

Morgan Lewis

TECHNOLOGY MARATHON

**IP Year in Review:
Important Cases Decided in 2021**

May 19, 2022 | 9:00-10:30 am PT

Host



Andrew J. Gray IV

Morgan Lewis

Presenters



Julie S. Goldemberg



Theodore A. Rand



**Jianbai "Jenn" Wang,
Ph.D.**



Marta S. Rocha

Morgan Lewis

Presenters



Matthew A. Walker



Peter Byrne



Kannan Narayanan



Vishal J. Parikh

Morgan Lewis

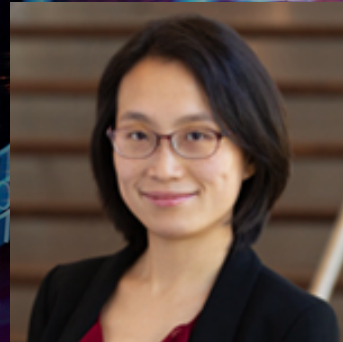
Presenters



Katerina Hora



Ehsun Forghany



Ka-Lo Yeh, Ph.D.



Qian (Cora) Liang

Morgan Lewis

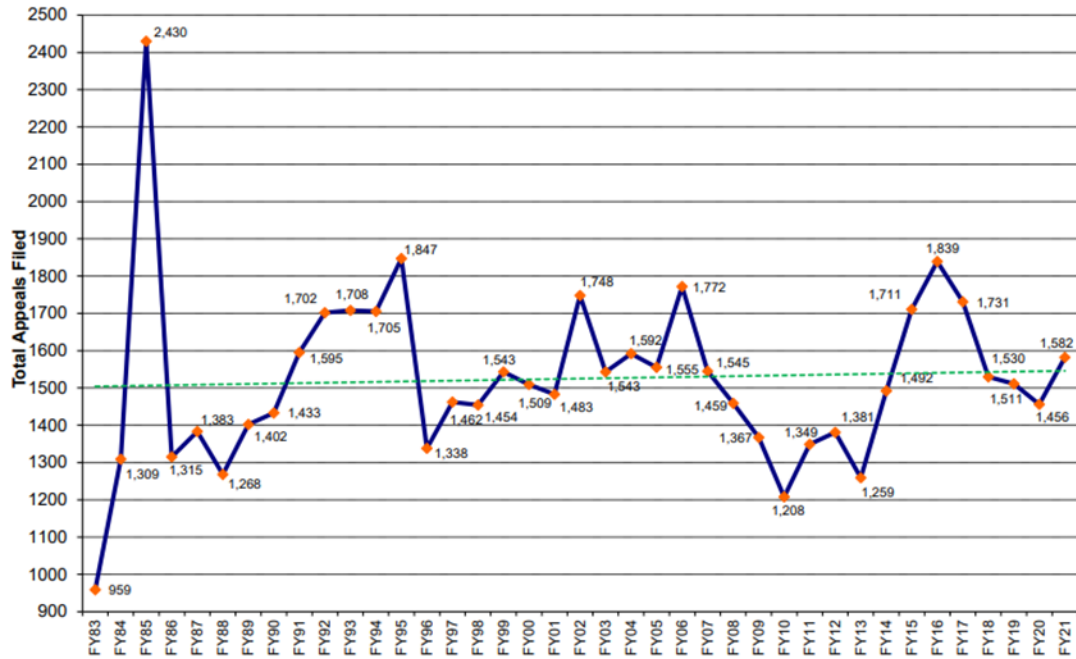
Federal Circuit Review

Julie S. Goldemberg

Morgan Lewis

Historical Caseload

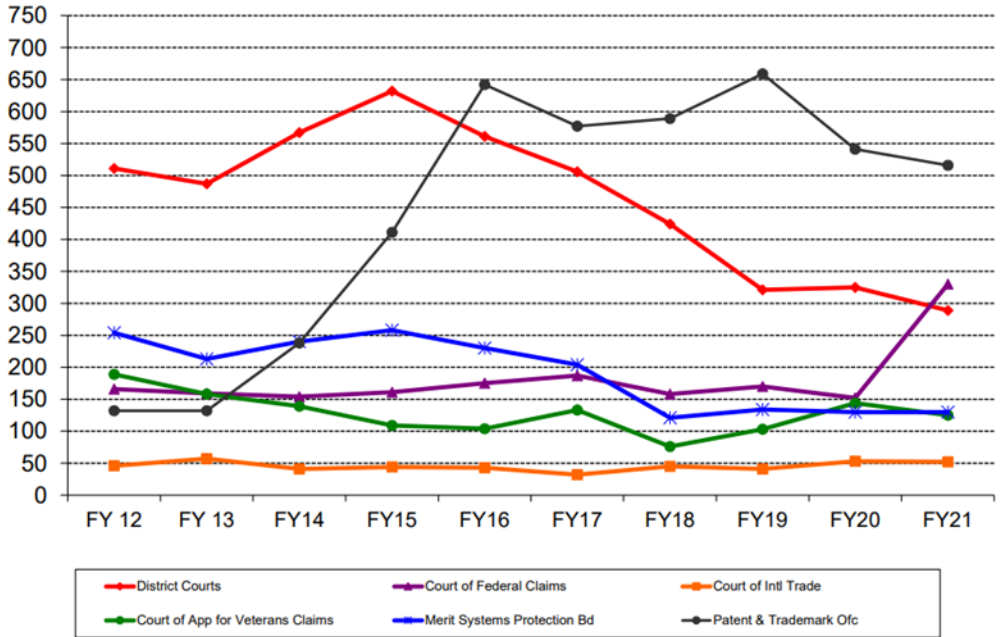
United States Court of Appeals for the Federal Circuit
Historical Caseload



Note: Includes reinstated, cross- and consolidated appeals.

Appeals Filed in Major Origins

United States Court of Appeals for the Federal Circuit
Appeals Filed in Major Origins

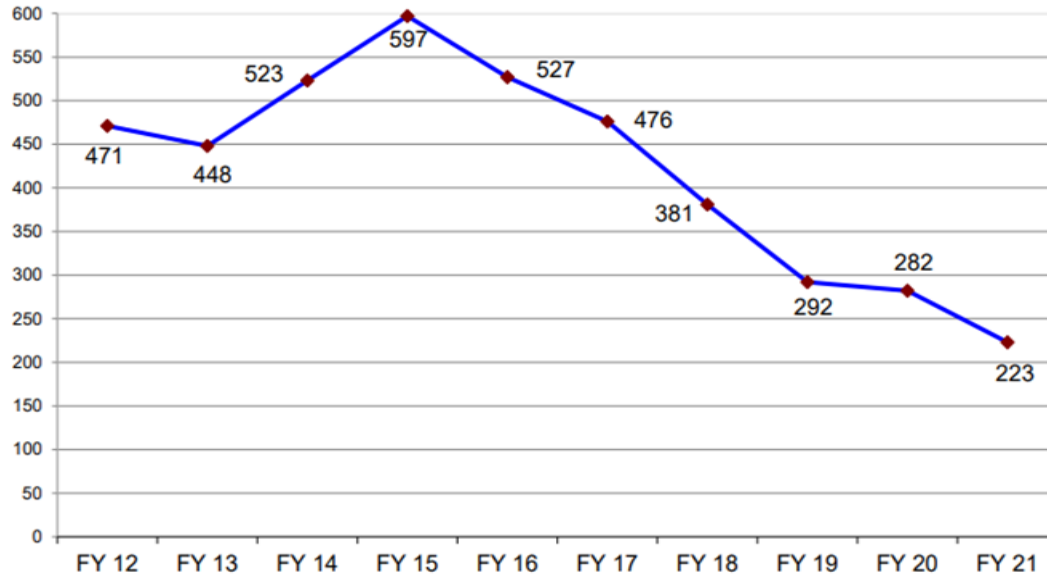


Notes: Includes reinstated, cross-, and consolidated appeals.

