Morgan Lewis Technology May-rathon

Morgan Lewis is proud to present Technology May-rathon, a series of tailored webinars and in-person programs focused on current issues, trends, and developments related to technology that are of key importance to our clients.

This year is our 7th Annual May-rathon and we are offering 25 in-person and virtual events related to the new administration, disruptive technologies, issues in global tech, cybersecurity, and others.

Full listing and recordings of our tech May-rathon programs can be found at https://www.morganlewis.com/topics/technology-may-rathon

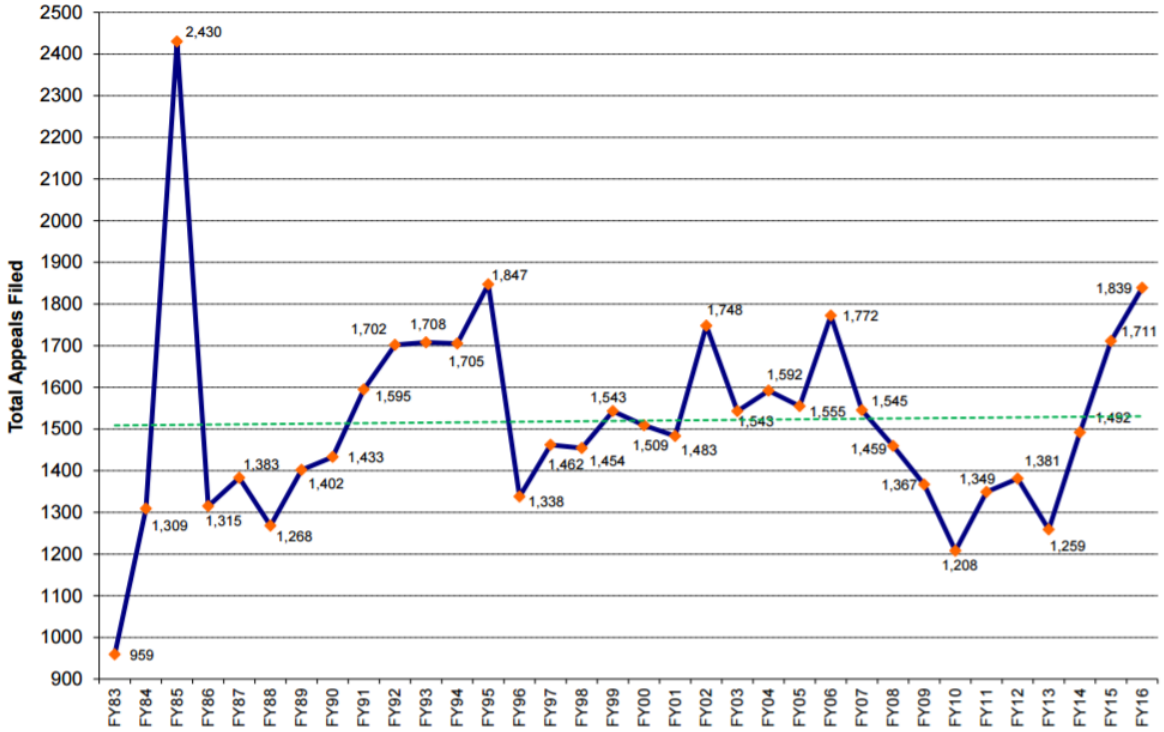
Be sure to Tweet **#ML17MayRathon**

The Cases

- *Life Technologies Corp. v. Promega* – Julie Goldemberg
- *SCA Hygiene v. First Quality* – Michael Carr
- *TC Heartland* – Corey Houmand and Lindsey Shinn
- *Lee v. Tam* – Scott Tester
- *Kirtsaeng v. Wiley & Sons, Inc*. – Jacob Minne
- *Unwired Planet v. Google* – Ehsun Forghany and Karon Fowler
- *In re Queen's University at Kingston* – Thomas Nolan
- *In re Aqua Products, Inc*. – Karon Fowler
- *The Medicines Company v. Hospira* – Athena Johns
- *In re Van Os* – Benjamin Pezzner
- *Poly-America, L.P. v. API Industries, Inc.* – Jason Gettleman

2016 FEDERAL CIRCUIT CASELOAD STATISTICS

United States Court of Appeals for the Federal Circuit
Historical Caseload

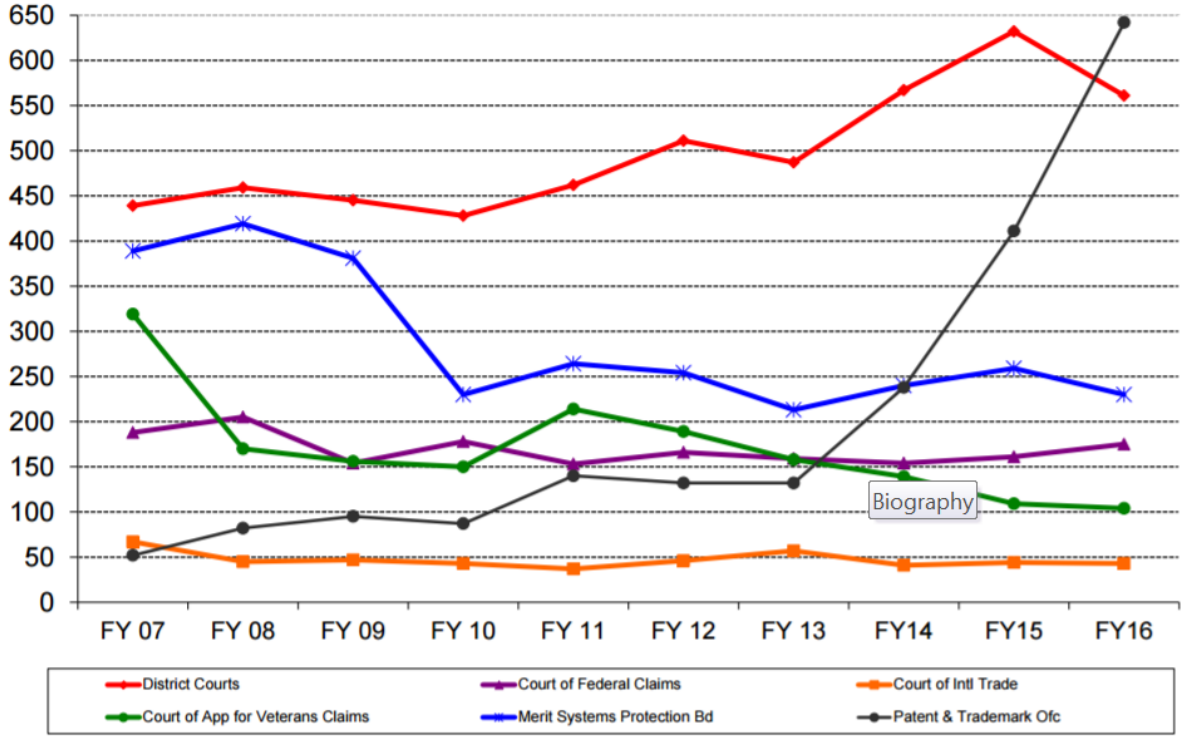


Note: Includes reinstated, cross- and consolidated appeals.

Source: http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY16_Caseload_Overall_2.pdf

United States Court of Appeals for the Federal Circuit

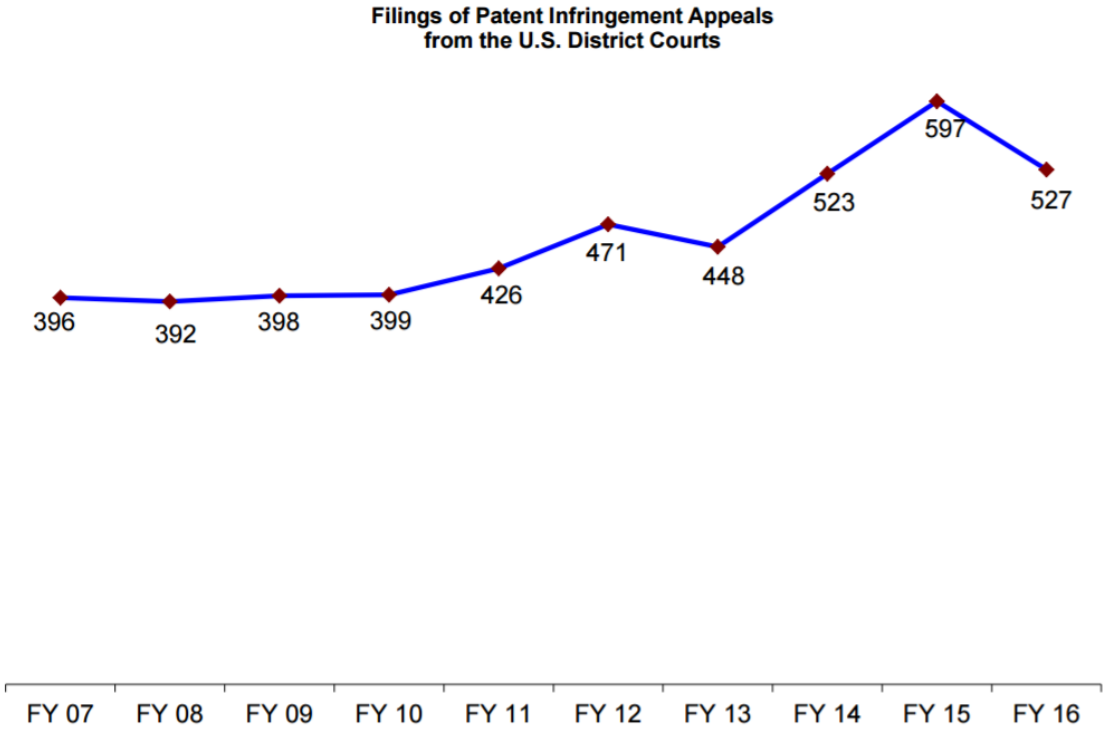
Appeals Filed in Major Origins



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

Source: http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY16_Caseload_by_Major_Origin.pdf

United States Court of Appeals for the Federal Circuit



Note: Includes reinstated, cross- and consolidated appeals.

