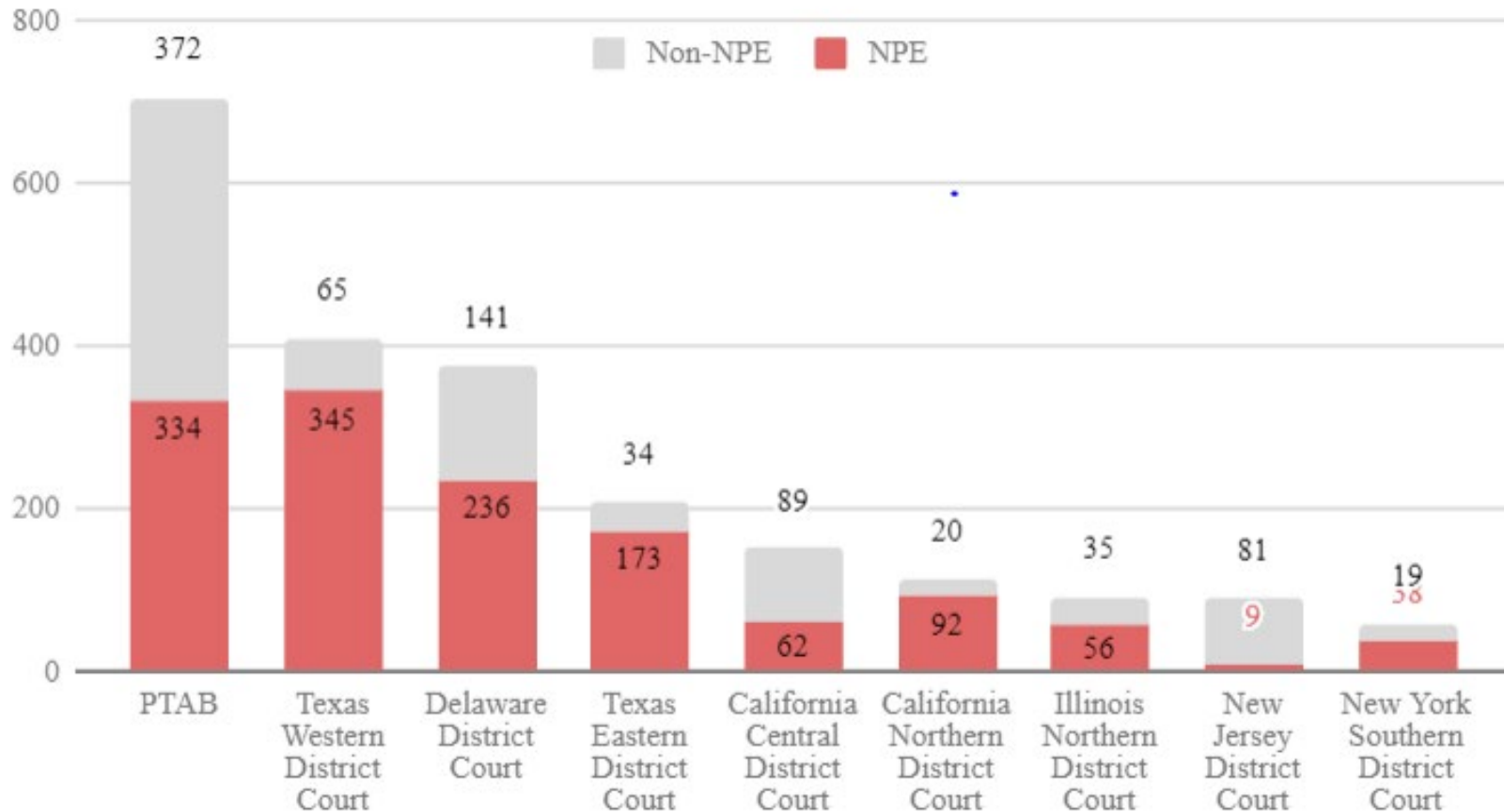
PTAB Filings

PTAB Proceedings: Q1 2015 - Q2 2020



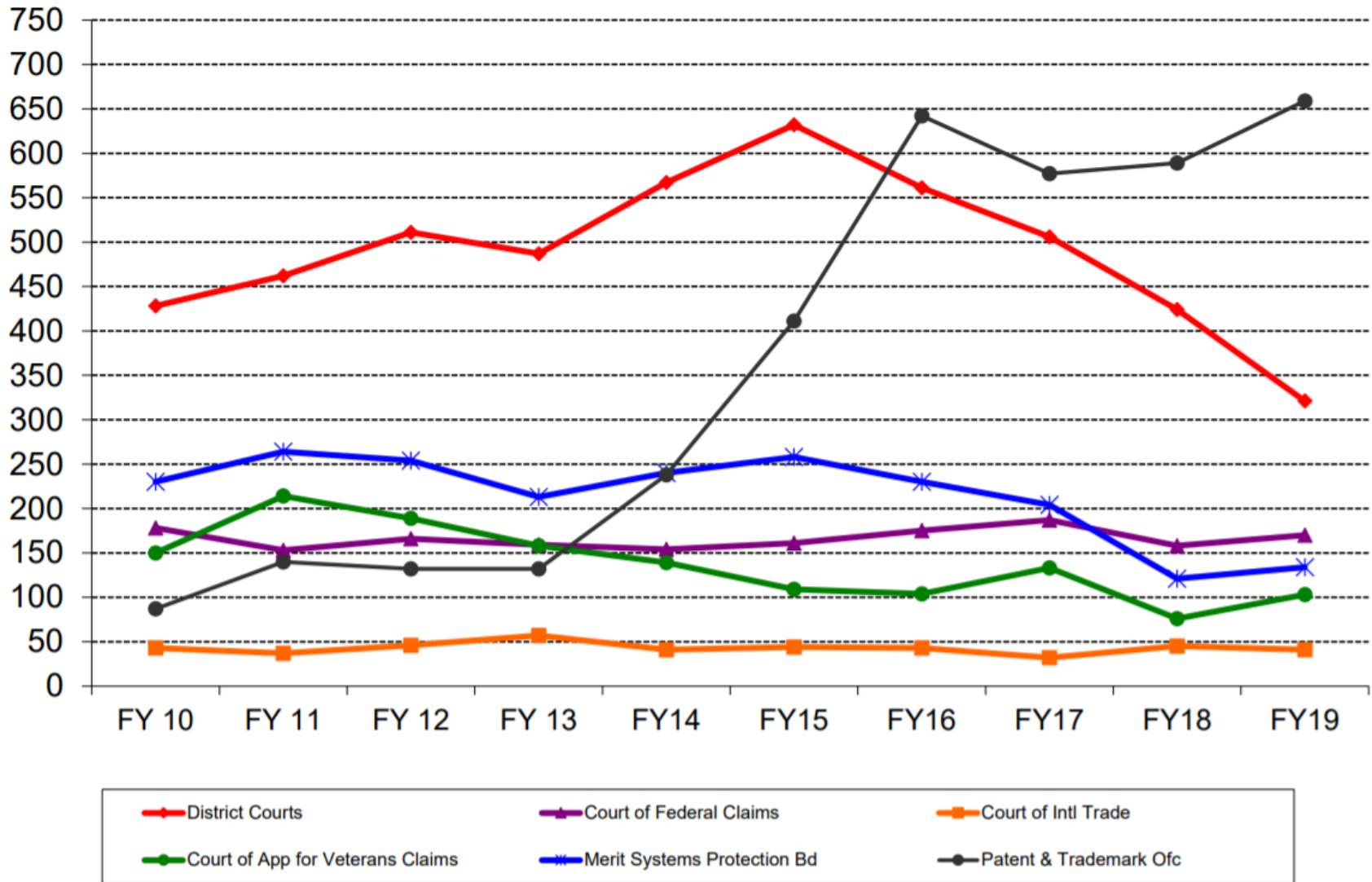
Patent Litigation Venues

Q2 2020: Patent Litigation Venues



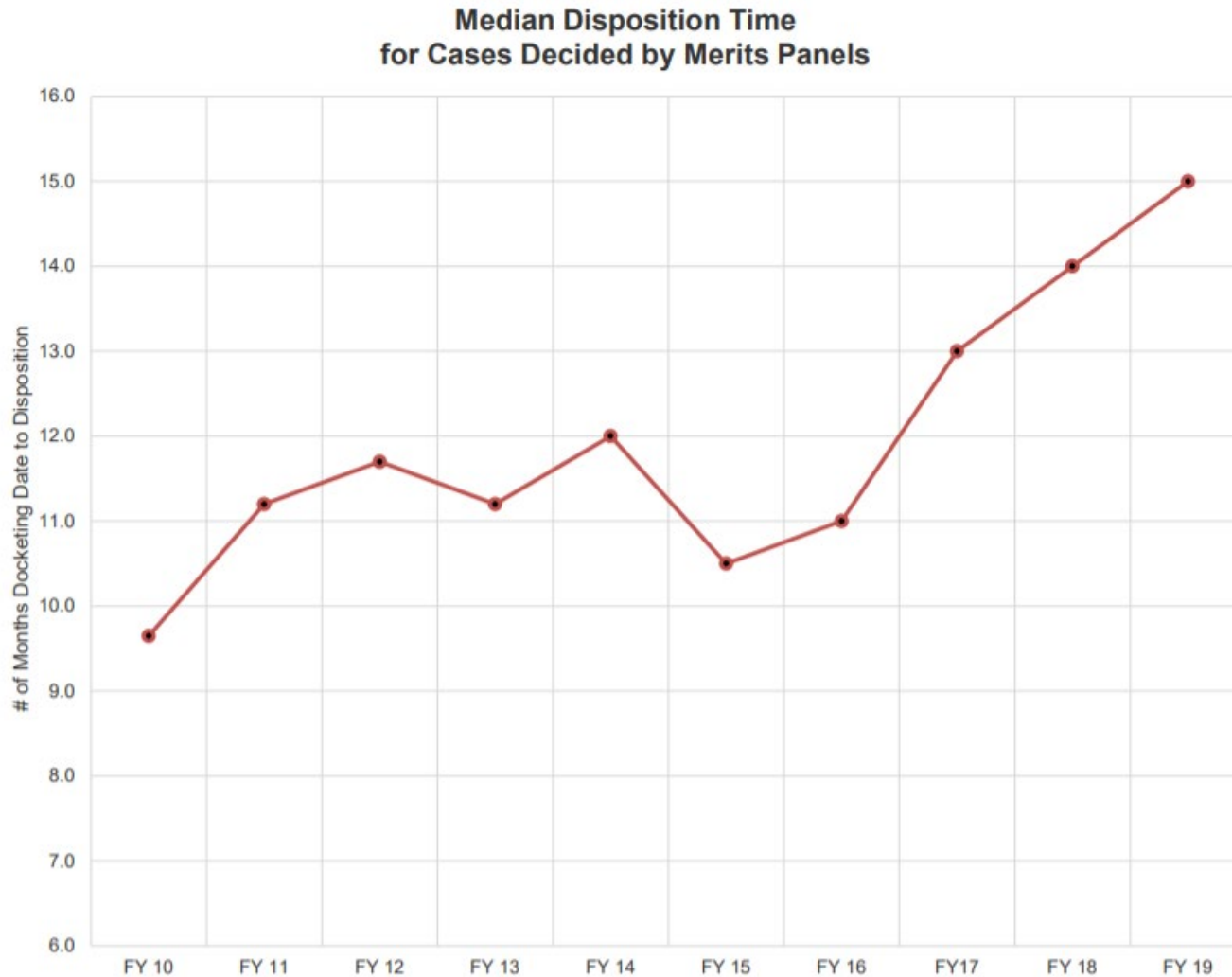
Source: Unified Patents

CAFC Case Load from Originating Courts/Agencies



Source: <http://www.cafc.uscourts.gov/the-court/statistics>

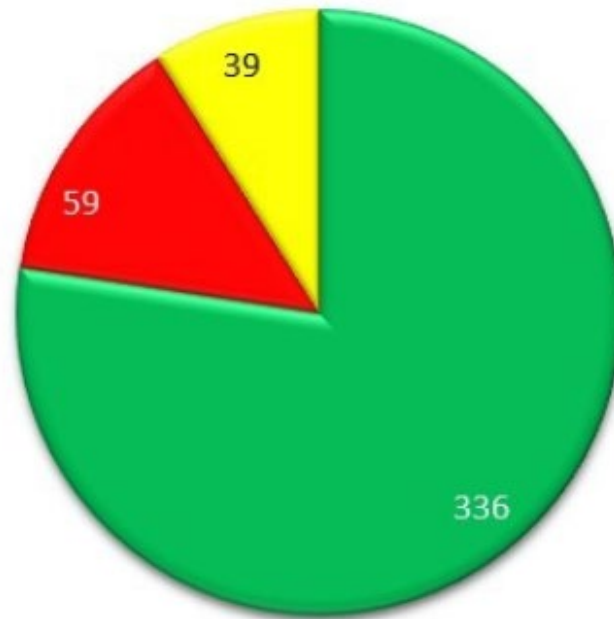
CAFC Median Disposition Time (Overall)



Source: <http://www.cafc.uscourts.gov/the-court/statistics>

Affirmance Rate

Overall Affirmance Rate



■ Affirmed ■ Reversed or Vacated ■ Mixed Results

Sections 101 and 102

Athena v. Mayo 915 F.3d 743 (2019)

Holding: U.S. Patent No. 7,267,820 is directed to **PATENT INELIGIBLE** method for diagnosing neurological disorders by detecting antibodies to muscle specific tyrosine kinase (MuSK) in body fluid.



Myasthenia Gravis

1. A method for diagnosing neurotransmission or developmental disorders related to [MuSK] in a mammal comprising the step of detecting in a bodily fluid of said mammal autoantibodies to an epitope of [MuSK].

7. A method according to claim 1, comprising contacting MuSK or an epitope or antigenic determinant thereof having a suitable label thereon, with said bodily fluid,

immunoprecipitating any antibody/MuSK complex or antibody/MuSK epitope or antigenic determinant complex from said bodily fluid and

monitoring for said label on any of said antibody/MuSK complex or antibody/MuSK epitope or antigen determinant complex,

wherein the presence of said label is indicative of said mammal is suffering from said neurotransmission or developmental disorder related to [MuSK].