Filings from District Courts

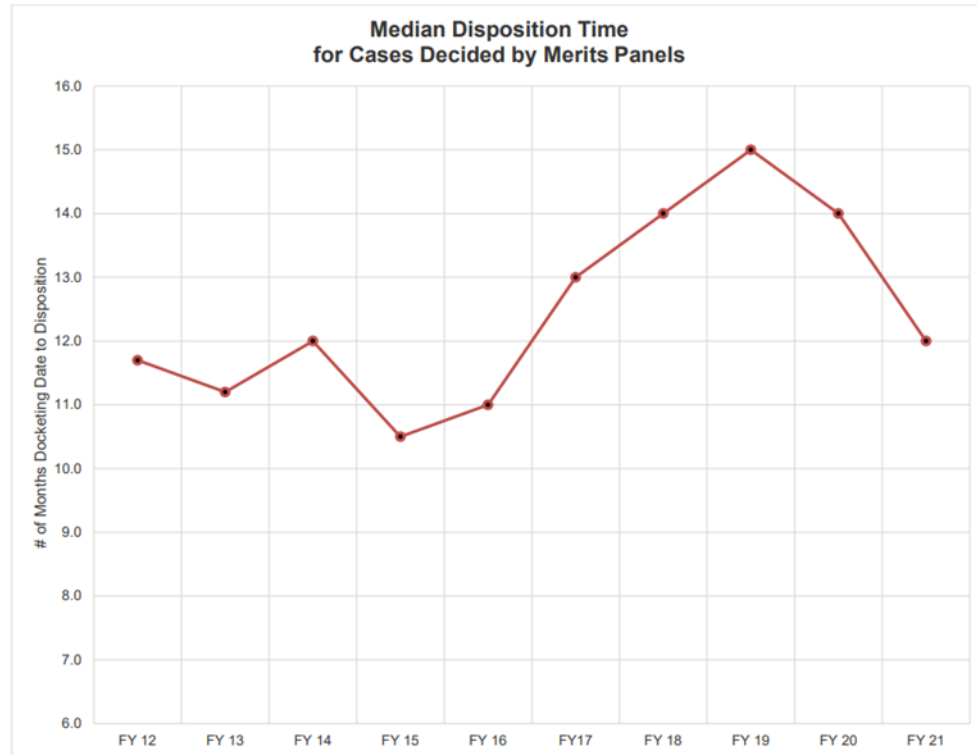
United States Court of Appeals for the Federal Circuit

Filings of Patent Infringement Appeals
from U.S. District Courts



Median Disposition Time

United States Court of Appeals for the Federal Circuit



IN RE VIVINT

Denied institution of an IPR does not necessarily exhaust a new question of patentability, but *ex parte* reexamination *may not* be available to a requester who has repeatedly tried to forward the same arguments through *inter partes* review.

**Theodore Rand
Appeal No. 2020-1992 (Fed. Cir. Sept. 29, 2021)**

Facts

- **In 2015**, Vivint sued Alarm.com for infringing four patents related to remote monitoring (e.g., “smart home”) technology, including U.S. Patent No. 6,717,513 (the ‘513 patent).
- **14 Petitions for *Inter Partes* Review (IPR)**, were filed by Alarm.com, three of the petitions against the ‘513 patent – IPR 2015-01997, IPR2016-00129, and IPR2016-01091
 - The Patent Office found Alarm.com failed to make a threshold showing for the ‘997 and ‘129 petitions.
- **“Undesirable, Incremental Petitioning.”** The Office denied the ‘091 petition on the ground of discouraging serial petitioning
 - *Alarm.com Inc. v. Vivint, Inc.*, IPR2016-01091, Paper 11, at 12: Alarm.com had “used prior Board decisions as a roadmap to correct past deficiencies,” and serial petitioning “risks harassment of patent owners and frustration of Congress’ intent in enacting the Leahy-Smith America Invents Act.”
- ***Ex Parte* Reexamination.** More than one year later, Alarm.com requested ex parte reexamination of all claims of the ‘513 patent



Facts (cont.)

- **“Repackaged” Petition in the *Ex Parte* Reexam Request.** Alarm.com presented four questions of patentability. Two questions came directly from the '091 petition.
 - **“vast swaths of the *ex parte* reexamination request copied”** the '091 petition.
 - The other two questions raised new references, but **only related to claim 14.**

| SNQP No. | Claim(s) | Basis for Rejection |
|----------|-------------|--|
| 1 | 1-13, 15-21 | Obviousness: Shetty and Joao |
| 2 | 14 | Obviousness: Shetty, Joao, and Cheng |
| 3 | 8-13, 15-21 | Obviousness: Shetty, Joao, and Garton |
| 4 | 14 | Obviousness: Shetty, Joao, Cheng, and Garton |

- **“New Questions of Patentability.”** The Patent Office found the request raised new questions of patentability and ordered reexamination for all claims of the '513 patent.
 - Examiner issued a final rejection for all claims of the '513 patent, Vivint appealed, and the Board affirmed.

Questions Presented

Is one “pathway” to challenging a patent’s validity at the Patent Office foreclosed by the requestor furthering the same argument in another “pathway” (e.g., IPR)?

1. Was there a “new question of patentability” under 35 U.S.C. § 303(a)?

- By statute, the Patent Office must find a “substantial new question of patentability” before ordering reexamination. **35 U.S.C. § 303(a).**

2. If there was a new question of patentability, should the Office have rejected (or reconsidered allowing) the request anyway, based on 35 U.S.C. § 325(d)?

- The Office may deny reexamination when “the same or substantially the same prior art or arguments previously were presented to the Office. **35 U.S.C. § 325(d).**

The Petitioner's Arguments

- Vivint's "core argument" was that the invalidity challenges raised in Alarm.com's reexamination request had already been considered and rejected in the '091 decision.
- Vivint also argued that the Patent Office had authority to grant its petitions to terminate the reexamination under C.F.R. § 1.181, and that the Patent Office should do so, based on at least the petitioner's abusive filing practices.

The Patent Office's Arguments

- All the arguments raised in the reexamination request can be considered as presenting “new questions of patentability” since they haven’t been decided on the merits.
- The Patent Office lacked authority to consider Vivint’s petitions to terminate the ex parte reexamination.
- The denial of the ‘091 IPR based on abusive filing practices did not apply to the ex parte reexamination since they are different procedures that invoke different policies.

1. “New Question of Patentability...” under § 303(a)?

35 U.S.C. § 303(a): “the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications”

- **Home Depot U.S.A., Inc. v. Jackson, 139 S. Ct. 1743, 1748 (2019).** “[T]he words of a statute must be read in their context and with a view to their place in the overall statutory scheme.”
 - While the text of § 303(a) provides little guidance, the broader context suggests that the Patent Office must have considered and decided that question ***on the merits*** for it to no longer be considered a “new question of patentability.”
- **Holding:** The Federal Circuit held that all four grounds of invalidity raised by the requestor were “new grounds of patentability”:
 - **Challenges to claim 14,** based on the new reference, Cheng, were new questions of patentability raised in the *ex parte* reexamination.
 - **The ‘091 petition was not decided on the merits.** “The Patent Office did not decide the questions of patentability raised in the ‘091 petition. Instead, it found Alarm.com’s serial filing to amount to an abuse of process...”

2. Discretion to deny under § 325(d)

35 U.S.C. § 325(d): "...if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding"

Government Arguments:

1. § 325(d) decisions are not reviewable and committed to agency discretion.

- a) The statute's permissive language (e.g., "...the Director may determine the manner in which the post-grant review or other proceeding may proceed...") indicates that the question may be committed to agency discretion.
- b) **Holding:** The Federal Circuit denied this argument, noting that "permissive language alone" does not render a question committed to agency discretion under 5 U.S.C. § 701(a)(2).

2. Because IPR and *ex parte* reexamination involve different procedures and policies, the Patent Office is free to grant an "undesirable, incremental" *ex parte* reexamination request despite denying a similar IPR.

- a) **Holding:** The Federal Circuit denied this argument, noting that they see no difference between the IPR and *ex parte* reexamination processes that would justify such conduct.
- b) [W]hen applying § 325(d), [the USPTO] cannot deny institution of IPR based on abusive filing practices **then grant a nearly identical reexamination request that is even more abusive."**

Takeaways

- **Petitioners** should carefully consider the effect of filing IPRs, but the Patent Office's denial to institute an IPR ***does not foreclose*** a different path of invalidity at the Patent Office.
 1. **Denial to Institute an IPR does not necessarily Exhaust the "New Question" of Patentability.**
 - a) In other words, failing to meet the threshold standard for the IPR to be instituted does not mean that the Patent Office ever considered or decided the questions of patentability presented.
 - b) However, another post-grant proceeding can be denied under § 325(d) if a similar argument was included in an IPR petition that was denied on the grounds of "serial petitioning."
- **Patent Owners** can request the Patent Office reconsider whether to terminate one of multiple post-grant review proceedings based on the discretionary factors of § 325(d).
 2. **Reviewability of Office's Decisions to Allow Multiple Post-Grant Review Proceedings.**
 - a) The Patent Office has authority to reconsider ordering one of multiple post-grant reviews.
 - b) The language of the statute does not make such decisions non-reviewable.

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YU V. APPLE INC.

Court of Appeals, Federal Circuit

Jianbai Jenn Wang
1 F.4th 1040 (2021)

Background

- US Patent No. 6,611,289, titled “Digital Cameras Using Multiple Sensors with Multiple Lenses”, filed January 15, 1999 (Already expired)
- United States District Court for the Northern District of California in No. 3:18-cv-06181-JD
 - In 2020, Yanbin Yu and Zhongxuan Zhang (collectively, "Yu") sued Apple and Samsung (collectively, "Defendants"), alleging that Defendants infringed claims 1, 2, and 4 of U.S. Patent No. 6,611,289 ("the '289 patent")
 - Defendants filed a Rule 12(b)(6) motion to dismiss
 - Granted on the basis that the asserted claims were invalid under 35 U.S.C. § 101
- Yu appeals
- In 2021, appellate court affirms the district court’s holdings.