Source: http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY16_Caseload_Patent_Infringement_2.pdf

United States Court of Appeals for the Federal Circuit

Median Time to Disposition in Cases Terminated After Hearing or Submission[1]

Docketing Date[2] to Disposition Date, in Months

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	Overall Median per Origin
District Court	11.6	11.0	11.0	11.0	11.2	11.8	11.8	12.0	12.0	13.0	11.6
Court of Federal Claims	10.0	9.2	10.3	10.0	10.6	9.9	10.4	10.0	10.0	9.0	10.0
Court of International Trade	11.9	12.4	11.5	11.0	12.2	12.6	12.4	13.0	12.0	13.0	12.2
Court of Appeals Veterans Claims	8.4	8.0	9.3	9.3	6.0	8.6	11.2	10.0	7.0	7.5	8.6
Board of Contract Appeals	10.4	9.6	11.9	8.8	10.0	11.5	13.3	16.0	10.0	10.0	10.4
Department of Veterans Affairs	11.3	4.8	18.9	n/a	19.4	15.7	n/a	n/a	16.0	13.0	12.5
Department of Justice	n/a	n/a	8.9	8.9	n/a	n/a	9.7	12.0	5.9	12.0	8.9
International Trade Commission	13.6	14.4	14.4	14.8	14.6	16.1	13.7	16.0	13.0	17.0	14.4
Merit Systems Protection Board	6.4	5.8	6.5	6.1	6.1	6.4	7.4	6.0	6.5	7.0	6.4
Office of Compliance	n/a	19.0	n/a	13.0	15.0	n/a	n/a	n/a	n/a	n/a	15.0
Patent and Trademark Office	9.6	8.9	9.3	8.2	11.2	11.7	10.1	10.0	11.0	11.0	10.0
Government Accountability Office	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.0	11.0
Overall Median per Fiscal Year	9.1	9.0	9.3	9.1	9.7	9.9	10.6	10.5	10.0	11.0	

[1] Excludes cross and consolidated appeals, writs, and OPM petitions

[2] Calculated from Date of Docketing or Date of Reinstatement, whichever is later

Source: http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY16_Median_Disposition_Time_for_Cases_Terminated_after_Hearing_or_Submission_Detailed_Table_of_Data_2.pdf

LIFE TECHS. CORP. V. PROMEGA CORP.

SINGLE COMPONENT DOES NOT CONSTITUTE A SUBSTANTIAL PORTION:

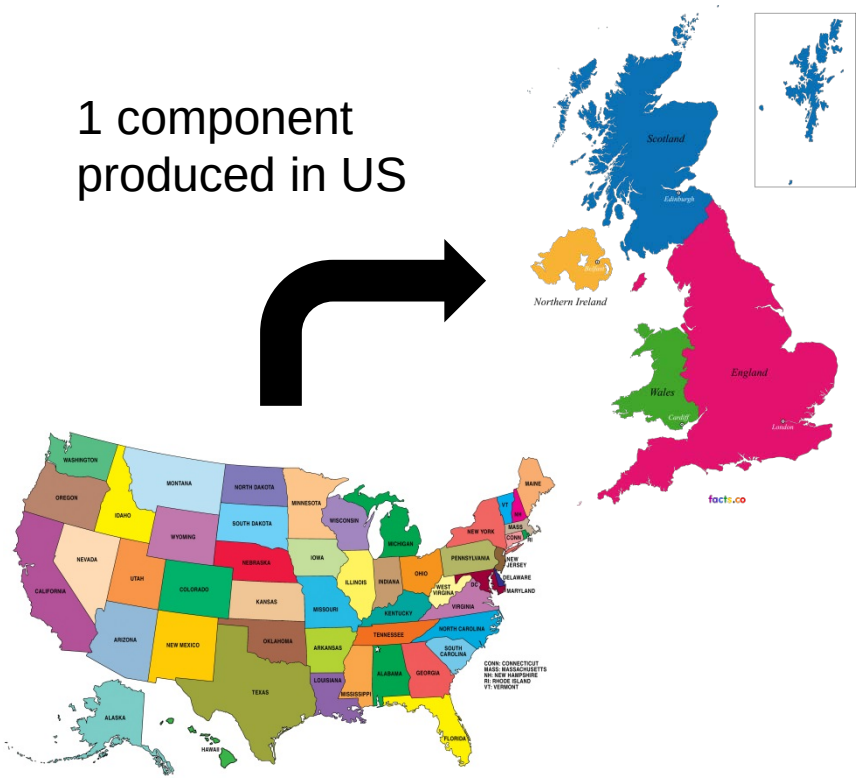
U.S. SUPREME COURT

PRESENTER: JULIE GOLDEMBERG

Background:

- Patent covers a genetic testing kit that includes five different components
- Life Technologies makes **one component in the US** and other four in the UK
- Jury found Life Technologies **liable for willful infringement**
- District Court **overturned** the verdict in a judgment as a matter of law because the phrase “all or a substantial portion of the components” does not include a single component
- The Federal Circuit **overturned** the decision, invoking a qualitative test based on the “importance” of the component

1 component produced in US



Applicable Statute and Law:

- *Deepsouth Packing Co. v. Laitram Corp*, 406 U.S. 518 (1972): held that a party shipping all of the parts of a patented invention for assembly abroad is not liable for infringement.
- Congress overrules *Deepsouth* by passing 35 U.S.C. § 271(f)(1), which imposes liability on a party who supplies "all or **a substantial portion <u>of the components</u>** of a patented invention. . . in such a manner as to actively induce the combination of such components outside of the United states. . . ."
  - Wants to curb efforts to circumvent US patent protection
- The Federal Circuit had ruled that a single component could constitute a "substantial portion of the components" under the statute as long as it's an important component.

Question Presented and Holding:

Question Presented: Whether “a party that supplies a single component of a multicomponent invention for manufacture abroad can be held liable for infringement under § 271(f)(1).”

Holding: Statute says “of the component**s**.” “Substantial portion” should be seen as a quantitative requirement and that a single component is not sufficient.

Takeaways:

- Simplistic facts – not representative of typical patent infringement case with complex technologies.
- Patent prosecutors should carefully consider how to parse claim language so that multiple claim limitations are more likely to be satisfied.
- When disputes arise under § 271(f), defendants will need to build strong evidence showing that their product only contains one component to avoid infringement, while plaintiffs will be crafting arguments that the total number of patented components is low and the exported product contains multiple components.
- Open question – how many components constitute a “substantial portion”?

SCA HYGIENE PRODUCTS V. FIRST QUALITY BABY PRODUCTS

LACHES– NO LONGER A BAR TO PRE-SUIT DAMAGES

U.S. SUPREME COURT

PRESENTER: MICHAEL CARR

Laches:

Laches bar pre-suit damages.

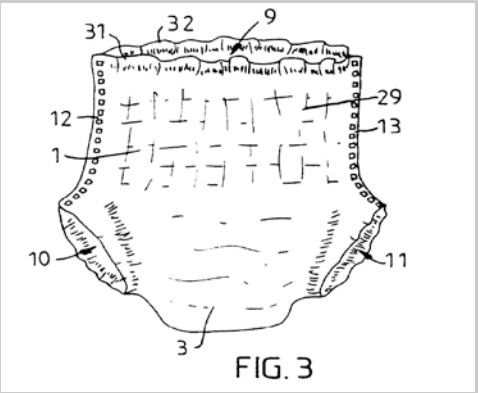
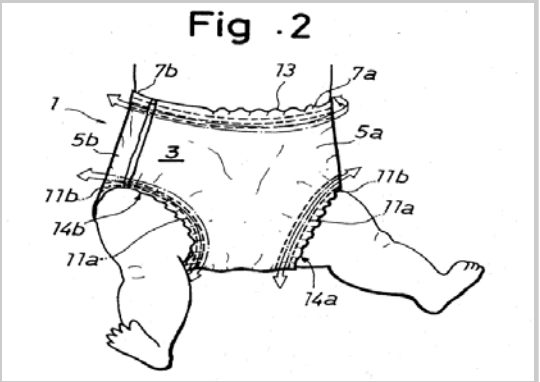
To establish laches, the accused infringer must prove:

1. the patentee delayed filing suit for an **unreasonable** and **inexcusable** length of time from the time the patentee **knew** or **reasonably should have known** of its claim against the defendant, **and**
2. the delay operated to the **prejudice** or **injury** of the **alleged infringer**.

A **presumption** of laches arises where a patentee delays bringing suit for **more than six years** after the date the patentee **knew** or **should have known** of the alleged infringer's activity.

Background:

- **2003** letter to First Quality re infringement ’646 patent (**Widlund**)
  - First Quality claims ’646 invalid in light of ’649 patent (**Watanabe**) because it revealed same diaper construction
- **2004** SCA filed reexamination to determine validity
- **2007** PTO issued certificate confirming validity
- **2010** SCA filed infringement suit in W.D. Ky.
- **2013** Court granted SJ of no pre-suit damages based on **laches**

Widlund ‘646	Watanabe ‘649
SCA Care of Life	First Quality Baby Products
 FIG. 3	

SCA Hygiene Products v. First Quality Baby Prods., 137 S. Ct. 954 (2017)

- *Petrella v. Metro–Goldwyn–Mayer,* 134 S.Ct. 1962 (2014)
  - Laches is **no** defense to a **copyright infringement** suit brought within the **Copyright Act's statutory** limitations period.
  - **17 U.S.C. § 507(b):** No civil action shall be maintained under the provisions of this title unless it is **commenced** within **three years after** the claim accrued.
- *SCA v. First Quality*, 807 F.3d 1311 (Fed. Cir. 2015) (en banc)
  - "We conclude that Congress codified a laches defense in **35 U.S.C. § 282(b)(1)** that may bar legal remedies."
- **35 U.S.C § 282(b)(1)**
  - The **following** shall be **defenses** in any action involving the validity or infringement of a patent and shall be pleaded:

    (1) **Noninfringement**, **absence of liability** for infringement or **unenforceability**.
- **35 U.S.C § 286**
  - Except as otherwise provided by law, **no recovery** shall be had for any **infringement committed** more than **six years prior** to the **filing** of the **complaint** or counterclaim for infringement in the action.

Alito: "By the logic of *Petrella*, we infer that this provision represents a **judgment by Congress** that a patentee may recover damages for **any infringement** committed within **six years** of the filing of the claim."

"Laches is a **gap-filling** doctrine, and where there is a **statute of limitations**, there is **no gap** to fill"

SCA Hygiene Products v. First Quality Baby Prods., 137 S. Ct. 954 (2017)

First Quality:

- "a ***true*** **statute of limitations** runs **forward** from the date a cause of action accrues, whereas § 286's limitations period runs **backward** from the filing of the complaint."
  - Doesn't distinguish ***Petrella***: "§ 507(b)'s limitations period ... allows plaintiffs during that lengthy term to gain **retrospective** relief running only ***three years back*** *from the date the complaint was filed*."
- 35 U.S.C § 286 "**except as otherwise provided by law**" refers to §282(b) codifying laches
  - Which word in § 282? Unenforceable?
  - Regardless, "it would be **exceedingly unusual**, if not **unprecedented**, if Congress chose to include in the Patent Act **both** a **statute of limitations** for damages and a **laches provision** applicable to a damages claim."
  - "Neither the Federal Circuit, nor First Quality, nor any of First Quality's *amici* has identified **a single federal statute** that provides such **dual** protection against untimely claims."

SCA Hygiene Products v. First Quality Baby Prods., 137 S. Ct. 954 (2017)

Federal Circuit

- By 1952 Patent Act, "there was a **well-established practice of applying laches** to such damages claims and that Congress, in adopting §282, must have chosen to codify such a defense in §282(b)(1)."

Actually, "most **prominent feature** of the relevant legal landscape" in pre 1952 cases:

- "laches **cannot** be invoked to bar a claim for damages incurred within a **limitations** period specified by **Congress**"

Policy arguments

- J. Breyer (dissenting) "**wait and see**"
  - "Because a **patentee** might **wait** for a decade or more while the **infringer** (who perhaps does not know or believe he is an infringer) **invests heavily** in the **development** of the **infringing product** (of which the patentee's invention could be only a small component), while **evidence** that the infringer might use to, say, show the patent is **invalid disappears** with time. Then, **if the product** is a **success**, the patentee can bring his lawsuit, hoping to collect a significant recovery."
- "**lock in**"
  - "**business-related** circumstances may make it **difficult** or **impossible** for the infringer to **abandon its** use of the patented invention (*i.e.*, if the infringer is '**locked in**')..."