Athena v. Mayo 915 F.3d 743 (2019)

- **Natural Law (Step One):** “Under *Mayo*, the claims are directed to a natural law” — correlation between presence of MuSK and MuSK-related neurological diseases.
 - Do claims contain innovative lab techniques? No – no particular innovation and specification showed that techniques were conventional.
 - Did “certain concrete steps” preempt natural law finding? No – additional techniques were standard.
 - Diagnostic Method vs. Method of Treatment: “Claiming a **natural cause** of an ailment and well-known means of **observing** it is not eligible...because such a claim only encompasses the natural law itself. But claiming a **new treatment** for an ailment, albeit using a natural law, is not claiming the natural law.”
- **No Inventive Concept (Step Two):** Inventive concept must be found outside of natural law itself and cannot be conventional. Specification states that “[I]mmunological assay techniques” were “known per se in the art.”
- **Newman Dissent / En Banc Denied:** Claims are patent eligible and should be considered “as a whole.” See *Diamond v. Diehr* decision. Athena’s Petition for Rehearing En Banc denied.

Endo Pharms. v. Mallinckrodt, 919 F.3d 1347 (2019)

Holding: U.S. Patent No. 8,808,737 is directed to a **PATENT ELIGIBLE** method of using oxymorphone to treat pain in patients with impaired kidney function.

1. A method of treating pain in a renally impaired patient, comprising the steps of:
 - a. providing a solid oral controlled release dosage form, comprising:
 - i. about 5 mg to about 80 mg of oxymorphone or a pharmaceutically acceptable salt thereof as the sole active ingredient; and
 - ii. a controlled release matrix;
 - b. measuring a creatinine clearance rate of the patient and determining it to be (a) less than about 30 ml/min, (b) about 30 mL/min to about 50 mL/min, (c) about 51 mL/min to about 80 mL/min, or (d) above about 80 mL/min; and
 - c. orally administering to said patient, in dependence on which creatinine clearance rate is found, a lower dosage of the dosage form to provide pain relief;
wherein after said administration to said patient, the average AUC of oxymorphone over a 12-hour period is less than about 21 ng·hr/mL.



***Endo Pharms. v. Mallinckrodt*, 919 F.3d 1347 (2019)**

- **District Court:** Not patent eligible because administering step merely instructs doctors to dispense oxymorphone in well known manner while using natural law to manage dosage.
- **Federal Circuit - Patent Eligible Method of Treatment (Step One):**
 - Claims **specific method** with a **specific compound** and **specific dosage** to achieve **specific outcome**. *See Vanda*, 887 F.3d 1117 (Fed. Cir. 2018).
 - Distinguishable from *Mayo*: Administering step there is the first step in a method that simply describes giving the drug for a certain disorder. Administering step here describes specific dose based on results of kidney function testing.
 - Specific schedule and dosage to achieve a target amount of oxymorphone (i.e., less than ~21 ng hr/mL over a 12-hour period) demonstrates use of a natural law that will not tie up treatment decisions.

Am. Axle v. NEAPCO, 939 F.3d 1355 (2019)

Holding: U.S. Patent No. 7,774,911 is directed to a **PATENT INELIGIBLE** method of manufacturing a propeller shaft with a liner that is designed to attenuate vibration.

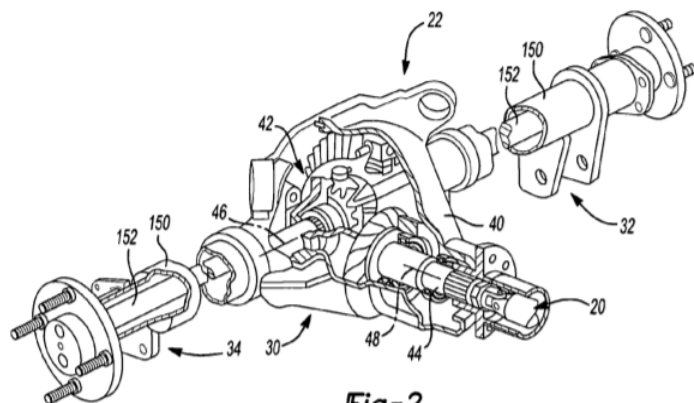


Fig-2

1. A method for manufacturing a shaft assembly of a driveline system, the driveline system further including a first driveline component and a second driveline component, the shaft assembly being adapted to transmit torque between the first driveline component and the second driveline component, the method comprising:

providing a hollow shaft member;

tuning at least one liner to attenuate at least two types of

vibration transmitted through the shaft member; and

positioning the at least one liner within the shaft member such that the at least one liner is configured to damp shell mode vibrations in the shaft member by an amount that is greater than or equal to about 2%, and the at least one liner is also configured to damp bending mode vibrations in the shaft member, the at least one liner being tuned to within about $\pm 20\%$ of a bending mode natural frequency of the shaft assembly as installed in the driveline system.