US Patent No. 6,611,289 – Litigated Claims

- Filed January 15, 1999

1. An improved digital camera comprising:
a first and a second image sensor closely positioned with respect to a common plane, said second image sensor sensitive to a full region of visible color spectrum;
two lenses, each being mounted in front of one of said two image sensors;
said first image sensor producing a first image and said second image sensor producing a second image;
an analog-to-digital converting circuitry coupled to said first and said second image sensor and digitizing said first and said second intensity images to produce correspondingly a first digital image and a second digital image;
an image memory, coupled to said analog-to-digital converting circuitry, for storing said first digital image and said second digital image; and
a digital image processor, coupled to said image memory and receiving said first digital image and said second digital image, producing a resultant digital image from said first digital image enhanced with said second digital image.

2. The improved digital camera as recited in claim 1, wherein said first image sensor sensitive to said full region of visible color spectrum.

4. The improved digital camera as recited in claim 1, wherein said analog-to-digital converting circuitry comprises two individual analog-to-digital converters, each integrated with one of said first and second image sensors so that said first and second digital images are digitized independently and in parallel to increase signal throughput rate.

“We agree with the district court that claim 1 is directed to the abstract idea of taking two pictures (which may be at different exposures) and using one picture to enhance the other in some way.”

US Patent No. 6,611,289 - More

26. A method for generating color images of high quality in a digital camera, said method comprising:

obtaining three scalar images from three image sensors closely positioned in a common plane with reference to an image target;

obtaining a gray intensity image from a fourth image sensor, said fourth image sensor closely positioned in said common plane with said three image sensors;

digitizing said three scalar intensity images and said gray intensity image to produce three scalar digital images and a gray digital image;

buffering said three scalar digital images and said gray digital image in an image memory;

producing a color image from said three scalar digital images processed in conjunction with said gray digital image; and

wherein said three image sensors and said fourth image sensors are monochromatic and identical in resolution.

6. An improved digital camera comprising;
four image sensors, closely positioned with respect to a common plane,
four lenses, each mounted in front of one of the four image sensors;
first three of said four image sensors being respectively sensitive to three different regions of visible color spectrum, a fourth sensor of said four image sensors being sensitive to a full region of said visible color spectrum, said full region including said three different regions in said visible color spectrum;
said four image sensors producing, independently and respectively, four intensity images when being exposed to an imaging target, first three images of said four intensity images respectively from said first three of said four image sensors and a fourth image of said four intensity images from said fourth sensor of said four image sensors;
an analog-to-digital converting circuitry coupled to said four image sensors and digitizing said four intensity images to produce four digital images, first three of said four digital images corresponding to said first three images and a fourth digital image of said four digital images corresponding to said fourth image of said four intensity images;
an image memory, coupled to said analog-to-digital converting circuitry, for storing said four digital images; and
a digital image processing circuitry coupled to said image memory and receiving said four digital images, producing a color image of said imaging target from said four digital images.

Appellate Court Opinions

- Majority Opinion: (Judge FROST and Judge TARANTO)
 - “Only conventional camera components are recited to effectuate the resulting ‘enhanced’ image” ...“these components were well-known and conventional”
 - “We agree with the district court that claim 1 is directed to the abstract idea of taking two pictures (which may be at different exposures) and using one picture to enhance the other in some way.”
 - “we see no inventive concept in claim 1 that would confer patent eligibility at step two”
- Dissent Opinion: (Judge NEWMAN)
 - “This camera is a mechanical and electronic device of defined structure and mechanism; it is not an ‘abstract idea’”
 - “The ‘289 patent specification states that the digital camera described therein achieves superior image definition. A statement of purpose or advantage does not convert a device into an abstract idea.”

Observations

- The majority opinions appear to conflate several sections of the Patent Act by applying 35 USC 101 to address the inventiveness issue under 35 USC 103
 - *Diehr*: you cannot collapse the patentability inquiry into a single question under 101. Other sections of the statute must be allowed to do their work.
- Widespread concerns:
 - Will the *Alice* decision expand beyond software patents to other tangible physical objects?
- Dilemma with litigation: selection of infringed claims, but could be too broad to include enough details and to satisfy Alice Step 2 requiring “significantly more”

Related Cases: (1) Garage Door Opener (2019)

- U.S. Patent No. 7,224,275
- On appeal , the Federal Circuit:
 - *Alice* Step 1. Invalid claims directed toward the abstract idea of **“wirelessly communicating status information about a system”**
 - *Alice* Step 2. Not include any inventive concept
 - All of the physical elements in the claim were admittedly “well understood in the art” and claimed in a generic fashion.
 - The only arguably new element is that the actual information being transmitted is “a status condition signal that: corresponds to a present operational status condition (open or closed).”

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1. A movable barrier operator comprising:
 - a controller having a plurality of potential operational status conditions defined, at least in part, by a plurality of operating states;
 - a movable barrier interface that is operably coupled to the controller;
 - a wireless status condition data transmitter that is operably coupled to the controller, wherein the wireless status condition data transmitter transmits a status condition signal that:
 - corresponds to a present operational status condition defined, at least in part, by at least two operating states from the plurality of operating states; and
 - comprises an identifier that is at least relatively unique to the movable barrier operator, such that the status condition signal substantially uniquely identifies the movable barrier operator.

Related Cases: (2) Car Driveshaft (2020)

- US Patent No. 7,774,911
- Am. Axle & Mfg. Inc. v. Neapco Holdings LLC, District Court for the District of Delaware in No. 1:15-cv-01168-LPS
 - The driveshaft patent covers only a law of physics known as Hooke's law ($f = \sqrt{k/m}$)
- On appeal, motion to stay is denied
- Denied Certiorari

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.

Takeaways

- Caution! Some hardware claims could be directed to an abstract idea, even though the preamble recites a tangible object, e.g., “camera”.
- Review the invention from a hardware perspective, discuss advantages of a hardware arrangement, and explicitly claim the hardware arrangement
 - ❑ Multiple image processing is not new. Hardware has been rearranged to fit into a mobile phone having a compact form factor. What specifically has been done?
- Be sure to use dependent claims with limitations that more definitely describe the general benefits claimed in the independent claim
 - ❑ “producing a resultant digital image from said first digital image enhanced with said second digital image” – too broad

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APPLE INC. V. ZIPIT WIRELESS, INC.

**Notice letters and related communications may form
a basis for establishing court's specific personal
jurisdiction over a defendant**

Marta Rocha
30 F.4th 1368 (Federal Circuit 2022)

Background

- Appeal from suit filed by Apple (the alleged infringer) seeking declaratory judgment of noninfringement of Zipit's patents directed to wireless instant messaging device in the United States District Court for the Northern District of California ("NDCA").
- NDCA Court granted Zipit's motion to dismiss the suit for lack of personal jurisdiction.
- The Federal Circuit found that NDCA had specific personal jurisdiction over Zipit, and that exercise of personal jurisdiction over Zipit would not be unreasonable.

Personal Jurisdiction Refresher

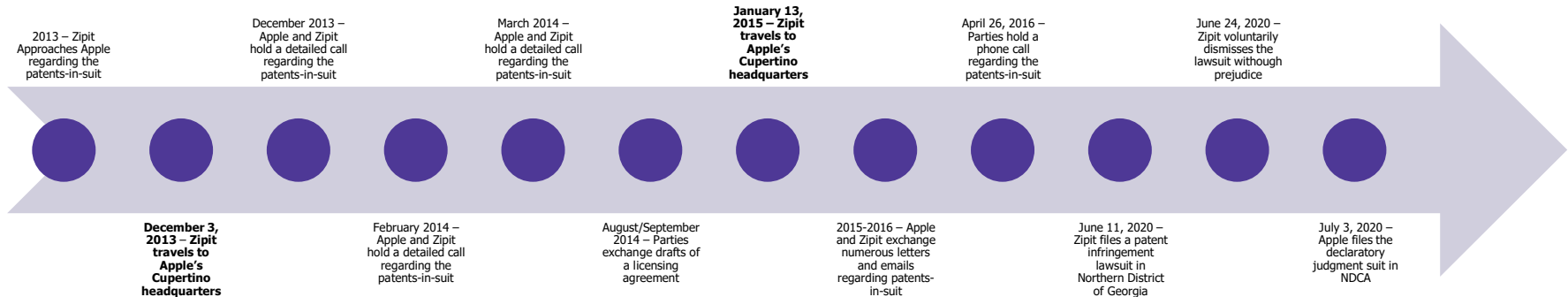
- Determining whether jurisdiction exists over Zipit (an out-of-state defendant) in the NDCA involves two inquiries:
 - (1) whether California's long-arm statute permits service of process; and
 - (2) whether assertion of personal jurisdiction comports with due process.
- Key factors in personal jurisdiction analysis:
 - (1) whether a defendant has "purposefully directed" activities at forum residents;
 - (2) whether the claim to be adjudicated "arises out of or relates to" defendant's activities in the forum; and
 - (3) whether asserting personal jurisdiction over the defendant would comport with "traditional notions of fair play and substantial justice."

Minimum
Contacts

Federal Circuit Decision

“[T]he district court erred in reading our precedent as creating a bright-line rule that communications directed to ‘the attempted resolution’ of the parties’ dispute regarding the patents-in-suit trumps all other considerations of fairness and reasonableness. Although some of our earlier precedent relying on *Red Wing Shoe* suggests that there is such a bright-line rule . . . , Supreme Court precedent (both pre- and post-*Red Wing Shoe*) has made clear that jurisdictional inquiries cannot rest on such bright-line rules—there are no ‘talismanic jurisdictional formulas.’ Rather, ‘the facts of each case must [always] be weighed’ in determining whether personal jurisdiction would comport with ‘fair play and substantial justice.’”