Majority: "we **cannot** overrule **Congress's judgment** based on our **own policy views**."

Equitable estoppel: "**unscrupulous patentees** ***inducing*** potential targets of infringement suits to **invest** in the production of arguably infringing products."

- *Aukerman*: "**statements** or **conduct** of the **patentee** which **must** '**communicate** ... in a **misleading** way' ... that the **accused infringer** will **not be disturbed** by the plaintiff patentee in the activities in which the former is currently engaged."

Takeaways:

- **Less uncertainty in settlement / licensing:** Accused infringer no longer able to assert laches as a defense to pre-suit damages.
- **Defendant**:
  - Laches was rarely successfully invoked.
  - **Equitable estoppel** potentially **complete defense** to a claim
    - Rely on patentee communication or conduct in continuing activity?
- **Patent Holder**:
  - More value in patents, especially if close to expiring
  - More time to determine value of bringing suit
- **M&A:**
  - Patentee has less incentive to send notice letter or file suit earlier
    - May be more risk in acquisition
  - More diligence to determine past infringement by a target even if no notice letter

TC HEARTLAND LLC

THE FATE OF THE EASTERN DISTRICT OF TEXAS AS THE PRIMARY VENUE FOR PATENT INFRINGEMENT SUITS.

U.S. SUPREME COURT

PRESENTERS: COREY HOUMAND AND LINDSEY SHINN

Underlying Facts

- TC Heartland LLC:
  - Is a limited liability company under Indiana law and headquartered in Indiana.
  - Was sued for patent infringement in Delaware.
  - Maintains no business presence in Delaware.
- The District of Delaware denied TC Heartland's motion to transfer venue.
- The Federal Circuit denied TC Heartland's petition for mandamus.

Conflicting Statutes: The Patent Venue Statute

- 28 U.S.C. § 1400(b) provides:

> **§ 1400. Patents and copyrights, mask works, and designs.**
>
> **(b)** Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

Conflicting Statutes: The Patent Venue Statute

- In *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 226, 229 (1957), the Supreme Court held:
  - "resides" in § 1400(b) "***mean[s] the state of incorporation only***;"
  - "§ 1400(b) is the ***sole and exclusive provision controlling venue in patent infringement actions***, and that it is ***not to be supplemented by the provisions of 28 U.S.C. § 1391(c)***."

Conflicting Statutes: The General Venue Statute

- 28 U.S.C. § 1391, as amended in 2011, provides:

> **§ 1391. Venue generally.**
>
> **(a) Applicability of section.**—Except as otherwise provided by law—
>
> **(1)** this section shall govern the venue of all civil actions brought in district courts of the United States; and

Conflicting Statutes: The General Venue Statute

- 28 U.S.C. § 1391, as amended in 2011, provides:

> **(c) Residency.**—For all venue purposes—
>
> **(2)** an entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question and, if a

Takeaways:

- If TC Heartland prevails, the Eastern District of Texas will cease to be a hotbed for patent infringement litigation.
- Patent infringements suits will likely concentrate in the Delaware and California U.S. District Courts.
- Given the complex statutory interpretation issues, expect a divided opinion near the end of the term.

LEE V. TAM

THE “SLANTS” CASE

U.S. SUPREME COURT

PRESENTER: SCOTT TESTER

Lee v. Tam (the "Slants" case)

- Can the PTO deny trademark registration based upon its determination that the mark would be "disparaging" to a group of people?

Background:

- Simon Tam formed *The Slants* in 2006 to “reclaim” Asian stereotypes.

- Tam applied to register “The Slants” in 2010 and 2011
  - Denied by Examiner (2010 & 2011)
  - Denied by TTAB (2013)
  - Denied by Federal Circuit panel (2015)
  - Reversed by Federal Circuit *en banc* (2015)
    - The bar on registration of “disparaging” marks in 15 U.S.C. § 2(a) violates the First Amendment.
    - The PTO cannot deny (or revoke) mark registrations because it deems the marks to be disparaging to a person or a group.

First Amendment Issues:

- Laws which burden private speech based on viewpoint expressed are generally subject to strict scrutiny, the highest level of scrutiny.
  - Undisputed that if "strict scrutiny" applies, §2(a) would not be constitutional.
- Viewpoint-neutral?
  - PTO position: It is neutral as it does not bar any particular view, just particular *words*.
  - Federal Circuit: The disparagement provision ***is*** viewpoint-discriminatory because the PTO rejects marks it finds "refer to a group in a negative way," while allowing "positive" marks.
- Burden private speech?
  - PTO's position: Section 2(a) does not implicate the First Amendment as it does not prevent anyone from expressing themselves using unregistered marks.
  - Federal Circuit: Because registration may increase the financial benefit of marks, failing to register some marks results in applicants choosing not to express themselves using those marks.

Exceptions to Strict Scrutiny:

- Exceptions to Strict Scrutiny
  - Government speech?
    - Registration of a trademark does not imply governmental endorsement of the mark.
    - Assigning a registration "®" symbol or publishing the mark in a register is not "government speech."
  - Government subsidy?
    - Registering a trademark does not implicate government spending.
    - The "benefits" of trademark registration are not "monetary" – the government is not providing funding to trademark applicants.
  - Commercial speech?
    - While a trademark is a commercial identifier, it is an identifier selected by the applicant and is therefore expressive.
    - The PTO's ban on disparaging marks results from the "expression" in the mark, not from its use in commerce.

At the Supreme Court:

- The PTO suspended all prosecution on marks it considers “disparaging”
  - The PTO does not need to resume prosecuting “disparaging” remarks while considering an appeal. (*In re Tam,* 2016-121 Fed. Cir. Mar. 30, 2016)

- U.S. Supreme Court granted cert (Apr. 20, 2016)
  - Briefing completed January 9, 2017
  - Argued January 28, 2017
  - Decision expected this summer.

Takeaways:

- **Justices appear to agree with Federal Circuit majority that:**
  - The PTO cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks.

- A win for Simon Tam that §2(a) is unconstitutional would vacate the PTO's revocation of Pro Football's "Redskins" marks.

KIRTSAENG V. JOHN WILEY & SONS, INC.

WHEN CAN THE DISTRICT COURT ORDER FEE SHIFTING IN COPYRIGHT CASES?

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTER: JACOB MINNE

Background:

- Kirtsaeng buys textbooks from overseas, made and priced at local market prices, imports them, and resells them in the United States.
- John Wiley and Sons sued for copyright infringement; Kirtsaeng pled first sale defense.
  - Loses at District Court
  - Loses at 2nd Circuit (split decision)
  - Wins at Supreme Court
- Kirtsaeng goes back to district court; asks for fees
  - Loses at district court
  - Loses at 2nd Circuit
  - Goes back to Supreme Court

Previous Law on Fee Shifting

- **"[T]he court may … award a reasonable attorney's fee to the prevailing party"**—17 U.S.C. § 505
- But:
  - "in a system of laws discretion is rarely without limits" (*see also, Halo*)
  - "copyright law ultimately serves the purpose of enriching the general public through access to creative works" (*Fogerty*)
  - a court may not "award[ ] attorney's fees as a matter of course" and a court may not treat prevailing plaintiffs and prevailing defendants differently (*id.*)
- Nonexclusive factors to consider "frivolousness, motivation, objective unreasonableness[,] and the need in particular circumstances to advance considerations of compensation and deterrence" (*id.*)

The Positions of the Parties:

Plaintiff	Defendant
Objective reasonableness should be given substantial (or controlling) weight	The Court should award fees when the case decides a close issue of law

Holding:

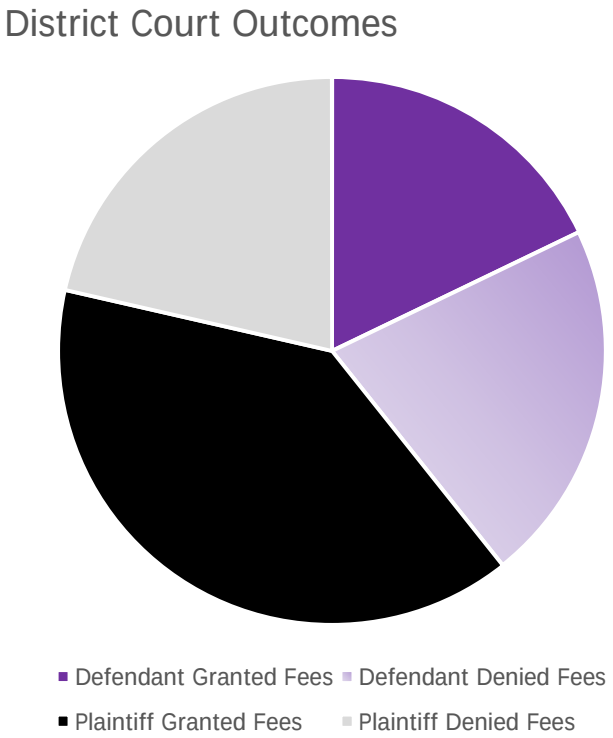
- "**The objective-reasonableness** approach that Wiley favors ... both encourages parties with strong legal positions to stand on their rights and deters those with weak ones from proceeding with litigation."
- "**Kirtsaeng's proposal would not produce any sure benefits.** ... [W]e cannot agree that fee-shifting will necessarily, or even usually, encourage parties to litigate those cases to judgment. Fee awards are a double-edged sword"
- "All of that said, objective reasonableness can be only an important factor in assessing fee applications—**not the controlling one.**"
  - "a court may order fee-shifting because of a party's litigation misconduct"
  - "a court may [shift fees] to deter repeated instances of copyright infringement or overaggressive assertions of copyright claims"

Outcomes from this case:

- At District Court, *Kirtsaeng* loses again:
  - "This litigation, looked at holistically and in light of the Copyright Act's goals, does not favor an award of attorneys' fees to Kirtsaeng, even though he is indisputably the prevailing party. **Wiley's position, though ultimately unsuccessful, was not objectively unreasonable.**"
  - "Kirtsaeng argues that compensation is necessary to "incentiviz[e] impecunious **defendants to stand up to corporate goliaths**" and to reimburse the defendant and his attorneys. In a closer case for an award of attorneys' fees, this argument might have greater weight. But, in the context of this litigation, it is insufficient to merit an award."
- **Further Supreme Court Review Seems Unlikely**

District Court Outcomes So Far . . .

Defendant Granted Fees	5
Defendant Denied Fees	6
Plaintiff Granted Fees	11
Plaintiff Denied Fees	6



Takeaways:

- "**Objective Reasonableness"** of the parties' positions is the most important, but not the only factor, in an award of attorneys fees.
- **Plaintiffs** can **generally get fees**, but some courts deny fees, especially to serial litigants.
- **Defendants** can **sometimes get fees**, but must do more work to show that Plaintiff's position was unreasonable, or other extenuating circumstances.

UNWIRED PLANET V. GOOGLE INC.

