2021 Patent Landscape

Year in Review

Chicago Bar Association

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Agenda

- Supreme Court
- Federal Circuit
  - PTAB Developments
  - Pleadings, Jurisdiction, and Standing
  - Venue
  - Patent Principles
    - Section 101
    - Estoppel and Laches
    - Invalidity
    - Design Patent Law
  - Contracts and Transactions
- Looking Forward

2021 Supreme Court Patent Cases

- Two Supreme Court Patent Cases
  - *U.S. v. Arthrex, Inc.*
    - 141 S. Ct. 1970 (2021)
    - PTAB Constitutionality and Director Review
  - *Minerva Surgical, Inc. v. Hologic, Inc., et al.*
    - 141 S. Ct. 2298 (2021)
    - Limits of Assignor Estoppel

2021 Supreme Court – Arthrex

- Background
  - Smith & Nephew challenged Arthrex's knotless-stitch surgical device
  - PTAB ruled the claims invalid as anticipated
  - Arthrex appealed
    - APJs violate the Constitution's Appointments Clause
    - the entire PTAB structure should be disbanded
  - The Federal Circuit tried to "fix" the improper "principal" nature of APJs by stripping APJs of their tenure protections
- S. Ct. Held:
  - Unreviewable nature of APJs decisions is improper
  - Solution: Patent Director can review APJ decisions
- PTAB follow-up:
  - IPR Parties can petition for Director review
  - Director can sua sponte review
  - *See* https://www.uspto.gov/patents/patent-trial-and-appeal-board/procedures/arthrex-qas

2021 Supreme Court – Minerva v Hologic

- Background
  - Inventor of uterine bleeding treatment device assigned all present and future rights to Novacept, which Hologic acquired; inventor left and founded Minerva and made an “improved” device.
  - In a continuation, Hologic obtains claims with broad coverage and asserts same against Minerva
  - D. Ct. held Assignor Estoppel applied; Fed. Cir. affirmed.
- S. Ct. Held
  - Assignor estoppel is an equitable doctrine
  - Should only apply where the assignor made explicit or implicit representations contrary to the invalidity assertions. Examples where it might not apply:
    - Assignment occurs before inventor could rep/warrant claim validity
    - After-arising legal developments
    - Claims are changed after assignment in ways that are material to the warranty

2021 Federal Circuit Cases

- PTAB/PTO Procedure
- Pleadings, Jurisdiction, and Standing
- Venue
- Fundamental Patent Principles
  - Section 101
  - Estoppel and Laches
  - Invalidity
  - Design Patent Law
- Contracts and Transactions

2021 Fed. Cir. Cases — PTAB Procedure

- Federal Circuit PTAB/PTO Procedure Cases
  - *M & K Holdings v Samsung Elec.*, 985 F.3rd 1376 (Fed. Cir. Feb. 2021)
    - Sua sponte anticipation finding not allowed when only obviousness is argued
  - *Qualcomm Inc. v Intel Corp.*, 6 F.4th 1256 (Fed. Cir. July 2021)
    - Sua sponte construction of non-contested terms must allow for feedback
  - *Mylan Labs. v. Janssen Pharma.*, 989 F.3rd 1375 (Fed. Cir. March 2021)
    - Mandamus review of IPR institution denial is "difficult to imagine"
  - *Chudik v Hirschfeld*, 987 F.3rd 1033 (Fed. Cir. Feb. 2021)
    - No PTA for notices of appeal if it results in prosecution reopening
  - (*See also Arthrex* (S.Ct.) re: PTAB Director review)

2021 Fed. Cir. Cases — PTAB Procedure

- *M & K Holdings v Samsung Elec.*
  - Samsung filed IPR arguing 102 and 103 for claims 1 and 2 but only argued 103 obviousness for claim 3; PTAB found all three claims anticipated under 102
  - APA requires notice of the "matters of fact and law asserted" and an opportunity to respond
  - M&K's first notice of this invalidity theory was in the PTAB final order
  - Without notice, M&K was deprived of a chance to counter the basis of the finding
- *Qualcomm Inc. v Intel Corp.*
  - Intel filed 6 IPRs against Qualcomm patents
  - The parties agreed on certain claim term meanings; but the PTAB went in a different direction
  - Again, APA found to have been violated
  - *See also Oren Tech v. Proppant* (2021 WL 3120819, July 23, 2021) (new 103 ground)

2021 Fed. Cir. Cases — PTAB Procedure

- *Mylan Labs. v. Janssen Pharma.*
  - Mylan brought IPR Petition, PTAB denied institution because patents already deep into litigation against other parties
  - PTAB denied Mylan's IPR Petition
  - On appeal, Mylan argued that the denial was a due process violation
  - Fed. Cir. found they had no appellate jurisdiction because 35 USC 314 clearly states decisions to institute are "final and nonappealable"
  - Although mandamus jurisdiction exists, "difficult to imagine" a right to relief
- *Chudik v Hirschfeld*
  - Dr. Chudik's patent issued 11.5 years after filing. Received a patent term adjustment (PTA) of 2066 days (5 years, 8 months)
  - Dr. Chudik argued for 650 more days due to the time various notices of appeal were pending
  - Because Board never took possession of the case, no right to appellate delay days