Timeline



Takeaways

- Notice letters and related communications may establish specific personal jurisdiction in a district court.
- In a personal jurisdiction analysis, no bright-line rules exist for patent cases, rather the facts of each case must always be considered to determine if the court has personal jurisdiction over the defendant.

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COSMOKEY SOLUTIONS V. DUO SECURITY

Subject Matter Eligibility for Authentication Method

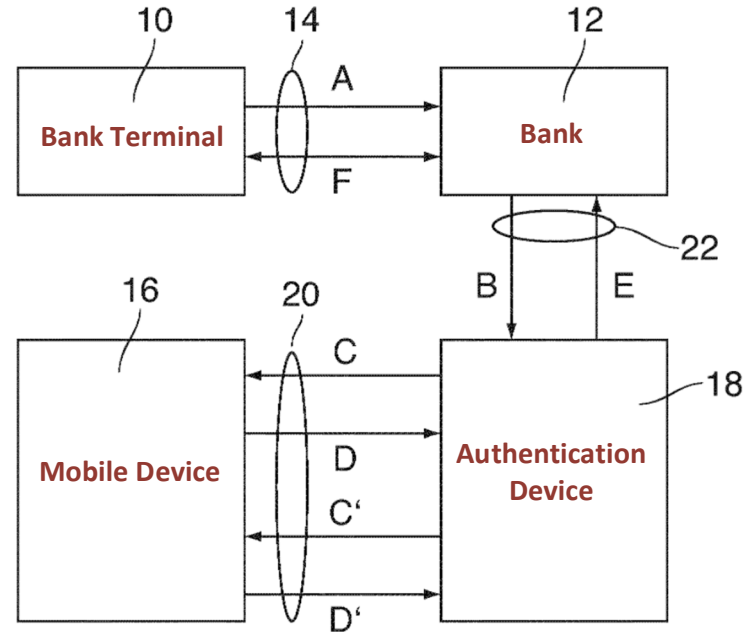
Matthew Walker
15 F.4th 1091 (Fed. Cir. 2021)

Procedural Background

- 2016, CosmoKey granted a patent related to technology for authenticating user transactions.
- 2018, CosmoKey files an infringement action against Duo Security.
- 2019, Duo moves for a judgment on the pleadings, arguing that the claims are directed to the abstract idea of authentication.
- 2020, District court grants Duo's motion for judgment on the pleadings.
 - District court finds that the claims are directed to “the abstract idea of authentication – that is, verification of identity to permit access to transactions” and recite only generic computer functionality
- 2020, CosmoKey appeals.

Authentication Technology

- In an example scenario, a user wanting to make a transaction at the bank terminal receives an authentication check at their mobile device to check whether an authentication function is active.
 1. The authentication function is normally inactive on the mobile device but is activated by the user for the transaction.
 2. Authentication check includes a check of the time relation between transmission from the bank terminal and activation of the authentication function on the mobile device.



Independent Claim at Issue

1. A method of authenticating a user to a transaction at a terminal, comprising the steps of:
 - transmitting a user identification from the terminal to a transaction partner via a first communication channel,
 - providing an authentication step in which an authentication device uses a second communication channel for checking an authentication function that is implemented in a mobile device of the user,
 - as a criterion for deciding whether the authentication to the transaction shall be granted or denied, **having the authentication device check whether a predetermined time relation exists** between the transmission of the user identification and a response from the second communication channel,
 - ensuring that the authentication function is normally inactive and is activated by the user only preliminarily for the transaction,**
 - ensuring that said response from the second communication channel includes information that the authentication function is active, and
 - thereafter ensuring that the authentication function is automatically deactivated.

Holding

- “The claims are patent-eligible under *Alice* step two because they recite a specific improvement to a particular computer-implemented authentication technique.”
- The patent claims and specification “recite a specific improvement to authentication that increases security, prevents unauthorized access by a third party, is easily implemented, and can advantageously be carried out with mobile devices of low complexity.”
- Concurring opinion by Judge Reyna disagreeing with the majority’s approach of skipping *Alice* step one and finding that the claims at issue are directed to patent-eligible subject matter.

Takeaways

- Having statements in the specification about the advantages of the claimed method was key to the outcome.
 - “Since the authentication function is normally inactive, the authentication will almost certainly fail when a third party fraudulently identifies itself as the user in order to initiate a transaction.”
 - “Thus, notwithstanding the low complexity, the method according to the invention offers a high level of security.”
 - “[T]he only activity that is required from the user for authentication purposes is to activate the authentication function at a suitable timing for the transaction.”
 - “It is an object of the invention to provide an authentication method that is easy to handle and can be carried out with mobile devices of low complexity.”

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GALPERTI, INC. V. GALPERTI S.R.L.,

**Heightened scrutiny for claims of “substantially exclusive”
trademark use**

Peter Byrne
17 F.4th 1144 (Fed. Cir. 2021)

Facts

- Galperti S.r.l. (“Galperti-Italy”) and Galperti, Inc. (“Galperti-USA”) are unrelated companies that both sell metal flanges and related products.
- Galperti-Italy applied to register the GALPERTI trademark and overcame an initial refusal based on the mark being “primarily merely a surname” by stating that GALPERTI had acquired distinctiveness through its “**substantially exclusive**” use of the mark over the preceding five years.
- Before the GALPERTI registration had achieved incontestable status, Galperti-USA petitioned to cancel, arguing, *inter alia*, that Galperti-Italy had committed fraud by claiming that its use of GALPERTI had been substantially exclusive, despite use of GALPERTI by Galperti-USA and others.

Procedural History

- Board: dismissed Galperti-USA's petition because Galperti-Italy's statement was not false.
- Federal Circuit: reversed and remanded.
 - The real question was whether Galperti-Italy was aware of third-party use that was ***significant or instead merely inconsequential***.
 - If known third-party use was inconsequential: Galperti-Italy's statement was not false.
 - If known third-party use was significant: Galperti-Italy's statement was false and inquiry should continue to determine if false statement was made intentionally.
- Board on Remand: again dismissed Galperti-USA's petition to cancel.
 - The evidence of third-party use presented by Galperti-USA was inconsequential and thus Galperti-Italy's claim of substantially exclusive use was not false.
- Federal Circuit: vacated and remanded (again).

The Second Federal Circuit Appeal

- The Federal Circuit rejected two of the legal premises used by the Board to reach its conclusion that the evidence of third-party use was inconsequential:
 - (1) The Board mistakenly required Galperti-USA to prove that it had legally protected trademark rights in its GALPERTI mark (i.e. its mark had acquired distinctiveness) in order for its use to qualify as significant.
 - Non-proprietary use of the subject mark (e.g. use of a mark that is primarily merely a surname, descriptive, etc.), if significant, should be considered when a party challenges a registrant’s claim of substantially exclusive use.
 - (2) The Board erroneously assumed that use of GALPERTI by third parties that were not in privity with Galperti-USA could not be considered for purposes of evaluating Galperti-Italy’s “substantially-exclusive-use” claim.
 - Use of the mark by *any* third party may undermine a claim of substantially exclusive use.
- Remanded for further analysis of whether Galperti-Italy’s statement was false (and if so, whether it was intentionally false), analyzing the relevant evidence of third-party use under the correct standards.

Takeaways

- Claims of “substantially exclusive” use of a trademark for purposes of establishing acquired distinctiveness will be carefully scrutinized.
 - If you are aware of significant third-party use of the applied-for mark (whether the use is proprietary in nature or not), your use has not been substantially exclusive.
 - In such cases, alternative arguments (e.g. presenting evidence that the mark at issue is not primarily merely a surname) should be pursued.
- In general, trademark owners should exercise caution when making *any* statements under oath, as false statements (if intentionally made), may jeopardize the validity of their registration.

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**MINERVA SURGICAL, INC. V.
HOLOGIC, INC., ET AL.**

**ASSIGNOR ESTOPPEL APPLIES ONLY WHEN THE ASSIGNOR'S CLAIM
OF INVALIDITY CONTRADICTS EXPLICIT OR IMPLICIT REPRESENTATION
IN ASSIGNMENT**

**Kannan Narayanan
United States Supreme Court, 20-440, June 29, 2021**

Facts

- Inventor assigned patent application to his company.
- Inventor later formed a new company, made an improved device.
- Prior company sued the new company for patent infringement.
- Inventor challenged patent validity.
- Prior company raised assignor estoppel as a defense.

Question Presented

- Is assignor estoppel a valid doctrine?
- What is the scope of assignor estoppel?