CBM ELIGIBILITY

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTERS: EHSUN FORGHANY AND KARON FOWLER

Covered Business Method Review

General Rule

- Covered Business Method ("CBM") review is available only for a "CBM patent."

Statutory Definition

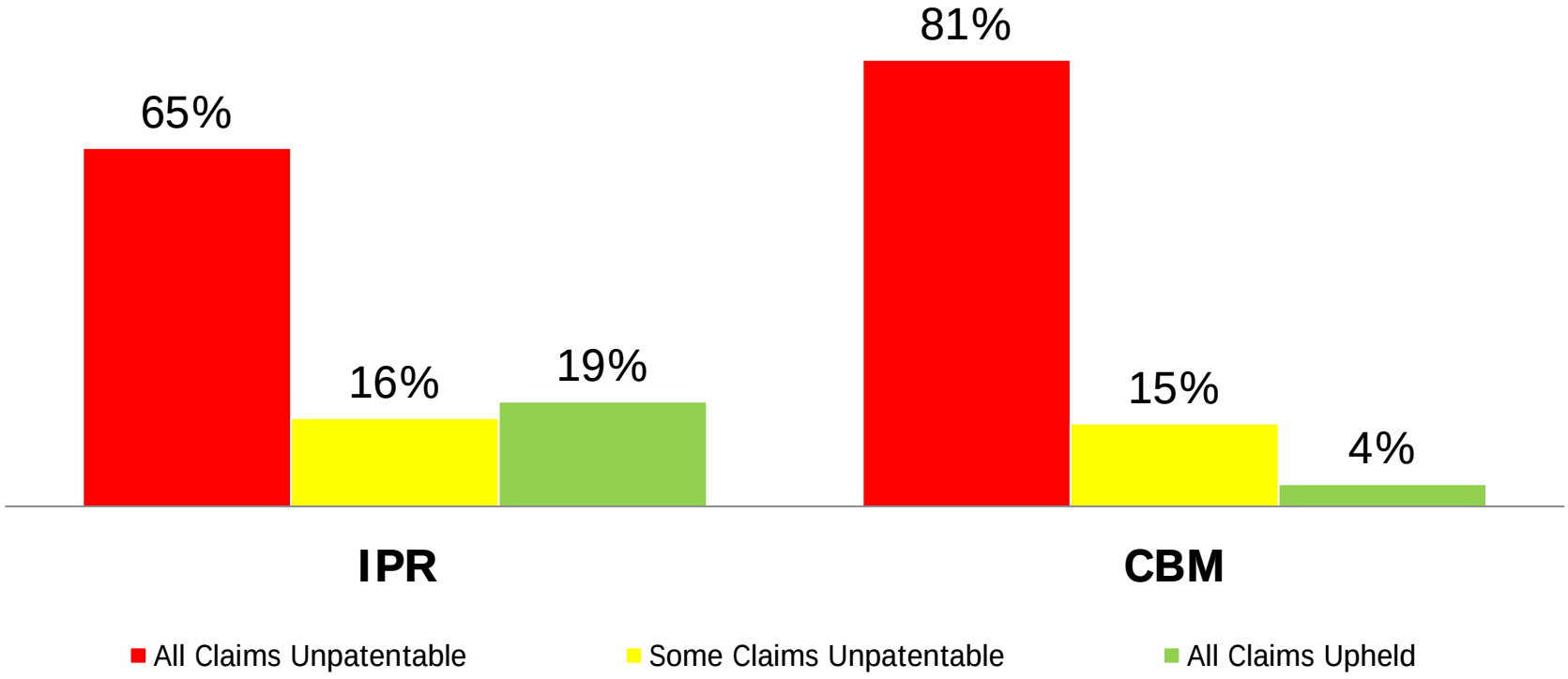
> "[A] patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a **financial product or service**, except that the term does not include patents for technological inventions."

AIA § 18(d)(1)

Why Does This Matter? *More Basis for Invalidity*

Basis	IPR	CBM
§ 101 (Patent-Ineligibility)	✗	✓
§ 102 (Anticipation)	✓	✓
§103 (Obviousness)	✓	✓
§112 (Indefiniteness)	✗	✓

Why Does This Matter? *Higher Kill Rate for CBM Patents*



The *Unwired Planet v. Google Inc.* Litigation

Unwired Planet filed suit in **D. Nev.**

Google filed a CBM petition at the **PTO**

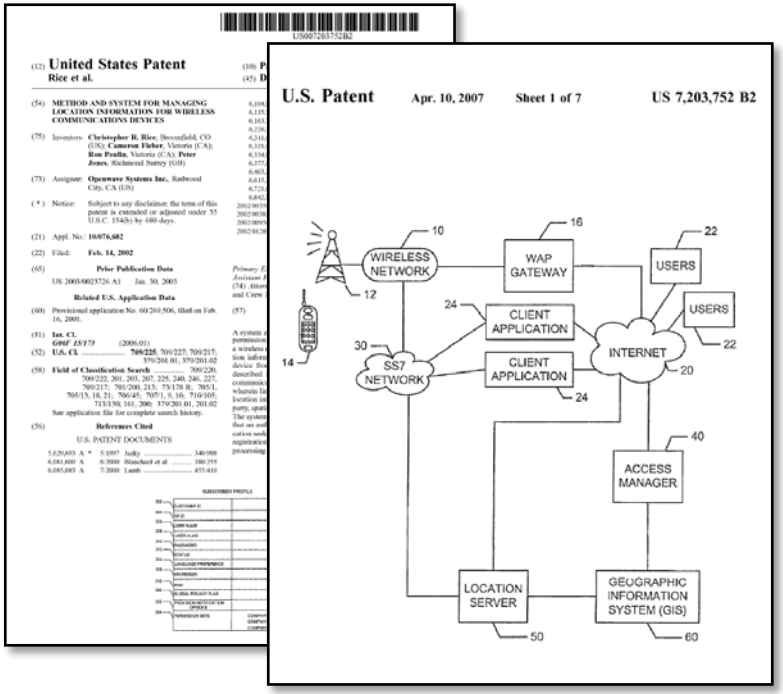
Background: The Challenged Patent

U.S. Patent No. 7,203,752

"Method and System for Managing Location Information for Wireless Communications Devices"

- The '752 patent generally describes a system and method for restricting access to a wireless device's location information.
- This allows wireless device users to set "privacy preferences" that determine whether "client applications" are allowed to access their device's location information.

Other client applications may be service or goods providers whose business is geographically oriented. For example, if a wireless communications device is in the area of a particular hotel, restaurant, and/or store, the business may want to know that, so relevant advertising may be transmitted to the wireless communications device. In another example, the client application may be a business which wishes to periodically track the locations of their employees.



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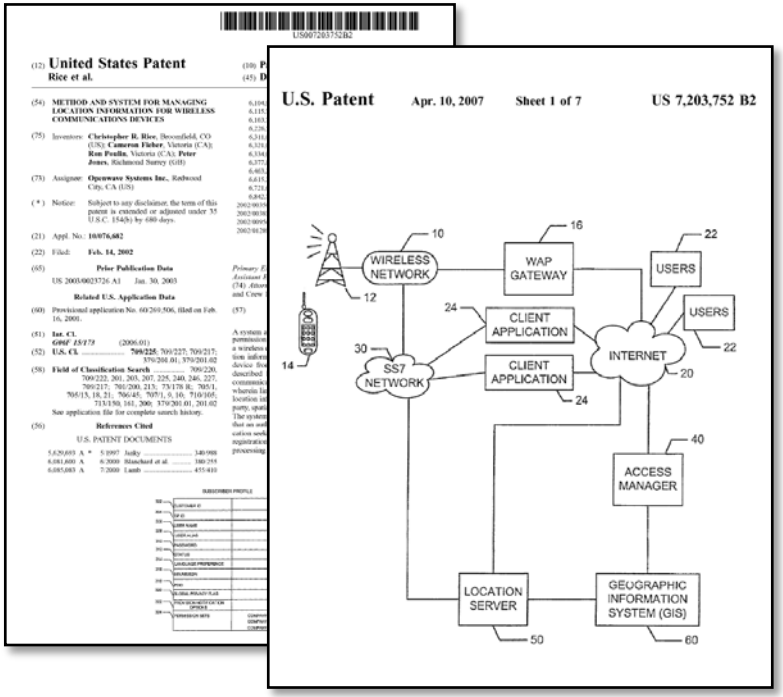


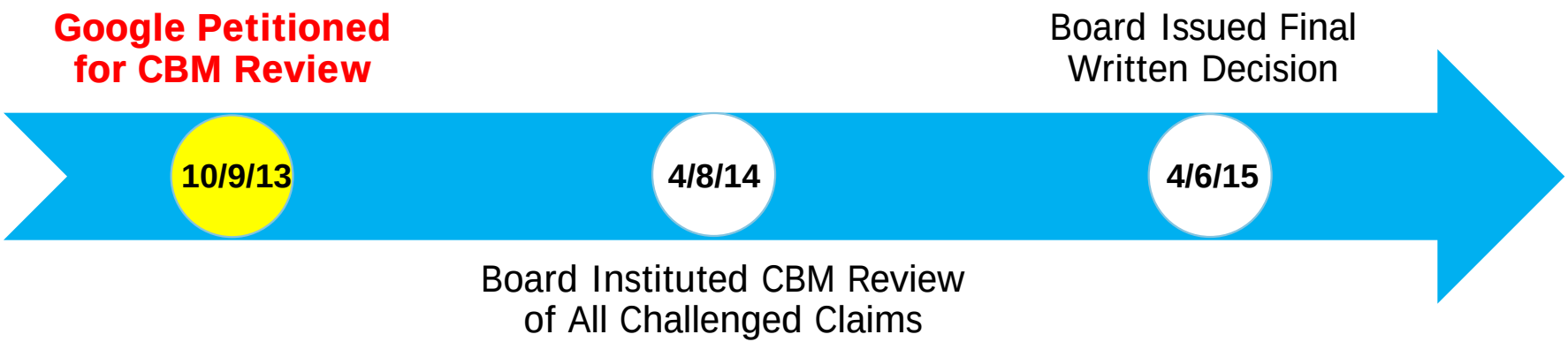
Morgan Lewis

Representative Claim 25

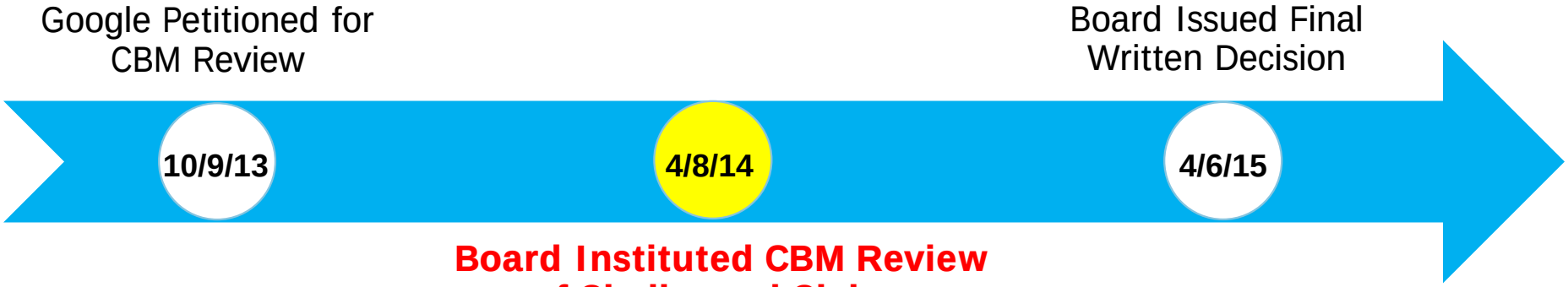
A **method** of controlling access to location information for wireless communications devices operating in a wireless communications network, the method comprising:

1. • **receiving a request** from a **client application** for location information for a wireless device;
2. • **retrieving a subscriber profile from a memory**, the subscriber profile including a list of authorized client applications and a permission set for each of the authorized client applications, wherein the permission set includes at least one of a spatial limitation on access to the location information or a temporal limitation on access to the location information;
3. • querying the subscribe profile to determine whether the client application is an **authorized client application**;
4. • querying the subscriber profile to determine whether the **permission set for the client application** authorizes the client application to receive the location information for the wireless device;
5. • **determining** that the client application is **either not an authorized client application or not authorized to receive** the location information; and
6. • **denying the client application access** to the location information.