2021 Fed. Cir. Cases — Pleadings, Jurisdiction, and Standing

- *Bot M8 LLC v Sony Corp.*, 4 F.4th 1342 (Fed. Cir. July 2021)
  - Pleadings: element-by-element infringement pleading not required
- *Trimble Inc. v. PerDiemCo LLC*, 997 F.3d 1147 (Fed. Cir. May 2021)
  - PJ: Pestering someone about potential infringement 22x = jurisdiction
- *Apple Inc. v. Qualcomm Inc.*, 992 F.3d 1378 (Fed. Cir. Apr. 2021)
  - Standing: dismissal of D. Ct. proceedings can remove IPR appeal standing
- *Chandler v. Phoenix Svcs.*, 1 F.4th 1013 (Fed. Cir. June 2021)
  - SMJ: Sherman Act claims do not arise under patent law; no CAFC jurisdiction

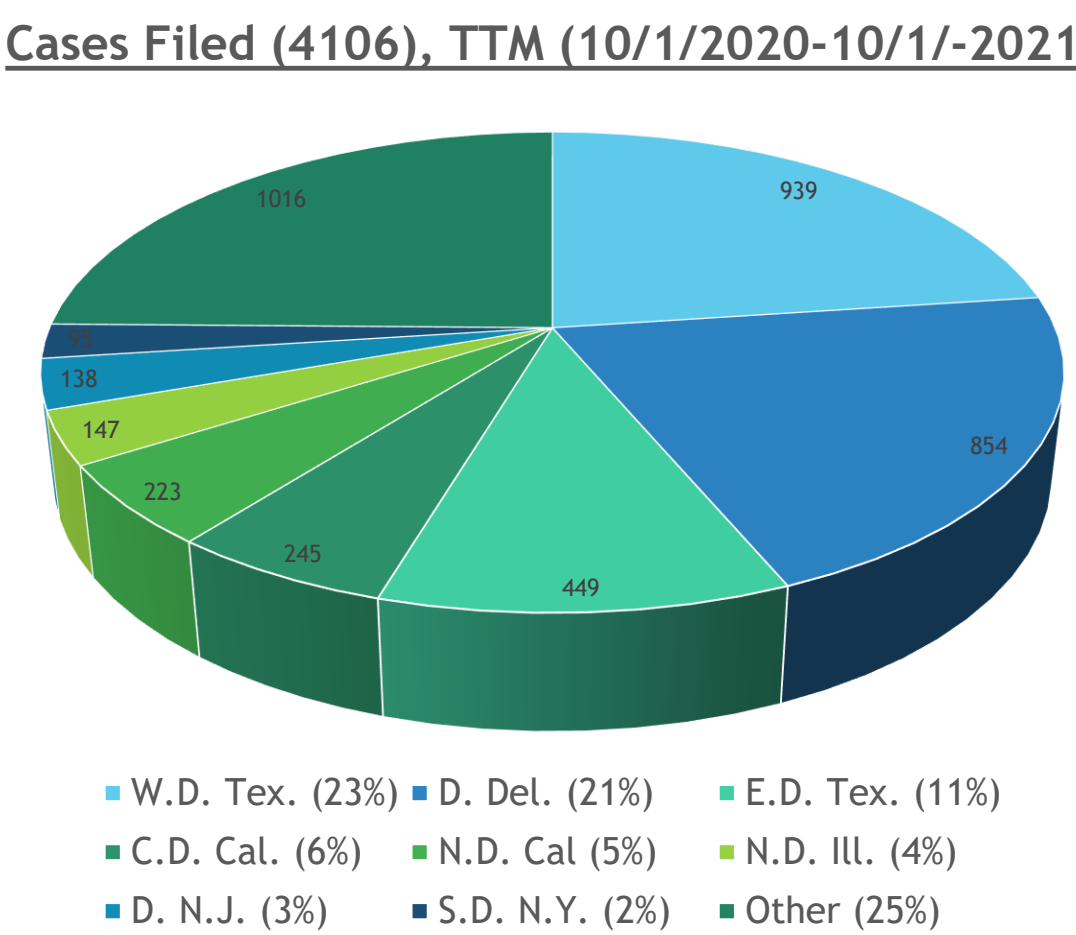
2021 Fed. Cir. Cases — Pleadings and Personal Jurisdiction