Holding

- Only applies where inventor-assignor made an express or implied representation or warranty about the scope of the claims
 - But no assignor estoppel where:
 - Invalidity results from law change
 - Assignment is of patent application, not a patent
 - Assignee expanded scope of claims after assignment
 - Inventor assigns future rights
 - Assignor merely construes claims

Takeaways

- Assignee should seek to bar assignor from challenging patents
 - Get assignor to expressly waive invalidity challenges (but beware enforceability issues)
 - Disallow assignor to disclaim implied warranty of validity
 - Get confirmatory (re-)assignments (for final claims)
 - Include express reps & warranties of validity
 - State reps & warranties as applicable to final claims
 - Include broadest possible claims supportable by specification in an initial patent application
 - Do not reuse oath/declarations/assignments for continuations; get assignments closer to issuance of final claims.
- Buyers should seek express assignments from employee-inventors, not just rely on employee agreements, negotiate lower prices in the absence of such assignments.

Takeaways

Assignor should seek to preserve ability to challenge patents.

- Reserve right to challenge invalidity (impractical against the current employer)
 - Disclaim representations and warranties of validity
 - Limit reps & warranties
- Present & actual knowledge
 - Claims as filed, not claims as issued
 - Argue as to how to construe claims, but not about invalidity
 - Avoid confirmatory (re-)assignments as to final claims
- The Patent Trial and Appeal Board does not apply the doctrine of assignor estoppel to *inter partes* review proceedings.

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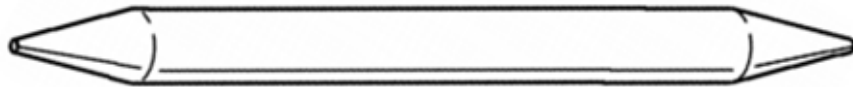
IN RE: SURGISIL, L.L.P.

**DESIGN PATENT CLAIM LANGUAGE MAY LIMIT
THE SCOPE OF PRIOR ART**

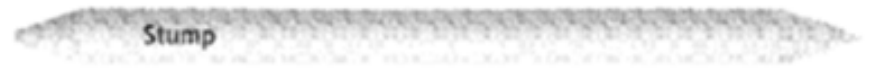
**Vishal J. Parikh
14 F.4th 1380 (FED. CIR. 2021)**

Background

- Surgisil filed Design Appln. No. 29/461,550 directed to a lip implant.
- During prosecution, the Examiner rejected the claim based on a prior art reference directed to an art tool called a stump.
 - The stump is made of “tightly spiral-wound, soft gray paper” and is used “for smoothing and blending large areas of pastel or charcoal.”
- Surgisil appealed the rejection to the Patent Trial and Appeal Board (PTAB).



Surgisil Lip Implant



Art Tool

PTAB Decision

- The PTAB affirmed the Examiner's rejection finding the differences between the shape of the claimed lip implant and the art tool minor.
- Surgisil argued that the art tool discloses a "very different" article of manufacture than a lip implant.
- The PTAB reasoned that for the purposes of determining the scope of the claim "it is appropriate to ignore the identification of the article of manufacture in the claim language."
 - PTAB's analysis is consistent with its longstanding practice that "whether a reference is analogous art is irrelevant to whether that reference anticipates."

Federal Circuit Decision

- The Federal Circuit **reversed** the PTAB's decision affirming the rejection.
 - “A design claim is limited to the article of manufacture identified in the claim; it does not broadly cover a design in the abstract.”
- The decision is similar to Federal Circuit decision in *Curver Luxembourg, SARL v. Home Expressions Inc.*
 - *Curver*: Holding that the claim at issue was limited to the particular article of manufacture identified in the claim, i.e., a chair.
- The Patent Office's examination guidelines (MPEP) state that a “[d]esign is inseparable from the article to which it is applied and cannot exist alone...”
- Surgisil's claim is directed to a lip implant and the claim language recites “a lip implant”
 - The claim is limited to lip implants and does not cover other articles of manufacture.
 - The Board's anticipation finding therefore rests on an erroneous interpretation of the claim's scope.

Takeaways

- Clarifies *Curver* - courts may start looking more into the claim language in addition to the drawings.
- Easier to obtain design patents since the universe of prior art is limited based on the article of manufacture.
- More difficult to invalidate design patents due to limited universe of prior art.
- Impact on the design patent infringement test and which prior art is relevant from “the eye of ordinary observer.”
 - Is the prior art for anticipation the same prior art being viewed under the infringement analysis?

Strategies/Tips

- Applicants must be careful in selecting the title for their design applications to ensure they are capturing the desired article of manufacture.
- Balancing broader versus narrower titles.
 - Broader titles may be helpful at the time of enforcement based on *Curver*.
 - Narrower titles may limit the universe of potentially anticipating prior art.
- Applicants may use an appendix to further define the claim.
- Filing separate design applications with varying scopes and titles.

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**PIANO FACTORY GROUP INC. ET AL
V. SCHIEDMAYER CELESTA GMBH**

**TTAB Administrative Judges Were Constitutionally
Appointed Even Prior to the Modern Trademark Act**

**Katerina Hora
11 F.4th 1363 (Federal Circuit 2021)**

Administrative Law Judges and *Arthrex*

- ***Arthrex***: The Supreme Court held that PTAB Administrative Patent Judges (“APJs”) were unconstitutionally appointed because the Director of the USPTO did not have sufficient supervisory powers over APJs’ *inter partes review* decisions.
- ***APJs vs. ATJs***
 - Similar to APJs, Administrative Trademark Judges (“ATJs”) conduct proceedings with a panel of judges (typically three).
 - Preside over hearings and issue final decisions.

Constitutional Challenge to ATJ Appointment

- TTAB cancelled Piano Factory's registration for "Scheidmayer" because of false association to the Scheidmayer family.
- *Arthrex* decision issued after the TTAB cancelled Piano Factory's registration.
- Piano Factory argued that ATJs were unconstitutionally appointed similar to APJs, and therefore, the TTAB's registration cancellation was invalid.
 - Pointing to 15 U.S.C. § 1092, Piano Factory contends that the Director could not override the TTAB's cancellation of a supplemental mark.
- Federal Circuit did not find this argument persuasive. Section 1092 bears no consequence on Director's authority to rehear TTAB panel decisions.

USPTO Director Authority over ATJ

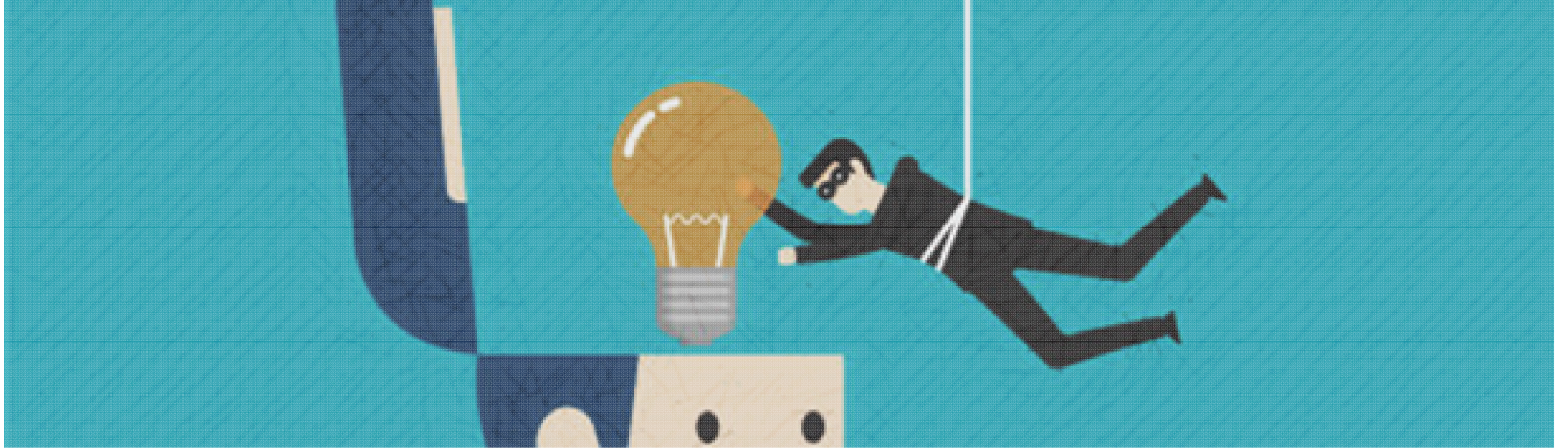
- **Pre-*Arthrex***
 - Director’s supervision includes “the authority to regulate not only the procedures employed by the TTAB, but also the substance of the TTAB’s decision making process.”
- **Supreme Court aligned PTAB with existing trademark statutory scheme**
 - In 2019, no limitation on the composition of TTAB panels and Director had broad authority to control TTAB proceedings.
- **Trademark Modernization Act of 2020**
 - Codified that the Director “may reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board under this section.”
 - Federal Circuit noted that this legislation “confirms that the Director’s authority to review TTAB decisions was the same before the legislation as afterwards.”