Background: The CBM Proceeding

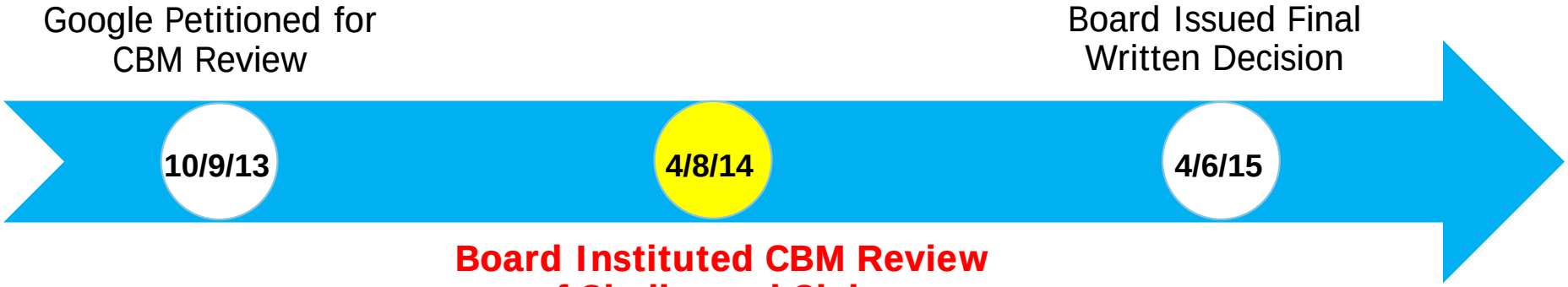


Background: The CBM Proceeding



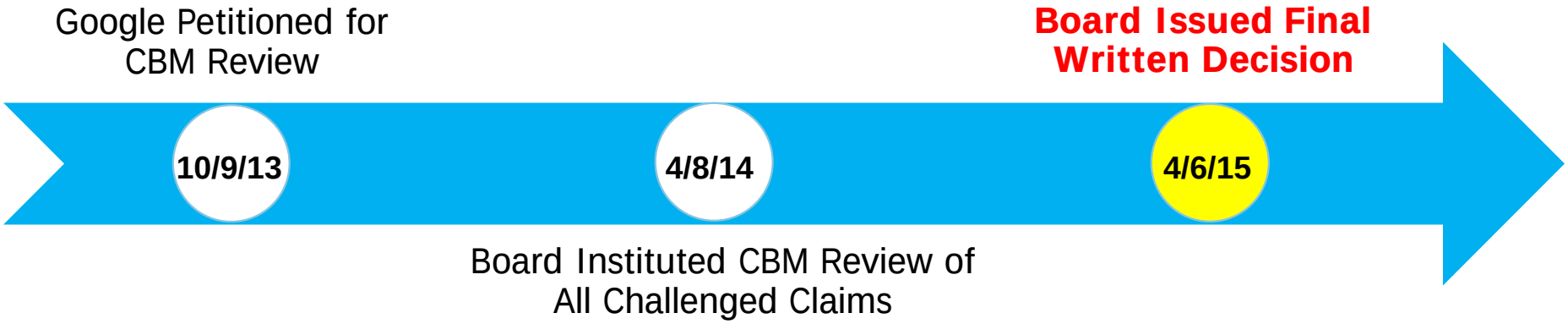
"The '752 patent disclosure indicates the "client application" may be associated with a service or goods provider, such as a hotel, restaurant, or store, that wants to know the wireless device is in its area so relevant advertising may be transmitted to the wireless device. Thus, the subject matter in claim 25 of the '752 patent is **incidental or complementary** to the financial activity of service or product sales."

Background: The CBM Proceeding



Instituted Grounds
1. Unpatentable Subject Matter under § 101
2. Lack of Written Description under § 112
3. Obviousness under § 103
4. Obviousness under § 103 (Different Combination)

Background: The CBM Proceeding



Instituted Grounds	Upheld in FWD?
1. **Unpatentable Subject Matter under § 101**	✓
2. Lack of Written Description under § 112	✗
3. Obviousness under § 103	✗
4. Obviousness under § 103 (Different Combination)	✗

Issues on Appeal

1 CBM Eligibility

- Is the ‘752 patent a CBM patent?

2 Patent Eligibility

- Are the challenged claims directed to patentable subject matter under § 101?

The Federal Circuit

Holding: Not Eligible for CBM Review

- The Board applied an incorrect standard for determining CBM eligibility.

> "The Board's application of the '**incidental to**' and '**complementary to**' language from the PTO policy statement instead of the statutory definition renders superfluous the limits Congress placed on the definition of a CBM patent."

Opinion at 12

> "It is not disputed that this 'incidental' or 'complementary' language is not found in the statute."

Opinion at 8

The Federal Circuit

Holding: Not Eligible for CBM Review

- The Board applied an incorrect standard for determining CBM eligibility.

"The patent for a novel lightbulb that is found to work particularly well in a bank vault does not become a CBM patent because of its incidental or complementary use in banks."

Opinion at 12 (Judge Reyna)

Guidance from the Federal Circuit

Question

"Take, for example, a patent for an apparatus for digging ditches. Does the **sale** of the dirt that results from the use of the ditch digger render the patent a CBM patent?"

Opinion at 12

"**No**, because the claims of the ditch-digging method or apparatus are not directed to 'performing data processing or other operations' or 'used in the practice, administration, or management of a financial product or service,' as required by the statute. **It is not enough that a sale has occurred or may occur, or even that the specification speculates such a potential sale might occur**."

Id.

Takeaways:

General Rule

- A patent covering a method or corresponding apparatus does not become a CBM patent merely because its practice could involve a potential sale of a good or service.

Petitioners

- Consider framing the subject matter of the challenged patent as "**financial in nature**"—a standard endorsed by the CAFC. *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016)

Patent Owners

- Consider framing the subject matter of the challenged patent as a "**technological invention**" (37 C.F.R. § 42.301) or merely "**incidental to**" a financial product or service.

IN RE QUEEN'S UNIVERSITY AT KINGSTON, ET. AL

THE PATENT-AGENT PRIVILEGE

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTER: THOMAS NOLAN

Background:

- Samsung moved to compel the production of withheld prosecution documents, arguing that patent agents are not lawyers.
- The magistrate judge granted the motion to compel, holding that:
    - Communications with non-lawyer patent agents were not subject to the attorney client privilege.
    - A separate “patent-agent privilege” did not exist.
- But, SCOTUS has held that “the preparation and prosecution of patent applications for others constitutes the practice of law.” *Sperry v. State of Florida*, 373 U.S. 379, 383 (1963).

Is there a patent-agent privilege?
The District Court Split

Privilege
Buyer's Direct v. Belk (C.D. Cal. 2012)
Polyvision v. Smart Techs. (W.D. Mich. 2006)
Masters v. Husky Injection Molding (N.D. Ill. 2001)
In re Amplicilin Antitrust Litig. (D.D.C. 1978)
Vernitron Med. Prods. v. Baxter Labs. (D.N.J. 1975)

No Privilege
Park v. Cas. Enters. (S.D. Cal. 2009)
Agfa v. Creo Prods. (D. Mass. 2002)
Sneider v. Kimberly-Clark (N.D. Ill. 1980)
Prowess v. Raysearch Labs. (D. Md. 2013)
In re Rivastigmine Patent Litig. (S.D.N.Y. 2006)

Federal Rules of Evidence:

FEDERAL RULES OF EVIDENCE

Rule 501. Privilege in General

The common law—as interpreted by United States courts in the light of reason and experience—governs a claim of privilege unless any of the following provides otherwise:

- the United States Constitution;
- a federal statute; or
- rules prescribed by the Supreme Court.

But in a civil case, state law governs privilege regarding a claim or defense for which state law supplies the rule of decision.

- "To the extent Congress has authorized non-attorney patent agents to engage in the practice of law ... reason and experience compel us to recognize a patent-agent privilege that is coextensive with the rights granted to patent agents by Congress."

Takeaways: Scope of the Privilege

- Privileged patent agent communications include:
    - o Preparing and prosecuting any patent application.
    - o Consulting or giving advice on filing patent documents.
    - o Drafting replies to office actions.
    - o Drafting communications to the PTAB.
- Non-privileged patent agent communications include:
    - o Opinions on validity of another party's patent (for purposes of litigation or purchase).
    - o Opinions on patent infringement.

IN RE AQUA PRODUCTS, INC.

CLAIM AMENDMENT DURING IPR: *WHO BEARS THE BURDEN?*

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTER: KARON FOWLER

The Issues:

Issue 1: May the PTO require the patent owner to bear the burden of persuasion/production regarding patentability?

Issue 2: When the petitioner does not challenge the patentability of proposed amended claims or the Board finds the challenge inadequate, may the Board raise a patentability challenge sua sponte?

Statute and Regulations:

"In an inter partes review instituted under this chapter, **the petitioner shall have the burden of proving a proposition of unpatentability** by a preponderance of the evidence." 35 U.S.C. § 316(e).

"Relief, other than a petition requesting the institution of a trial, **must be requested in the form of a motion**." 37 C.F.R. § 42.20(a).

"**The moving party has the burden of proof** to establish that it is entitled to the requested relief." 37 C.F.R. § 42.20(c).

The PTAB Precedent Cited in *Aqua Prods.*: *Idle Free Systems, Inc. v. Bergstrom, Inc.*

- Board denied the patent owner's motion to amend claims on the ground that patent owner had not proven the patentability of the claims over the prior art.
- **Burden is on the patent owner to prove patentability of its amended claims.**
- **"General patentability over prior art" must be demonstrated.**

Takeaways:

- This *en banc* decision has the potential to shift the IPR landscape to make motions to amend a more viable option for patent owners.
- Will likely be extended to proposed amended claims in PGRs and CBMs
- May reveal whether the Federal Circuit will continue to defer to the PTO, or whether it will begin to exert its authority to reshape AIA trial procedures.

THE MEDICINES COMPANY V. HOSPIRA, INC.