Am. Axle v. NEAPCO, 939 F.3d 1355 (2019)

- **Natural Law (Step One):** Claims directed to Hooke’s Law; simply state that the liner should be tuned to dampen certain vibrations. Like “directive prohibited by the Supreme Court in *Mayo*—‘simply stating a law of nature while adding the words ‘apply it.’”
- **No Inventive Concept (Step Two):** Though system “is more complex than just a bare application of Hooke’s law,” “[w]hat is missing is any physical structure or steps for achieving the claimed result.”
 - “The focus of the claimed advance here is simply the concept of achieving that result, by whatever structures or steps happen to work.”
 - “Unbounded trial-and-error [tuning] process does not make a patent eligible invention, even if the desired result to which that process is directed would be new and unconventional.”
- **Judge Moore Dissent:** Majority improperly rejected the patent’s many “inventive concepts” in Step Two. The failure to describe steps of process is enablement problem, not patent eligibility issue.

Helsinn v. Teva, 139 S.Ct. 628 (2019) (Thomas, J.)

Holding: Sale of an invention, even under a confidentiality agreement, can trigger “on sale bar” under AIA, 35 U.S.C. § 102(a)(1) to bar patentability.

Background:

- 2001 - Helsinn grants MGI Pharma right to market palonosetron (Aloxi), drug to treat chemo-induced nausea. Parties sign confidentiality agreement.
- 2003 - Helsinn files provisional patent app for 0.25 mg dose; patent issues in 2013.
- 2011 - Teva seeks FDA approval to market generic.

AIA, 35 U.S.C. § 102(a)(1): Bars patentability for an invention that was “patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention.”



Helsinn v. Teva, 139 S.Ct. 628 (2019) (Thomas, J.)

Federal Circuit reversed; SCOTUS affirmed unanimously:

- “[O]therwise available to the public” does not limit preceding terms to disclosures that require the claimed invention to be made available to the public.
- “On-sale” has settled meaning.
 - Under pre-AIA precedent on-sale bar applies when invention is (1) “subject of a commercial offer for sale,” and (2) “ready for patenting.”
 - Federal Circuit has also held that “secret sales” can invalidate a patent.
- By using same pre-AIA language, Congress “adopted the earlier judicial construction.”
- “[N]ew catchall clause (‘or otherwise available to the public’)” merely “captures material that does not fit neatly into the statute’s enumerated categories but is nevertheless meant to be covered” and “is simply not enough to conclude that Congress intended to alter the meaning of the reenacted term ‘on sale.’”

PTAB Proceedings

Arthex, Inc. v. Smith & Newphew, Inc.

Takeaway – APJs were not constitutionally appointed.



- Article II - Appointments Clause
 - Principal Officers – must be appointed by President
 - Inferior Officers – appointment can be delegated to agency heads

- Direct and control by a presidentially-appointed officer
 - Power to review and reverse – APJ decisions are not reviewed by Director
 - Level of supervision – APJs are supervised
 - Power to remove – Title 5 protections - only removed for cause

- APJs are principal officers and thus not constitutionally appointed.

- The “Fix” - Severed APJs’ Title 5 protections – can be removed without cause.

Arthex, Inc. v. Smith & Newpew, Inc. and progeny



Effect of *Arthex* – Vacate PTAB decisions

Scope of *Arthex*

- Not apply to PTAB decisions after *Arthex* (October 31, 2019)
 - The “Fix”
 - *Caterpillar v. Wirtgen* (Fed. Cir. 2020) – not apply to Nov. 13, 2019 FWD

- Waived if not raised in opening brief on appeal.
 - *Sanofi-Aventis v. Mylan* (Fed. Cir. 2019).

- Losing petitioner cannot raise challenge
 - *Ciena v. Oyster Optics* (Fed. Cir. 2020) – petitioner asked for PTAB to institute

- Not limited to IPRs
 - *Virnetx v. Cisco* (Fed. Cir. 2020) – includes *inter partes* and *ex parte* reexaminations

Rehearing *en banc* denied . . . on to the Supreme Court.

Celegene Corp. v. Peter (Fed. Cir. 2019)

Takeaway – Retroactive application of IPR statutes to pre-AIA patents is not unconstitutional.

- Fifth Amendment Takings Clause
 - Taking property right without just compensation.
- Patents were subject to review and cancellation before AIA.
- Do IPRs differ from pre-AIA review procedures significantly enough to lead to a Fifth Amendment taking?
- No. - District court challenges, reexaminations and IPRs are different forms of the same thing – reexamination.
 - Differences in form do not outweigh similarities in purpose and substance.



Thryv v. Click to Call – Supreme Court 2019

Takeaway – PTAB determinations regarding one-year time bar are not appealable.

- Section 315(b) - Must file IPR within one year of being sued.
- Section 314(d) - Decisions to institute an IPR are non-appealable.

- *Achates Reference Publishing v. Apple* (Fed. Cir. 2015) – not appealable.

- *Wi-Fi One v. Broadcom* (Fed. Cir. 2018) (en banc) – appealable.

- Supreme Court – not appealable.
 - Time bar under Section 315(b) is closely tied to institution decision under 314.
 - “integral to institution”
 - “a condition on institution”
 - “expressly governs institution”



Regents of University of MN v. LSI Corp. (Fed. Cir. 2019)

Takeaway – Sovereign immunity does not apply to IPR proceedings.