Takeaways

- Pre-*Arthrex* ATJ decisions are not invalid in light of the Supreme Court's ruling.
- Trademark Modernization Act removed any doubt as to the status of ATJs.
 - They are inferior officers, subject to the Director's supervision.
 - ATJs were constitutionally appointed.
- Federal Circuit's decision aligns with what is already codified by TMA.
 - Business as usual for ATJs

SRI International Inc., v. Cisco

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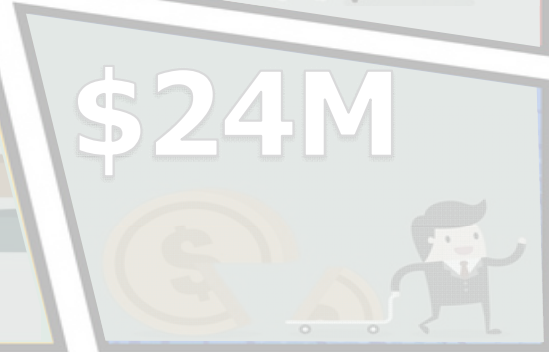


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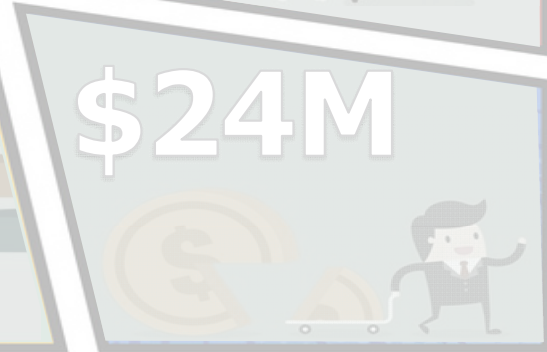
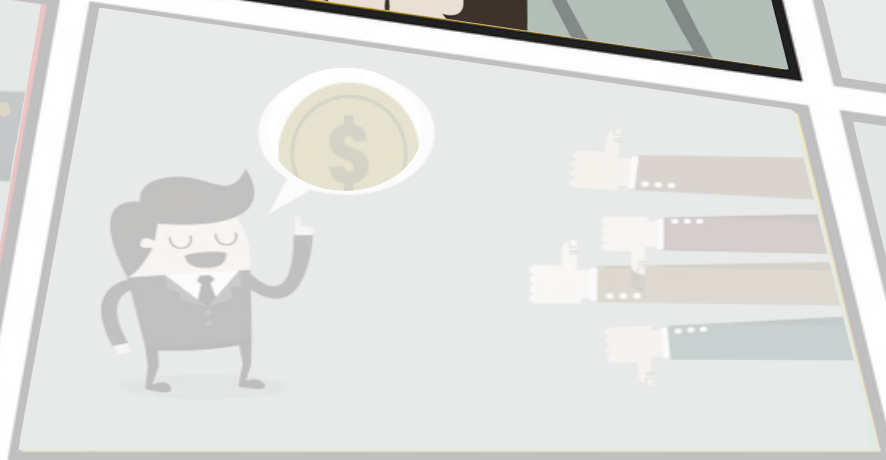
Does Willfulness Alone Warrant Enhanced Damages?



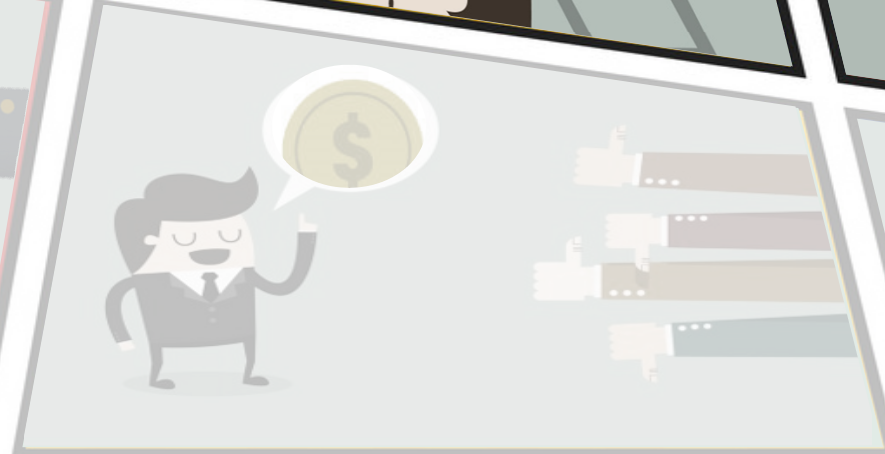
Relevant Background



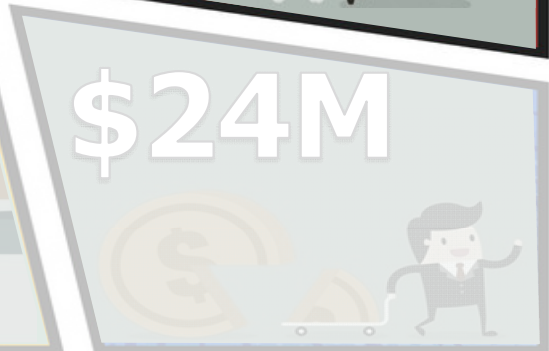
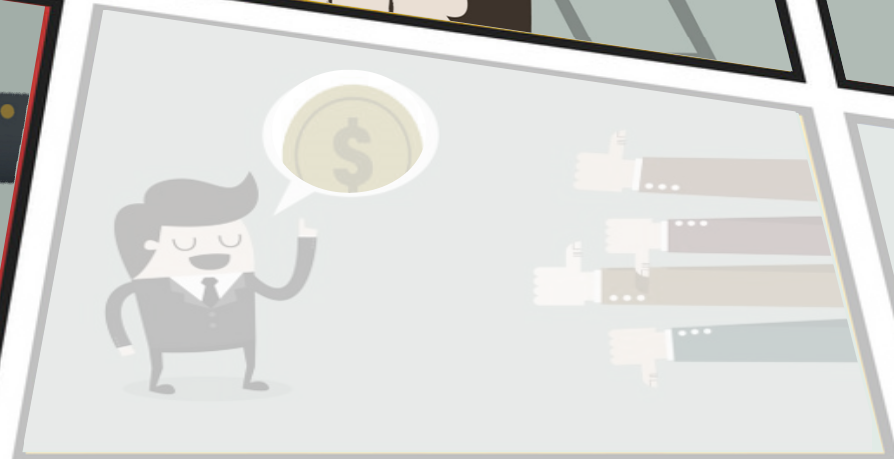
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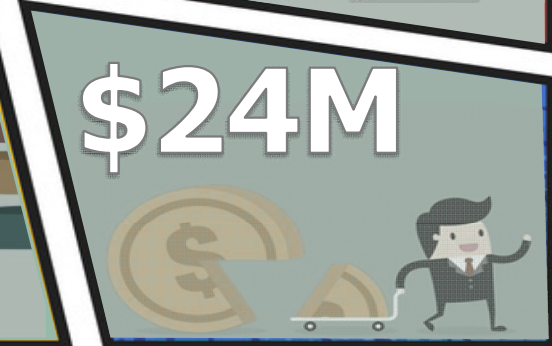
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The Enhanced Damages Award

General Rule

Prevailing parties in “**exceptional**” cases are entitled to attorneys’ fees. 35 U.S.C. § 285.

What Is An Exception Case?



One that stands out from others with respect to the substantive strength of a party’s litigation position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.

Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct. 1749, 1756 (2014)

The Attorney Fee Award

General Rule

Prevailing parties in “**exceptional**” cases are entitled to attorneys’ fees. 35 U.S.C. § 285.

What Is An Exception Case?



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Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct. 1749, 1756 (2014)



“

Cisco's litigation strategies . . . created a substantial amount of work for both SRI and the court, much of which work was needlessly repetitive or irrelevant or frivolous. . .

1

Maintaining 19 different invalidity theories until the eve of the trial, but ultimately only presenting two at trial;

2

Presenting weak non-infringement theories that were contrary to the prior claim construction;

3

Exhaustive summary judgment and sanctions efforts;

4

Over designating deposition testimony for trial; and

5

Pursuing every possible post-verdict defense.

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JUNO THERAPEUTICS V. KITE PHARMA

Written Description for Functional Limitations

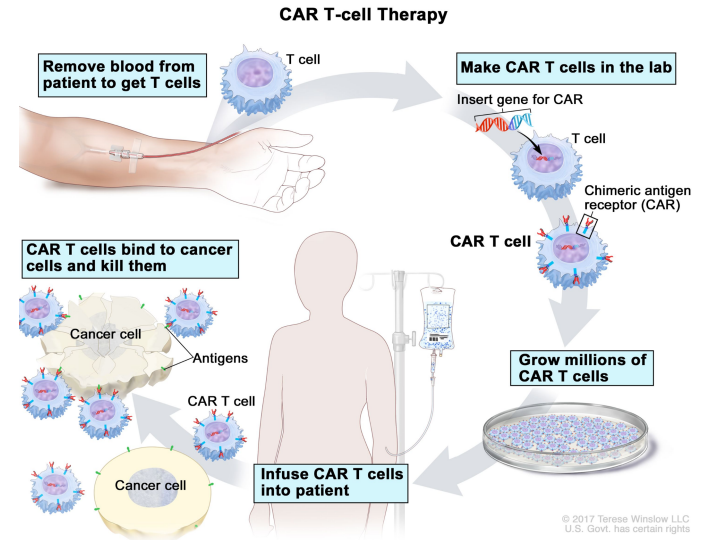
Ka-Lo Yeh
10 F.4th 1330 (Federal Circuit 2021)

Appeal Final Judgement of District Court

- Juno sued Kite, alleging infringement of various claims of US 7,446,190 through the use, sale, offer for sale, or importation of YESCARTA®.
- Juno awarded \$1.2 billion in damages.
- Claims 3, 5, 9, and 11 of '190 patent not invalid for lack of written description.
 - Kite Pharma appealed.