THE ON-SALE BAR IS NOT TRIGGERED BY SALE OF MANUFACTURING SERVICES TO CREATE A PATENTED PRODUCT FOR THE PATENT OWNER

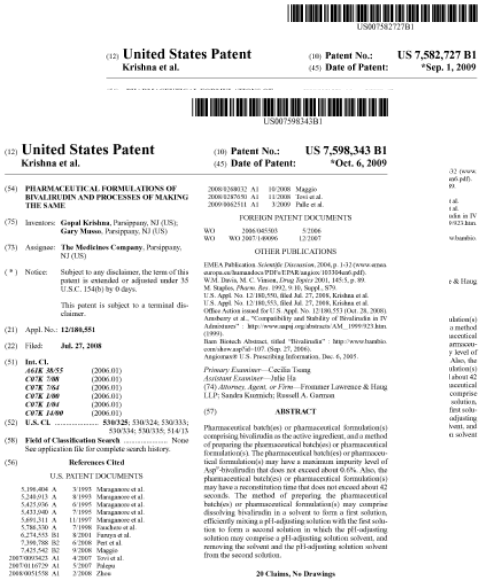
U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTER: ATHENA JOHNS

Sale of services for manufacturing a patent product

Manufacturer

Patent Owner



(12) **United States Patent**
Krishna et al.

(10) **Patent No.: US 7,582,727 B1**
(45) **Date of Patent: *Sep. 1, 2009**

US007582727B1

(12) **United States Patent**
Krishna et al.

(10) **Patent No.: US 7,598,343 B1**
(45) **Date of Patent: *Oct. 6, 2009**

US007598343B1

(54) **PHARMACEUTICAL FORMULATIONS OF BIVALIRUDIN AND PROCESSES OF MAKING THE SAME**

(75) Inventors: **Gopal Krishna**, Parsippany, NJ (US); **Gary Musso**, Parsippany, NJ (US)

(73) Assignee: **The Medicines Company**, Parsippany, NJ (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

(21) Appl. No.: **12/180,551**

(22) Filed: **Jul. 27, 2008**

(51) **Int. Cl.**
A61K 38/55 (2006.01)
C07K 7/08 (2006.01)
C07K 7/64 (2006.01)
C07K 1/00 (2006.01)
C07K 1/04 (2006.01)
C07K 14/00 (2006.01)

(52) **U.S. Cl.** **530/325**; 530/324; 530/333; 530/334; 530/335; 514/13

(58) **Field of Classification Search** ..... None
See application file for complete search history.

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U.S. Appl. No. 12/180,550, filed Jul. 27, 2008, Krishna et al.
U.S. Appl. No. 12/180,553, filed Jul. 27, 2008, Krishna et al.
Office Action issued for U.S. Appl. No. 12/180,553 (Oct. 28, 2008).
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Ibam Biotech Abstract, titled "Bivalirudin" : http://www.ibambio.com/show.asp?id=107 (Sep. 27, 2006).
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Primary Examiner—Cecilia Tsang
Assistant Examiner—Jehie Ha
(74) *Attorney, Agent, or Firm*—Frommer Lawrence & Haug LLP; Sandra Kuznich; Russell A. Gannon

(57) **ABSTRACT**

Pharmaceutical batch(es) or pharmaceutical formulation(s) comprising bivalirudin as the active ingredient, and a method of preparing the pharmaceutical batch(es) or pharmaceutical formulation(s). The pharmaceutical batch(es) or pharmaceutical formulation(s) may have a maximum impurity level of Asp^{8}-bivalirudin that does not exceed about 0.6%. Also, the pharmaceutical batch(es) or pharmaceutical formulation(s) may have a reconstitution time that does not exceed about 42 seconds. The method of preparing the pharmaceutical batch(es) or pharmaceutical formulation(s) may comprise dissolving bivalirudin in a solvent to form a first solution, efficiently mixing a pH-adjusting-solution with the first solution to form a second solution in which the pH-adjusting solution may comprise a pH-adjusting solution solvent, and removing the solvent and the pH-adjusting solution solvent from the second solution.

20 Claims, No Drawings

Morgan Lewis

The On-Sale Bar:

35 U.S.C. 102 (pre-AIA)

A person shall be entitled to a patent unless . . .

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or **on sale** in this country, **more than one year prior to the date of the application for patent** in the United States.

35 U.S.C. 102(a)(1) (AIA)

(a) Novelty; Prior Art.— **A person shall be entitled to a patent unless**— (1) the claimed invention 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**.

The Timeline:

District of Delaware Trial Opinion	Federal Circuit Panel Decision	Federal Circuit En Banc Decision	Federal Circuit Oral Arguments
March 31, 2014	July 2, 2015	July 11, 2016	December 6, 2016
All asserted claims of patents owned by the Medicines Company found not invalid and not infringed	Held the patents invalid on the basis that transactions with manufacturer triggered the on-sale bar	Held that the transactions with the manufacturer did not trigger the on-sale bar	In briefing, Hospira argues that an agreement between The Medicines Company and distributor ICS triggers the on-sale bar

Federal Circuit En Banc Analysis:

(a) Do the circumstances presented here constitute a **commercial sale under the on-sale bar** of 35 U.S.C. § 102(b)?

(i) Was there a sale for the purposes of § 102(b) **despite the absence of a transfer of title**?

(ii) Was the sale commercial in nature for the purposes of § 102(b) or an **experimental use**?

(b) Should this court **overrule or revise the principle in *Special Devices, Inc. v. OEA, Inc.***, 270 F.3d 1353 (Fed. Cir. 2001), that there is **no "supplier exception" to the on-sale bar** of 35 U.S.C. § 102(b)?

Federal Circuit En Banc Analysis:

(a) Do the circumstances presented here constitute a commercial sale under the on-sale bar of 35 U.S.C. § 102(b)?

- No, because the manufacturer Ben Venue sold **contract manufacturing services.**
- Ben Venue acted as a pair of “laboratory hands” to reduce MedCo’s invention to practice.

Federal Circuit En Banc Analysis:

(a) Do the circumstances presented here constitute a commercial sale under the on-sale bar of 35 U.S.C. § 102(b)?

(i) Was there a sale for the purposes of § 102(b) despite the absence of a transfer of title?

- No, because MedCo made a **pre-commercial investment.**
- MedCo did not market or release the patented invention to any purchasers by contracting with Ben Venue, and did not give Ben Venue authorization to do so.

(ii) Was the sale commercial in nature for the purposes of § 102(b) or an experimental use?

(b) Should this court overrule or revise the principle in *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353 (Fed. Cir. 2001), that there is no "supplier exception" to the on-sale bar of 35 U.S.C. § 102(b)?

Federal Circuit En Banc Analysis:

(a) Do the circumstances presented here constitute a commercial sale under the on-sale bar of 35 U.S.C. § 102(b)?

(i) Was there a sale for the purposes of § 102(b) despite the absence of a transfer of title?

(ii) Was the sale commercial in nature for the purposes of § 102(b) or an experimental use?

- Need not reach this issue because there was no commercial sale.

(b) Should this court overrule or revise the principle in *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353 (Fed. Cir. 2001), that there is no "supplier exception" to the on-sale bar of 35 U.S.C. § 102(b)?

Federal Circuit En Banc Analysis:

(a) Do the circumstances presented here constitute a commercial sale under the on-sale bar of 35 U.S.C. § 102(b)?

(i) Was there a sale for the purposes of § 102(b) despite the absence of a transfer of title?

(ii) Was the sale commercial in nature for the purposes of § 102(b) or an experimental use?

(b) Should this court overrule or revise the principle in *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353 (Fed. Cir. 2001), that there is no "supplier exception" to the on-sale bar of 35 U.S.C. § 102(b)?

- There is still no blanket "supplier exception."
- The key is the **commercial character of the transaction** (e.g., the hallmarks of a commercial sale under the UCC), not the identities of the participants.

Takeaways:

Checklist for the manufacturing agreement:

- ✓ Agreement applies to the provision of **manufacturing services** (e.g., agreement is **not for sale of the product**)
- ✓ Patent owner **retains title** to the patented product
- ✓ Keep the agreement **confidential**

IN RE VAN OS

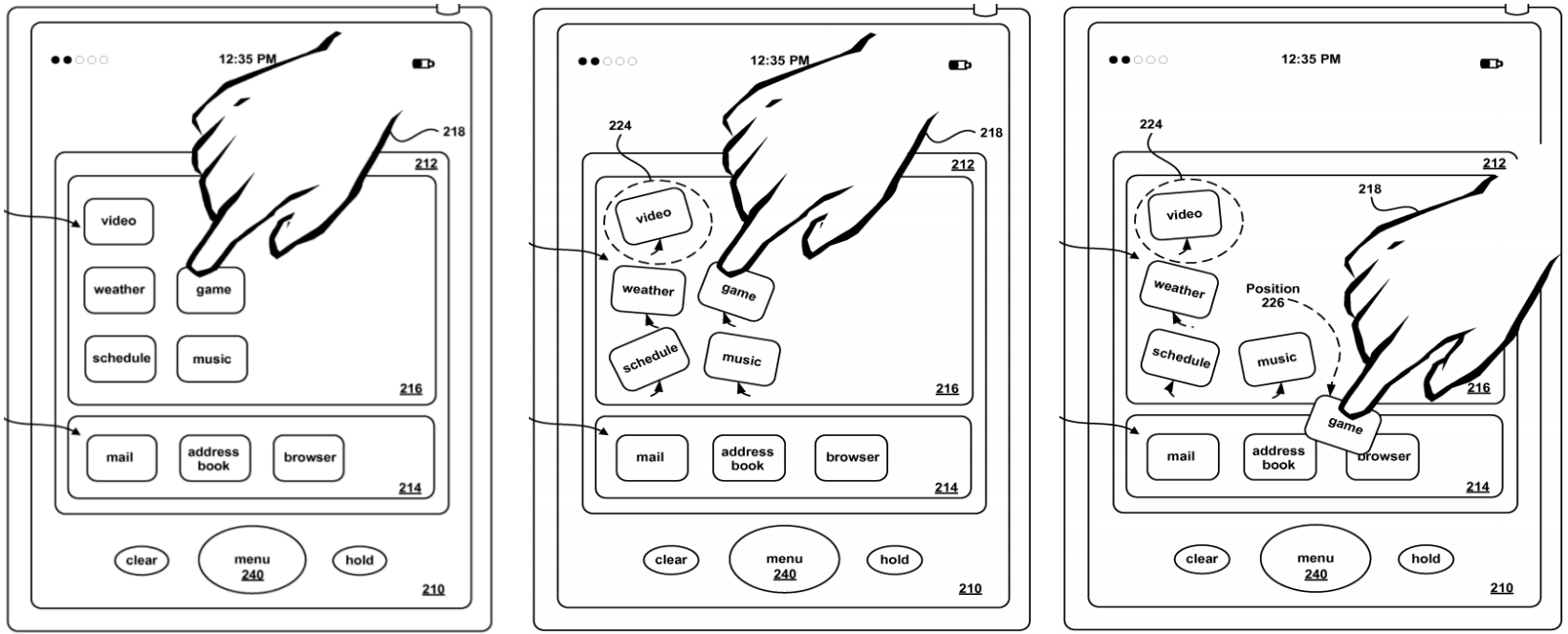
REQUIREMENTS FOR OBVIOUSNESS RATIONALES

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTER: BENJAMIN H. PEZZNER

Background

Portable Electronic Device with Interface Reconfiguration Mode



Examiner’s Rejection

- Hawkins: editing mode for rearranging icons
- Gillespie: long press for initiating a reconfiguration mode

It would have been obvious to one of ordinary skill in the art at the time that the invention was made **to combine the teachings of Hawkins** of initiating a mode for reconfiguring the positions of icons displayed on a touch-sensitive display by dragging the icons to a new position **with the teachings of Gillespie** of visually indicating to a user on a display when a predefined user interface reconfiguration mode has been entered into by the user by sustaining a touch on the user interface.