- States immune from proceedings brought by a **private party**.
- Not immune from proceedings brought by the **United States**.

- IPRs are more like an agency enforcement action than a civil suit brought by a private party.

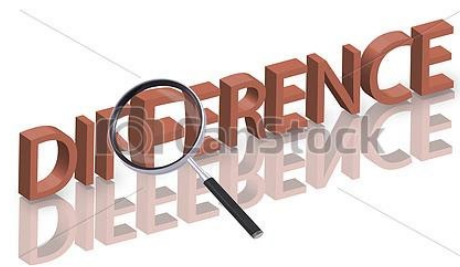
- Applied same reasoning as tribal immunity in *Saint Regis Mohawk Tribe v. Mylan*.
 - Director ultimately decides whether to proceed
 - PTAB can continue even if petitioner drops out
 - Procedures are different than civil litigation

- An IPR is a PTO enforcement action based on information from a private party.
 - Sovereign immunity does not apply.



Other Differences Between IPRs and Article III.

- **No assignor estoppel in IPRs** – *Arista Networks v. Cisco Systems*, 908 F.3d 792 (Fed. Cir. 2018).
 - Section 311(a) – “a person ... may file” without limitation.
- **Article III standing not required** – *Cuozzo Speed Techs. v. Lee*, 136 S. Ct. 2131 (2016)
 - But must have standing to appeal to IPR determination.
 - Statutory right to appeal not sufficient.
 - *Phigenix, Inc. v. Immunogen Inc.*, 845 F.3d 1168 (Fed. Cir. 2017).
 - Competitive injuries and estoppel – not enough.
 - *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357 (Fed. Cir. 2019).
 - *General Electric Co. v. United Tech. Corp.*, 928 F.3d 1349 (Fed. Cir. 2019).
- **Post Office cannot file an IPR** – *Return Mail v. U.S. Postal Service*, 139 S. Ct. 1853 (2019).
 - Section 311(a) – “a person ... may file” does not include government agencies



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Other Notable Patent Cases

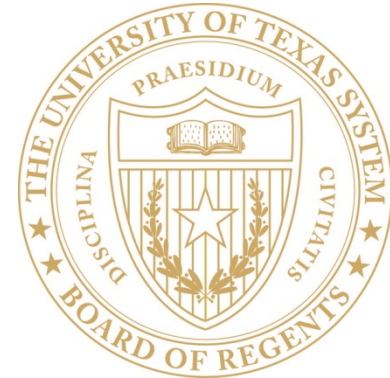
Bd of Regents of UT System v. Boston Scientific Corp.

■ Takeaway

- State sovereign immunity does not permit bringing suit in improper venue under 1400(b).

■ Background

- UT (owner) and Tissue Gen (excl. licensee) sue BSC in WDTex
- UT is an arm of the State of Texas
- BSC a Delaware corporation with principal place of business in Mass.
- UT asserts in complaint that venue proper in WDTex because:
 - UT is an arm of the State of Texas, with same sovereign immunity
 - It would offend the dignity of Texas to require it to pursue persons who have harmed Texas outside the territory of Texas,
 - Texas cannot be compelled to respond to any counterclaims, whether compulsory or not, outside its territory due to the Eleventh Amendment
- BSC files 12(b)(3) motion to dismiss or transfer to DDel



Bd of Regents of UT System v. Boston Scientific Corp.

■ District Court – Transferred to DDel

- Grants BSC’s motion and transfers to DDel
- Venue improper in WDTex
- Sovereign immunity is a shield and not a sword

■ Federal Circuit – Affirmed

- Eleventh Amendment applies to suits against—not by—a state
 - “sovereign immunity cannot be asserted to challenge a venue transfer in a patent infringement case where a State acts solely as a plaintiff”
- Original Jurisdiction Clause does not permit suit by State in any forum where personal jurisdiction is met—venue rules still apply
- State sovereigns do not have inherent power to choose forum
 - “it would be ‘anomalous or inconsistent’ for UT to both invoke federal question jurisdiction and then to assert sovereignty to defeat federal jurisdiction”
- DDel jurisdiction appropriate—State acting as plaintiff



Univ. of FL Research Foundation v. GE

■ Takeaway

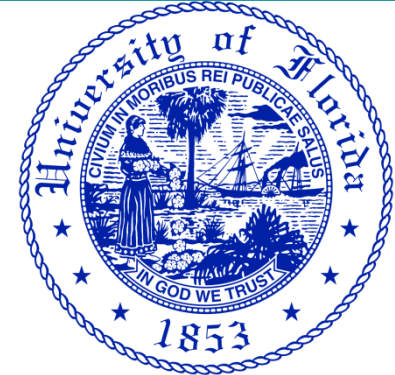
- State sovereign immunity does not prevent Section 101 challenges, which are defenses and not counterclaims.