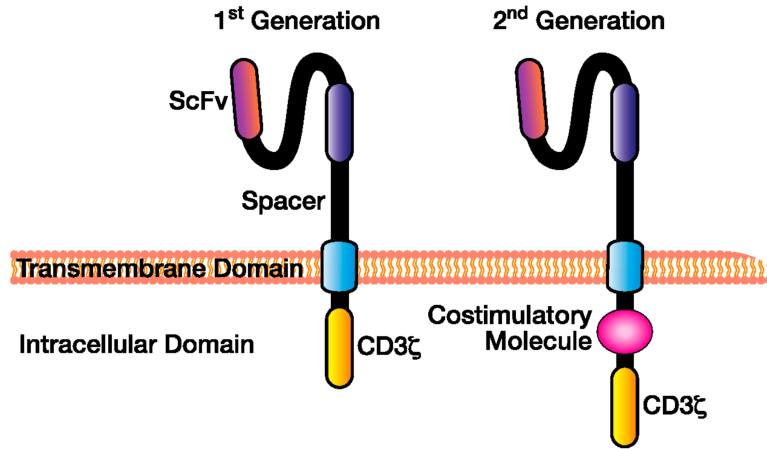
View Information About YESCARTA® For Your Type Of Non-Hodgkin Lymphoma:



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<https://nci-media.cancer.gov/pdq/media/images/774647.jpg>

Asserted Claims in 7,446,190



Adapted from: *Int. J. Mol. Sci.* **2020**, 21(1), 204

1. A nucleic acid polymer encoding a chimeric T cell receptor, said chimeric T cell receptor comprising
 - (a) a zeta chain portion comprising the intracellular domain of human CD3 ζ chain,
 - (b) a costimulatory signaling region, and
 - (c) a binding element that specifically interacts with a selected target, wherein the costimulatory signaling region comprises the amino acid sequence encoded by SEQ ID NO:6.
3. The nucleic acid polymer of claim 2, wherein the antibody is a single chain antibody. (scFv)
5. The nucleic acid polymer of claim 3, wherein the single chain antibody binds to CD19.

Written Description for Known/Prior Art Feature

- **Key issue in dispute:** whether written description for a **known/prior art** feature recited in **functional language** in the claim is satisfied when the specification provides no exemplary amino acid sequence, a shape, or general characteristics that relates to that functional feature.
- **Federal Circuit: No.**

“[t]he test for written description is the same whether the claim is to a novel compound or a novel combination of known elements. The test is the same whether the claim element is essential or auxiliary to the invention.”

The Federal Circuit Opinion

- **Level of detail required to satisfy the written description requirement varies**
 - Depends on the nature and scope of the claims, the complexity, and predictability of the relevant technology.
- **Diversity** of the functional scFv genus, the **unpredictability** of an scFv's binding ability, and in a vast field of possible CD19-specific scFvs, very few of them (at most five) were known as of the priority date
- Insufficient information to show the inventors possessed the claimed genus of functional CD19-specific scFvs as part of their claimed CAR.
 - no details about any CD19- specific scFv (e.g., an exemplary amino acid sequence, a shape, or general characteristics that would allow this target-specific scFv to bind.)

Takeaways

- **Bright line:** the scope of claims (for at least antibodies) is limited to what's expressly disclosed in the specification
- **Implications:** Competitors can benefit by developing species of similar materials (not expressly disclosed in the specification.)
- **Bright line:** Omit functional elements from at least some claims.
 - “(Dr. Brocker testifying that scFvs were “not part of this invention. The real invention was the backbone.”). But the **'190 patent's claims are not limited to just the claimed backbone; they also include the functional scFv for binding the target.**”
- **Bright line:** Don't simply file a single provisional application using a cover page and a copy of an academic publication. (Inventors published their invention in January of 2002, filed a provisional application in May of 2002, and filed the more substantial non-provisional application in May of 2003.)

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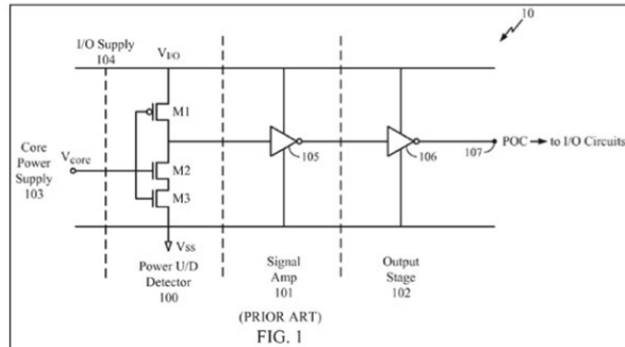
QUALCOMM INCORPORATED V. APPLE INC.

**Applicant Admitted Prior Art May NOT Form the “Basis”
of an IPR Challenge**

Cora Liang
34 F.4th 1367 (Federal Circuit 2022)

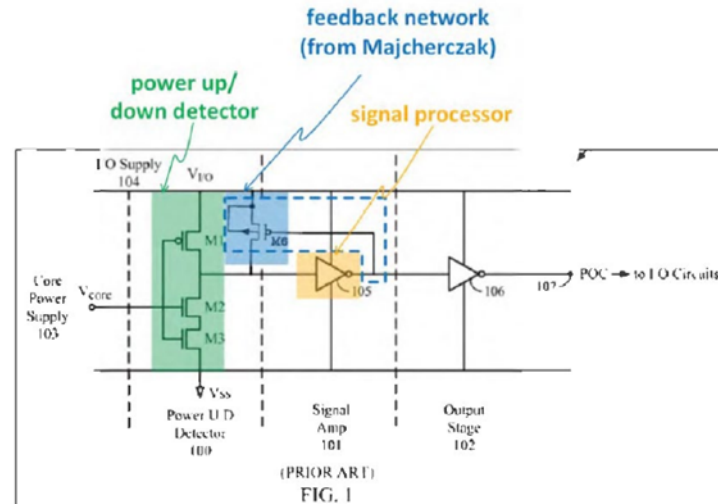
The IPR Proceedings Before PTAB

- Apple filed two IPRs challenging Qualcomm's U.S. Patent No. 8,063,674.
- One of the grounds: the challenged claims are unpatentable based on **applicant admitted prior art (AAPA)** in view of **Majcherczak**
 - Board agrees with Apple.
 - Qualcomm appealed.



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AAPA



AAPA + Majcherczak POR System

AAPA vs. Scope of IPR Petition

- 35 U.S.C. § 311(b): “**SCOPE.**—A petitioner in an **inter partes review** may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and **only on the basis of prior art consisting of patents or printed publications.**”
- **Key issue in dispute:** whether AAPA constitutes “prior art consisting of patents or printed publications” under § 311(b) such that it may form the “basis” of a ground in IPR.
- **Federal Circuit: No.**

The “patents or printed publications” that form the “basis” of a ground for IPR must themselves be prior art to the challenged patent. That conclusion excludes any description of the prior art contained in the challenged patent.

The Federal Circuit Opinion

- **AAPA cannot form “the basis” for an IPR Petition**
 - Consistent with Supreme Court’s and Federal Circuit’s understanding.
 - Aligns with prior judicial interpretations of identical language in a similar statute, 35 U.S.C. § 301(a).
 - No evidence that Congress intended a different meaning.
- **However, AAPA is not categorically excluded from an IPR.**
 - Can rely on AAPA when assessing obviousness.
 - Use of AAPA is not inconsistent with Congress’s intention to create this proceeding (*i.e.*, avoiding some of the more challenging types of prior art, such as commercial user and public use).
- **Remand to determine whether AAPA improperly formed “the basis” of Apple’s challenge.**

Takeaways

- **Bright line:** applicant admitted prior art (AAPA) may not form “the basis” for an IPR Petition—should never use a ground that relies only on AAPA.
- **Bright line:** feel free to rely on AAPA when assessing whether that patent's claims would have been obvious, *e.g.*, motivation to combine.
- **Be careful:** when using AAPA to supply missing claim limitation(s).
 - The Director issued the Guidance on August 18, 2020, after the Board’s final written decisions in this case:
 - AAPA does not fall within “prior art consisting of patents or printed publications.”
 - *Use of AAPA is permitted in IPR as evidence of the general knowledge of a skilled artisan, which includes supplying a missing claim limitation or supporting a motivation to combine.*
 - How much use constitutes “the basis” for an IPR Petition?
 - Unclear but appears to be the less the safer.
 - If something is described in AAPA, you should pretty much always be able to find a reference.
 - Ultimately a balance.

Biography



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Serving as the leader of the firm's semiconductor practice and as a member of the firm's fintech and technology industry teams, Andrew J. Gray IV concentrates his practice on intellectual property litigation and prosecution and on strategic IP counseling. Andrew advises both established companies and startups on AI, machine learning, Blockchain, cryptocurrency, computer, and Internet law issues, financing and transactional matters that involve technology firms, and the sale and licensing of technology. He represents clients in patent, trademark, copyright, and trade secret cases before state and federal trial and appellate courts throughout the United States, before the US Patent and Trademark Office's Patent Trial and Appeal Board, and before the US International Trade Commission.