Examiner’s Rejection

- Hawkins: editing mode for rearranging icons
- Gillespie: long press for initiating a reconfiguration mode

One of ordinary skill in the art would have recognized that Gillespie’s technique of entering a user interface reconfiguration mode in response to a user sustaining a touch in proximity to an icon displayed on the touchscreen **would be an intuitive way for users of Hawkins’ device to enter into the editing mode** in which they could rearrange the icons corresponding to applications on the interface.

CAFC Decision

- Board: The Examiner did not err by combining Gillespie's teachings with Hawkins' disclosure of an interface reconfiguration mode.
- CAFC: Yes he did! The Examiner's statement of obviousness was inadequate.

The Examiner **provided no reasoning or analysis** to support finding a motivation to add Gillespie's disclosure to Hawkins **beyond stating it would have been an "intuitive way"** to initiate Hawkins' editing mode. The Board did not explain **why** modifying Hawkins with the specific disclosure in Gillespie would have been "intuitive" **or otherwise identify a motivation** to combine.

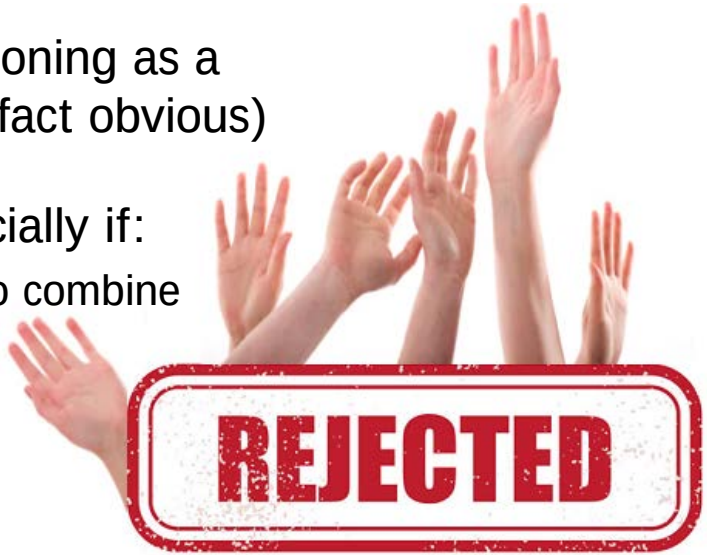
CAFC Decision

- Board: The Examiner did not err by combining Gillespie's teachings with Hawkins' disclosure of an interface reconfiguration mode.
- CAFC: Yes he did! The Examiner's statement of obviousness was inadequate.

Absent some articulated rationale, a finding that a combination of prior art would have been "common sense" or "intuitive" is **no different than merely stating the combination "would have been obvious."** Such a conclusory assertion with no explanation is inadequate to support a finding that there would have been a motivation to combine."

Takeaways

- Obviousness requires a clear and explicit explanation (vs. hand waving)
  - TSM (every finding of fact must be backed up with citations)
  - KSR rationales (MPEP 2143 “Office personnel must articulate the following: ...”)
- Consider the adequacy of the Examiner’s reasoning as a separate issue (vs. whether the claims are in fact obvious)
- Strategy: Cite to this case in responses, especially if:
  - There really would be no TSM or KSR rationale to combine
  - The combination is necessary to teach the main inventive concept



POLY-AMERICA V. API INDUSTRIES

DEFINING THE FOUR CORNERS OF CLAIM SCOPE DISAVOWAL

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PRESENTER: JASON GETTLEMAN

Background:

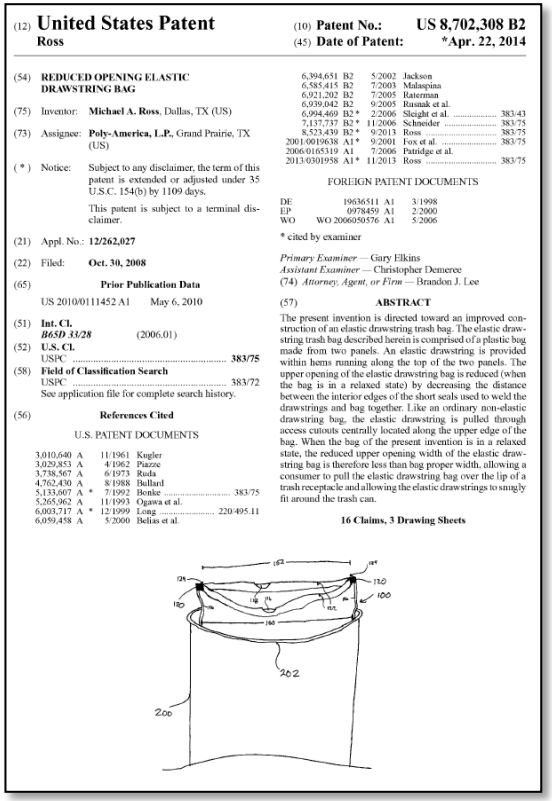
Poly-America

ALUF PLASTICS

U.S. Patent No. 8,702,308

- The ‘308 patent is titled “Reduced Opening Elastic Drawstring Bag.”

- The ‘308 patent is “directed toward an improved construction of an elastic drawstring trash bag.” ‘308 patent, 3:46–47.



(12) **United States Patent**
Ross

(10) **Patent No.: US 8,702,308 B2**
(45) **Date of Patent: *Apr. 22, 2014**

(54) **REDUCED OPENING ELASTIC DRAWSTRING BAG**

(75) Inventor: **Michael A. Ross**, Dallas, TX (US)

(73) Assignee: **Poly-America, L.P.**, Grand Prairie, TX (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 1109 days.

This patent is subject to a terminal disclaimer.

(21) Appl. No.: **12/262,027**

(22) Filed: **Oct. 30, 2008**

(65) **Prior Publication Data**

US 2010/0111452 A1 May 6, 2010

(51) **Int. Cl.**
B65D 33/28 (2006.01)

(52) **U.S. Cl.**
USPC **383/75**

(58) **Field of Classification Search**
USPC 383/72
See application file for complete search history.

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Primary Examiner — Gary Elkins
Assistant Examiner — Christopher Demeree
(74) *Attorney, Agent, or Firm* — Brandon J. Lee

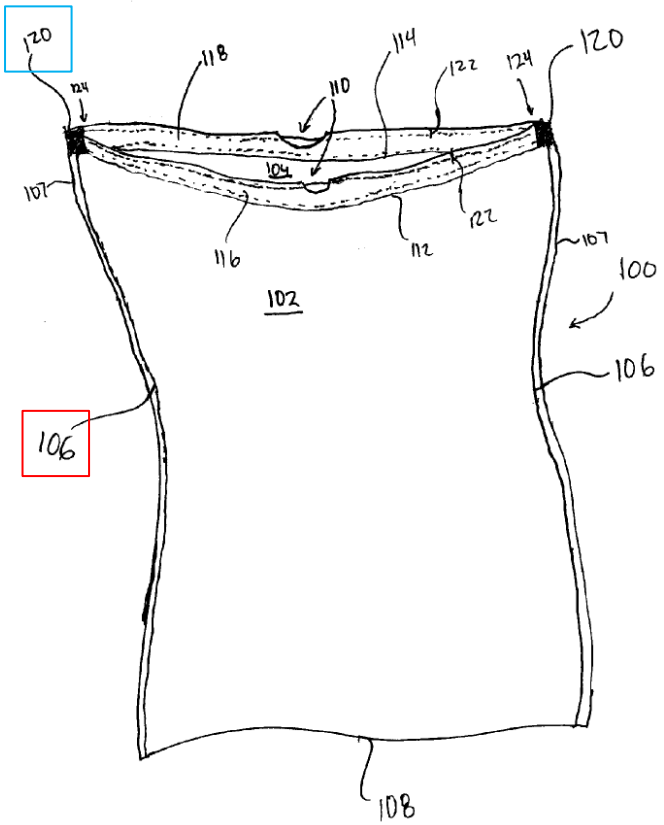
(57) **ABSTRACT**

The present invention is directed toward an improved construction of an elastic drawstring trash bag. The elastic drawstring trash bag described herein is comprised of a plastic bag made from two panels. An elastic drawstring is provided within hems running along the top of the two panels. The upper opening of the elastic drawstring bag is reduced (when the bag is in a relaxed state) by decreasing the distance between the interior edges of the short seals used to weld the drawstrings and bag together. Like an ordinary non-elastic drawstring bag, the elastic drawstring is pulled through access cutouts centrally located along the upper edge of the bag. When the bag of the present invention is in a relaxed state, the reduced upper opening width of the elastic drawstring bag is therefore less than bag proper width, allowing a consumer to pull the elastic drawstring bag over the lip of a trash receptacle and allowing the elastic drawstrings to snugly fit around the trash can.

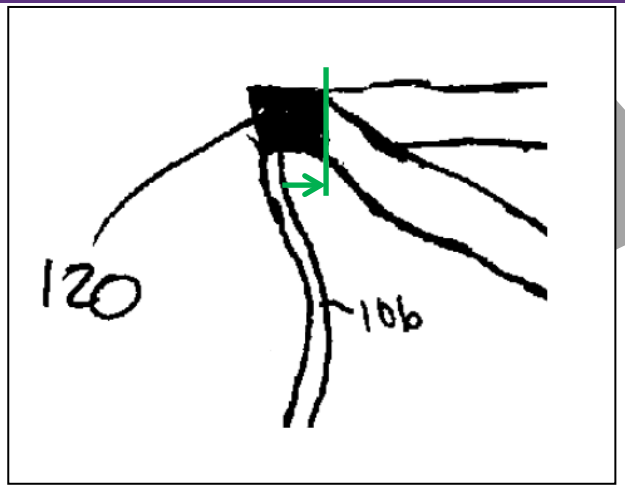
16 Claims, 3 Drawing Sheets

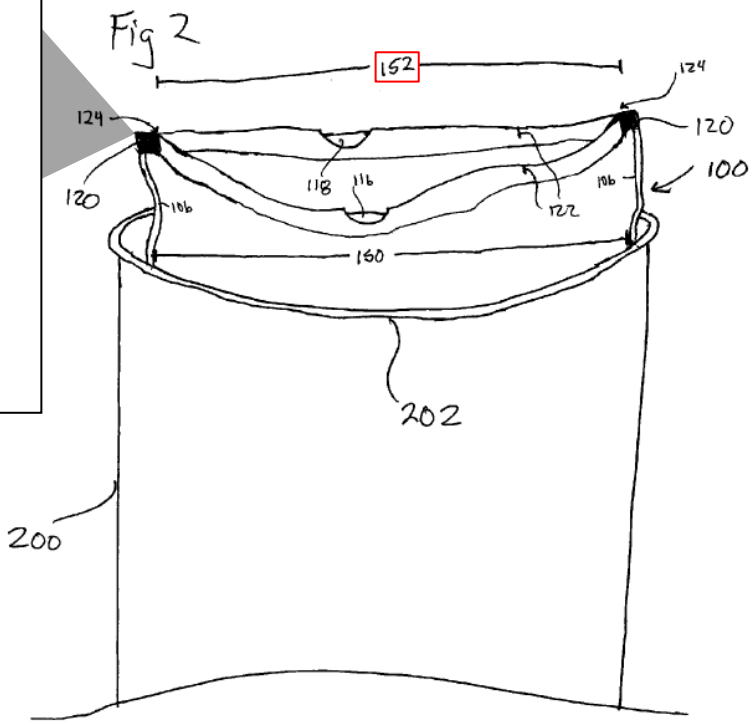
U.S. Patent No. 8,702,308

- The claimed trash bag is made from two “panels” of polymeric material joined at the sides and the bottom to form an enclosed bag.
- Long seals along the length of the panels are referred to as “side seals,” [106].
- Small seals in the upper corners of the bag are referred to as “short seals,” [120].
- The short seals bind together each panel's hem and the ends of the drawstrings.