■ Background

- UFRF sues GE in NDFL
- UFRF is an arm of the State of Florida
- GE files 12(b)(6) motion to dismiss under Section 101

■ District Court – Dismissed as claims directed to ineligible matter

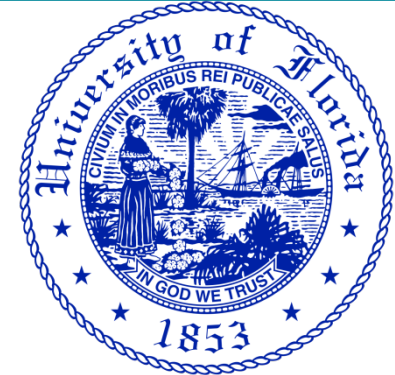
- Grants GE's motion—claims directed to abstract idea without inventive concept



Univ. of FL Research Foundation v. GE

■ Federal Circuit – Affirmed

- State waives Eleventh Amendment immunity by filing suit
- Waiver extends to cause of action and Section 282 defenses
- Defenses include Section 101 challenges
- Claims directed to ineligible matter; dismissal affirmed



In re Google

■ Takeaway

- No regular and established place of business in district where another company contractually hosts servers and Google has no employees or agents.



■ Background

- Super Interconnect Technologies (SIT) sues Google in EDTex
- SIT alleges venue proper as several Google Global Cache (GGC) servers, operated in datacenters owned by third-party ISPs, present in EDTex
- Google moves to dismiss for lack of venue under Section 1400(b)
- No Google employee installed or physically accessed GGC servers
- ISPs host GGC servers, though Google and ISPs each control various aspects

■ District Court – Denied motion to dismiss

- GGC servers qualified as regular and established place of business in EDTX

- **Federal Circuit – Mandamus granted and case dismissed**
 - Previously rejected related Google mandamus petition
 - *SEVEN Networks v. Google*
 - Three developments since:
 - District courts have adopted conflicting views
 - Experience shows venue challenges preserved and presented on appeal
 - Role of servers, shelf space, and presence of an employee for “regular and established place of business” have been percolating long enough
 - No regular and established place of business in this case:
 - Leased shelf or rack space can be a “place” under the statute
 - “place of business” generally requires an employee/agent to be regularly & physically present—ISP employees not Google employees/agents

- **Judge Wallach Concurrence** – “the question remains for the District Courts to determine whether Google’s end users become agents of Google in furtherance of its business by virtue of voluntarily or involuntarily sharing information generated on Google’s servers”



SRI Int'l v. Cisco

■ Takeaway

- Need more than one-year pre-suit notice of patent to sustain willfulness verdict.



■ Background at District Court

- SRI sues Cisco in DDel for infringement of security-related patents
- Jury found infringement, no invalidity, damages of \$23.66M, and willfulness
- District court denied JMOLs, including willfulness JMOL, doubled damages award, and granted attorneys' fees motion

SRI Int'l v. Cisco

- **Federal Circuit – Vacate and remand willfulness holding**
 - Evidence of willfulness limited :
 - Cisco employees did not read the patents-in-suit until their depositions
 - Products designed in an infringing manner Cisco expressed interest in patented technology pre-suit
 - SRI sent pre-suit notice letter
 - Evidence of willfulness insufficient
 - Cisco employees were non-lawyer engineers
 - No evidence of notice of asserted patent until one year before suit
 - Products designed many years earlier
 - District court to determine post-2012 willfulness on remand



TCL v. Ericsson

■ Takeaway

- Whether release payment was FRAND is for jury.

■ Background

- Consolidated actions in CDCal:
 - TCL sues Ericsson in CDCal for breach of FRAND
 - Ericsson sues TCL for infringement of two SEPs in EDTex->Transferred
- Ericsson had previously proposed two license offers to TCL (+release payment):
 - Option A: lump-sum payment with percentage running royalties
 - Option B: running royalties with caps and floors
- After narrowing of case (related to release payment), Ericsson sought jury trial

■ District Court

- Bench trial held to determine if Ericsson's offers were FRAND
- Held:
 - Ericsson's offers not FRAND
 - Prospective and retrospective FRAND rates set



TCL v. Ericsson

- **Federal Circuit – Vacate-in-part, reverse-in-part, and remand**
 - All four district court determinations were for a jury:
 - Whether Ericsson’s offers were FRAND
 - Prospective FRAND royalty rate
 - Release payment for past, unlicensed sales
 - Ericsson’s patent infringement claims & TCL’s related counterclaims
 - Seventh Amendment grants right to jury trial on legal issues
 - Release payment issue is legal in nature, and not restitution as TCL argued
 - Ericsson did not waive right to jury trial





Patent and Trademark Office v. Booking.com

Summary: The addition of a gTLD can permit a generic term to be registrable if the *composite term* signifies a source of goods or services to consumers. “Booking.com” is not perceived as a generic term for online hotel reservation services.