Biography



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Julie S. Goldemberg represents clients in patent, trademark, trade secret, and other intellectual property matters. Building on her background in electrical engineering, she has experience litigating traditional patent infringement cases, Hatch-Waxman cases, and trade secret misappropriation cases in US federal district courts and state courts and at the US International Trade Commission at all stages, from the time of filing the complaint to the completion of appeals at the US Supreme Court. Prior to joining the firm, Julie clerked for Chief Judge Sharon Prost of the US Court of Appeals for the Federal Circuit.

Biography



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With an academic background in engineering physics and years of experience working in the software industry, Theodore Rand focuses on patent prosecution and related patent matters. He advises on hardware- and software-related innovations, from mobile technology to the Internet of Things (IoT) to quantum computing. Theodore's experience working in the tech industry helps him understand the code that drives clients' innovations and provide perspective on how technology intersects with the law.

Biography



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Jianbai "Jenn" Wang, Ph.D., has technology development and patent law experience in many hardware and software fields. Jenn has prosecuted patents covering the areas of microelectronic fabrication, digital and analog circuit design, microcontrollers, signal processing, sensors and actuators, memory systems, computer architecture, image processing, data visualization, software applications, and artificial intelligence. Jenn has also worked on a number of IP due diligence projects involving complex technology. She is fluent in Chinese and English.

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With an academic background in biochemistry and years of experience working in the software industry, Marta Rocha focuses on technology litigation and patent prosecution. Her practice involves the fields of intellectual property, cybersecurity, and privacy. She advises on a wide variety of areas including mobile technology, machine learning, IoT, quantum computing, image processing, chemistry, and biochemistry.

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Matthew M. Walker brings a diverse technical background and in-house perspective to his legal practice. This enables Matthew to bring depth and perspective to a practice that includes counseling clients on patent strategy, preparation, and prosecution across a variety of technical fields and jurisdictions. He routinely works with cutting-edge innovations in computer hardware and software, machine learning, semiconductors, superconductors, and biomedical devices.

Biography



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Peter Byrne advises clients on intellectual property (IP) matters, with a focus on trademark and copyright issues. Peter helps clients select, secure, and enforce trademark rights in the United States and abroad. He also advises clients on IP issues in connection with mergers, acquisitions, and licensing transactions. Peter has litigated IP matters in federal court and before the Trademark Trial and Appeal Board.

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Drawing on 18 years of R&D experience in the technology industry and a background in computer science and engineering, Kannan Narayanan works with clients to build strong patent portfolios, preparing and prosecuting US and foreign patents, performing patent due diligence, and providing non-infringement and invalidity opinions and freedom to operate in a variety of technology areas, including artificial intelligence (AI), natural language processing, data visualization, computer architecture, robotic process automation, genetic programming, cloud computing, social networking, wireless power transmission, fraud detection, semiconductor device manufacturing, computer networking, additive manufacturing, image processing, medical and healthcare related technologies, and consumer products.

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Vishal Parikh advises on all aspects of intellectual property law, including patent prosecution and litigation. Vishal has experience prosecuting and obtaining both US and foreign patents in medical technologies, mechanical arts, electronics, military equipment, sporting equipment, smart devices, consumer products, and software. Vishal counsels clients on managing their patent portfolios and matters related to due diligence, patent challenges, and merger and acquisition agreements. Vishal also has experience representing clients in disputes involving patent infringement, enforceability, and validity, before US district courts, and the US Patent Trial and Appeal Board. He is admitted in Pennsylvania, New York, and Massachusetts only, and his practice is supervised by CA Bar members.

Biography



Katerina Hora focuses her practice on intellectual property litigation. She advises on litigation matters involving utility and design patents, as well as trademarks and copyrights. She has experience assisting in cases in the US district courts and US International Trade Commission. Katerina also contributes in patent trials before the Patent Trial and Appeal Board (PTAB), including inter partes review proceedings.

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Biography



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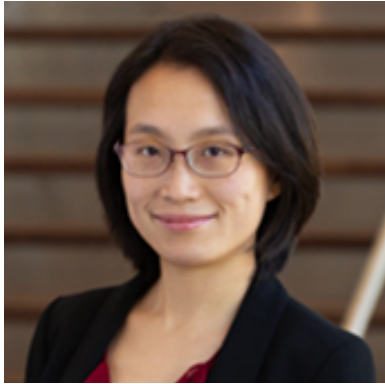
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Ehsun Forghany is a trial lawyer specializing in patent, copyright, trade secret, and related intellectual property (IP) disputes. A former prosecutor, Ehsun has tried more than twenty cases to verdict and argued well over fifty case-dispositive motions in both state and federal court. Since joining Morgan Lewis, Ehsun has leveraged his trial experience to secure multimillion-dollar verdicts for his clients and defend those verdicts on appeal, including a \$3 million verdict in the District of Delaware, a \$124 million verdict in the District of Nevada, and a \$268 million verdict in the Central District of California. Ehsun also represents clients in high-stakes IP disputes before the US International Trade Commission, helping obtain (and defend against) exclusion orders barring the importation of products into the United States.

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Ka-Lo Yeh assists clients in protecting their intellectual property and focuses on patent prosecution. She has drafted and prosecuted patent applications in a variety of technological fields including optics, physics, semiconductor devices, mass spectrometry, inkjet printing, 3D printing, photovoltaics, medical devices, and computer science. Ka-Lo is fluent in Mandarin, Cantonese, and German.

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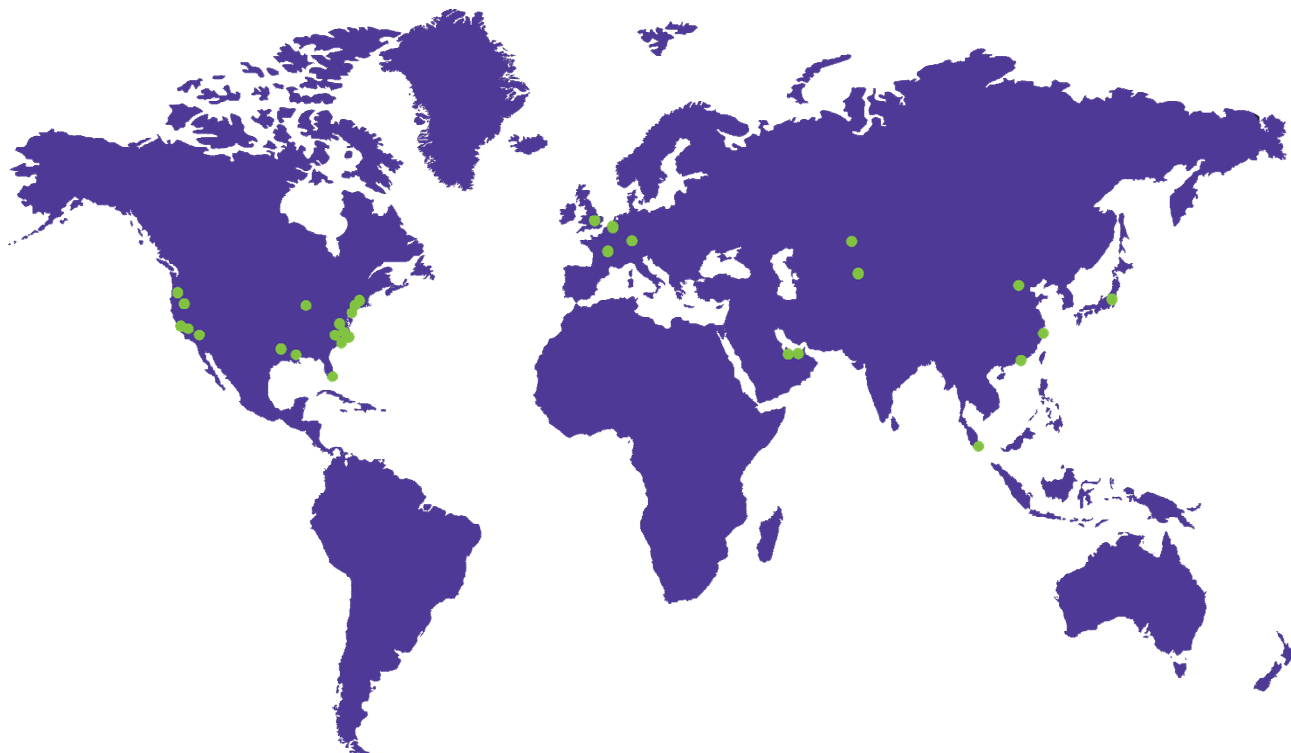
Qian (Cora) Liang focuses her practice on patent prosecution and patent litigation, with experience in matters before the US International Trade Commission. Drawing on her technical background in opto-electronic information engineering and electrical engineering, Cora helps guide clients in the IT software and services, social media advertising, computer hardware and software, and telecommunication and networking fields. She also has experience with image processing, image rendering, and computer vision, and has previously published thought leadership on related areas for the *Journal of Microscopy* and the Society of Photo-Optical Instrumentation Engineers.

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