U.S. Patent No. 8,702,308

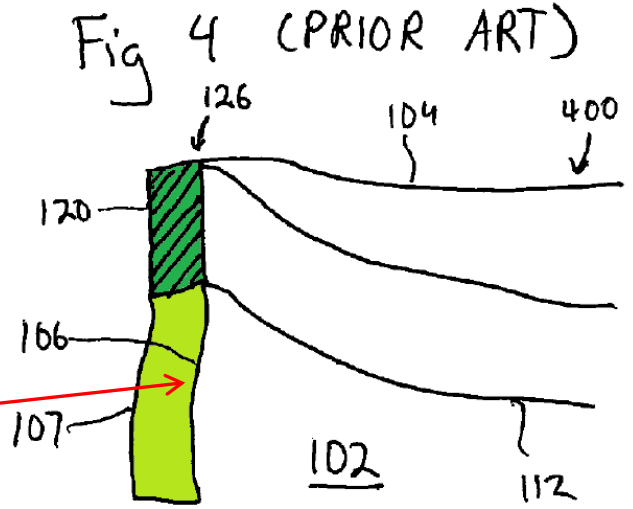




"Therefore, when the elastic drawstring bag 100 is in its relaxed configuration, the circumference of the upper opening can be less than the upper lip 202 of the trash receptacle 200 due to the reduced upper opening width 152 between the interior edges 124 of the short seals 120." '308 patent, 6:63-67.

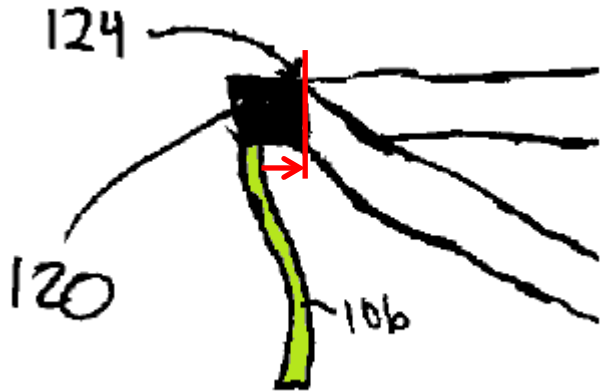
U.S. Patent No. 8,702,308

Looking first a FIG. **4**, in conventional non-elastic drawstring bags, the width of the short seals **120** are minimized so as to not use extra plastic, which does not add any capacity to the bag. Therefore, with conventional non-elastic drawstring bags **400** it is undesirable and unnecessary to provide a short seal any larger than the distance from the edge **107** to the side seal **106** of the bag. The short seal **120** of the conventional non-elastic drawstring bags **400** end at interior edge **126**, which is substantially aligned with the side seal **106** of the non-elastic drawstring bag **400**.

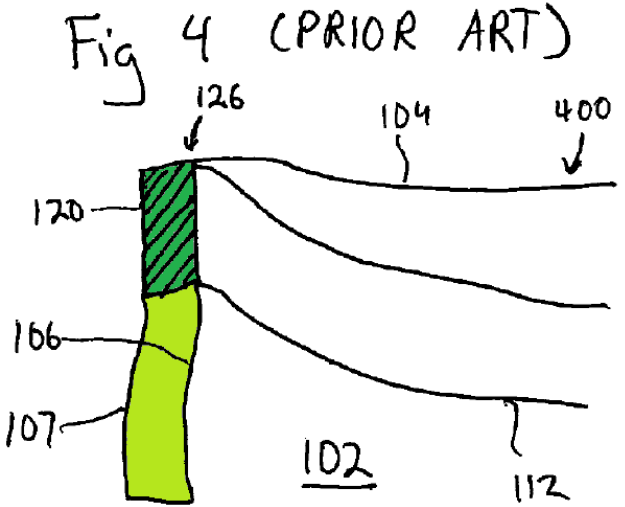


PRIOR ART

U.S. Patent No. 8,702,308



v.



Extended short seal 120

Aligned short seal 120

District Court Proceedings – “Short seal”

10. An elastic drawstring trash bag comprising:

a polymeric bag comprised of a first panel and a second panel, the first panel and the second panel joined at a first side, a second side, and a bottom,

a first hem formed in the first panel, the first hem having a first elastic drawstring disposed therein,

a second hem formed in the second panel, the second hem having a second elastic drawstring disposed therein,

the first panel, the first elastic drawstring, the second panel, and the second elastic drawstring inseparably joined together at a first short seal and at a second short seal, and

a first access cutout along the upper edge of the first panel and a second access cutout along the upper edge of the second panel, the first and second elastic drawstrings being accessible through the respective first and second access cutouts.

District Court Proceedings – “Short seal”

Poly-America’s Proposed Construction	API’s Proposed Construction
“a seal that inseparably welds or joins the first and second elastic drawstrings and the first and second panels of the bag”	“a seal for securing the elastic drawstring, which seal is located adjacent to a side seal, and that is **not substantially aligned with the side seal, but extends inwardly from the interior edge of the side seal”**

- The district court adopted API's narrower proposed construction.
- The district court explained that this construction was consistent with the specification and the prosecution history.

Poly-America, L.P. v. API Industries, Inc., 839 F.3d 1131 (Fed. Cir. 2016)

- Issue: Whether the inventor disavowed trash bags with short seals that do not extend inwardly to narrow the upper opening width in relation to the bag proper width.

- Held: The '308 patent clearly and unequivocally disavows claims comprising short seals that do not extend inwardly. Therefore, the district court correctly construed the term "short seal" to require inward extension and correctly entered judgment in favor of API.

Claim Construction Principles

- The court can depart from the plain and ordinary meaning in only two instances. *Hill-Rom Servs., Inc. v. Stryker Corp.*, 755 F.3d 1367, 1371 (Fed. Cir. 2014).
  - First, when a patentee acts as his own lexicographer.
  - Second, when the patentee disavows the full scope of the claim term in the specification or during prosecution.

- The standard for disavowal is exacting, requiring clear and unequivocal evidence that the claimed invention includes or does not include a particular feature. *Openwave Sys., Inc. v. Apple Inc.*, 808 F.3d 509, 513–14 (Fed. Cir. 2015).

- While disavowal must be clear and unequivocal, it need not be explicit. *Trs. of Columbia Univ. v. Symantec Corp.*, 811 F.3d 1359, 1363–64 (Fed. Cir. 2016).

Findings:

- The court found four indications from the patent's specification and prosecution history persuasive in finding disavowal.

1. Specification describes the "present invention" as including seals that extended inwardly

2. Specification distinguishes or disparages prior art based on the absence of seals that extended inwardly

3. Every embodiment of the invention shown in the specification had seals that extended inwardly

4. During prosecution, patentee distinguished prior art lacking seals that extended inwardly

Holding:

- According to the court, even if these indications were not themselves sufficient, when taken together, they “provide clear and unequivocal evidence that the inventor intended to disavow any claim scope encompassing short seals that are not inwardly extended.”

Take-Aways

- While disavowal must be clear and unequivocal, it need not be explicit. *Trs. of Columbia Univ. v. Symantec Corp.*, 811 F.3d 1359, 1363–64 (Fed. Cir. 2016).
- Patentees:
  - Be aware of “the present invention” language.
  - Use broad language in the specification: Title, Abstract, Background, and Summary.
- Accused Infringers:
  - Evaluate non-infringement defenses based on potential claim disavowal.
  - Disavowal less likely in IPR proceeding where claims are construed under a *broadest reasonable interpretation* standard.
  - Use *Poly-America* as a model, *i.e.*, align your facts within the “four corners” of the *Poly-America* case.

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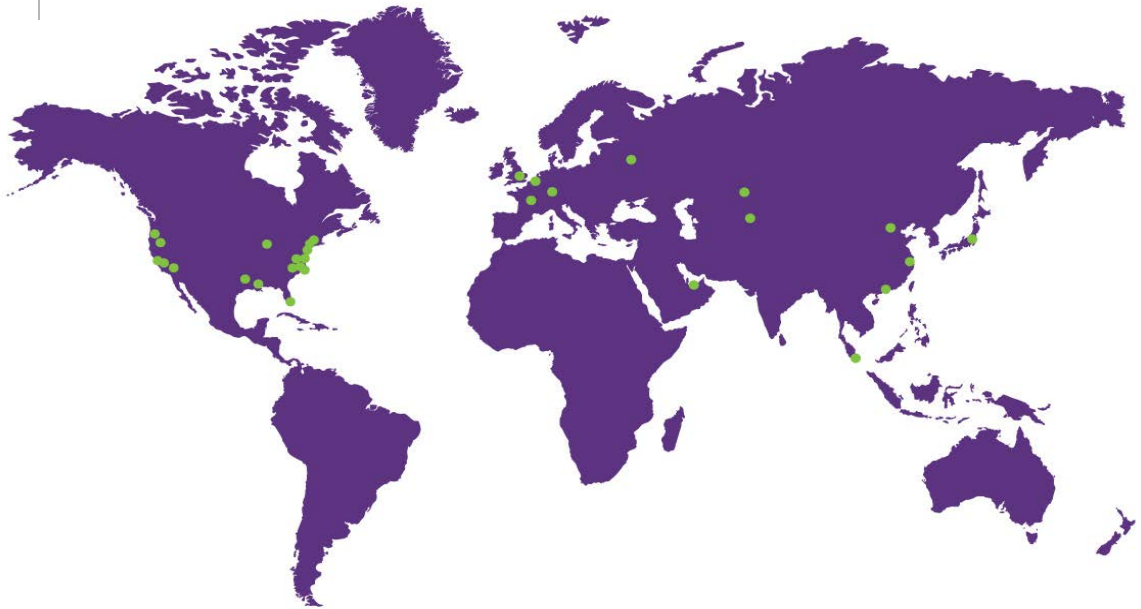

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