Background: USPTO refused registration of “Booking.com,” concluding that it is a generic term for online hotel reservation services, and even if “Booking.com” is descriptive, the mark has not acquired secondary meaning.

PTO’s Arguments	Supreme Court’s Response
When a generic term is combined with a generic Internet-domain name suffix like “.com,” the resulting combination is generic	Only one entity can occupy a specific domain name at a time, so a “generic.com” term could convey to consumers an association with a particular source
Permitting registration of “generic.com” would permit the exclusive use of generic terms	Likelihood of confusion factors address that concern and the weaker the mark, the less likely that other uses will be considered infringing

Iancu v. Brunetti

Summary: The Supreme Court struck down a provision of the Lanham Act barring registration of “immoral” or “scandalous” trademarks, finding that it violates the Free Speech Clause of the First Amendment

Background: Erik Brunetti owns the clothing brand “fuct,” founded in 1990. The term “fuct” stands for Friends You Can’t Trust. PTO refused his applications for FUCT, finding that the mark comprised immoral or scandalous matter.



Supreme Court

- The Lanham Act prohibition on the registration of “immoral” or “scandalous” trademarks infringes the First Amendment.
- PTO would need to engage in, and has engaged in, viewpoint discrimination to determine if trademark requests fall into the vague definitions of “immoral” or “scandalous.”
- The Court did express caution that others may follow suit with trademarking near matches to other well-established vulgar words, and that it should be up to Congress to define a more exacting line that does not violate the First Amendment.

Romag Fasteners, Inc. v. Fossil, Inc.

Summary: Section 35 of the Lanham Act does not require a plaintiff in a trademark infringement suit to show that a defendant willfully infringed the plaintiff's trademark as a precondition to an award of profits.



Background: Romag Fasteners sells magnetic snap fasteners for use in wallets, handbags, and other leather goods.

- Fossil and Romag entered into an agreement to use Romag fasteners in Fossil's products
- Romag later discovered that certain Fossil handbags sold in the United States contained counterfeit snaps bearing the Romag mark.
- Romag sued Fossil for patent and trademark infringement

Romag Fasteners, Inc. v. Fossil, Inc.

Lower Courts

- A jury found that Fossil had infringed Romag’s trademark and patents but that *none of the violations were willful*.
- The jury awarded Romag trademark damages under two theories:
 - Over \$90,000 in profits “to prevent unjust enrichment”
 - Over \$6.7 million in profits “to deter future trademark infringement”
- **District court** struck the jury’s award, finding that “a finding of willfulness remains a requirement for an award of defendants’ profits in this Circuit.”
- **Federal Circuit** affirmed, finding that within the Second Circuit, a showing of willfulness was required for an award of profits.

Supreme Court

- The plain language of Section 35 of the Lanham Act, 15 U.S.C. § 1117(a) does not require a plaintiff alleging a claim under § 1125(a) to show willfulness.
- Statute mentions “willfulness” only in connection to § 1125(c).
- The Court declined to read into the statute words that are not there, particularly since Congress included the term “willfulness” elsewhere in the very same statutory provision.



Fourth Estate Public Benefit Corp., LLC v. Wall-Street.com

Summary: Copyright owners must wait until their work is registered before filing a lawsuit. A work is not registered until the Copyright Office formally processes the application.

Background: Fourth Estate wrote articles and licensed them for publication by other entities. One of their clients, Wall-Street.com, cancelled their licensing arrangement, and the license required Wall-Street.com to remove the content from their site, which they refused to do.

- *Fourth Estate sued for copyright infringement, after submitting their application for registration but before the registration was approved.*

Supreme Court

- §411(a) has language permitting a copyright claimant to file an infringement lawsuit when the Register has **refused** the application.
 - That language would be superfluous if a copyright owner only needed to file an application before instituting an infringement lawsuit
- Fourth Estate argued that because registration is not a condition of copyright protection, a claimant should not be barred from enforcing that protection in court once the application has been filed
 - **Congress has authorized preregistration infringement suits with respect to works vulnerable to predistribution infringement**
 - Upon registration of the copyright, a copyright owner can recover for infringement that occurred both before and after registration

Rimini Street v. Oracle

Summary: The term “full costs” in § 505 of the Copyright Act means only the costs specified in the general costs statute in §§ 1821 and 1920.

Background: A jury awarded Oracle damages after finding that Rimini Street had infringed Oracle’s copyrights. After judgment, the District Court also awarded Oracle fees and costs, including **\$12.8 million for litigation expenses such as expert witnesses, e-discovery, and jury consulting.**

- Ninth Circuit affirmed the award

Supreme Court

- Sections 1821 and 1920 define what the term “costs” encompasses, and only Congress—not the courts—may award litigation expenses beyond those specified in those sections.
- The word “full” in the statutory phrase “full costs” refers only to all costs otherwise available under the law
- Unless the Copyright Act is amended, defendants found liable for copyright infringement will no longer have to reimburse plaintiffs for expert witness and e-discovery fees.