- *Bot M8 LLC v Sony Corp.* (pleading standard)
  - D. Ct. sua sponte demanded amended complaint with element-by-element allegations; later dismissed complaint for lack of diligence
  - Fed. Cir. affirmed dismissal of some claims (contradictory facts, conclusory language)
  - Fed. Cir. reversed dismissal of claims supported by specific, factual allegations
- *Trimble Inc. v. PerDiemCo LLC* (personal jurisdiction)
  - PDC alleged infringement by Trimble for months, through nearly 2 dozen communications
  - Trimble brought DJ action in its home court, in ND Cal.; dismissed for lack of PJ
  - Fed. Cir. reversed, citing various post-*Red Wing* developments in support
- *See also Raytheon, 983 F.3d 1334* (in Invalidity, below)

2021 Fed. Cir. Cases — Standing and Jurisdiction before the Fed. Cir.

- *Apple Inc. v. Qualcomm Inc.* (standing before Fed. Cir.)
  - Apple sought Fed. Cir. review of two IPRs finding no obviousness
  - Qcomm/Apple settled all associated litigation shortly before Apple's appeal
  - Fed. Cir. found no continuing Article III standing
  - Different from *MedImmune v. Genentech* (pay under protest DJ standing)
- *Chandler v. Phoenix Svcs.* (subject matter jurisdiction before Fed. Cir.)
  - Fed. Cir. jurisdiction extends to actions … "relating to patents" 28 USC 1295
  - But "relates to" is narrowly tailored
  - Does not include *Walker Process* antitrust claims, especially if the patent is not "live"

2021 Fed. Cir. Cases — Venue



2021 Fed. Cir. Cases — Venue

- *29 Venue-related Cases in last 12 months*
  - 4 were non-W.D. Tex. cases; all were affirmed, at least in part
  - 25 were W.D. Texas cases
    - 12 venue-related decisions were affirmed
      - Typical affirmations were for large corporations with a physical presence (e.g., Apple, Google, Intel), and multiple decisions were only grudgingly affirmed
        - *In re: Apple Inc.* (Fed. Cir. No. 21-147): WD Tx affirmed*
        - *In re: Western Digital Techs.* (Fed. Cir. No. 21-137): WD Tx affirmed*
      - At least 3 of these related to whether substantive efforts in the case should be stayed while the venue issue remained pending
        - *In re: Volkswagen Group* (Fed. Cir. No. 21-149): WD Tx writ denied (motion was still pending)
        - *In re: Bose Corp.* (Fed. Cir. No. 21-145): WD Tx writ denied (motion was still pending)
    - 13 venue-related decisions were reversed
      - *In re Apple Inc.*, 979 F.3d 1332 (Fed. Cir. Nov. 2020): WD Tx reversed (several errors)
      - *In re: TracFone Wireless* (Fed. Cir. No. 21-118, 21-136): WD Tx reversed (after delay)

2021 Fed. Cir. Cases — Legal Principles

- Patent Principles
  - Section 101
  - Estoppel, Laches, etc.
  - Invalidity
  - Design Patent Law

2021 Fed. Cir. Cases — Section 101

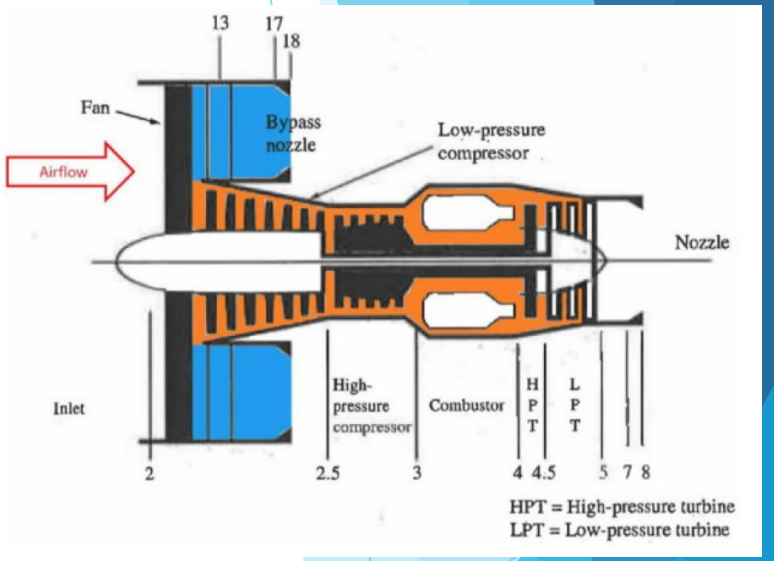
- *In re Board of Trustees of [Stanford] University*, 991 F.3d 1245 (Fed. Cir. Mar. 2021)
  - PTO/PTAB rejected patent application for haplotype phasing techniques to genetically tailor treatments, ruling the claims to be merely directed to abstract mathematical calculations and statistical modeling
  - Fed. Cir. affirmed 101 ineligibility and the PTAB's 2-step *Alice* analysis
    - Receiving data, doing calculations using the data, and storing and providing results is "routine"
    - Claims directed to treatments lacked specific patients, compounds, doses, or resulting outcomes
- *In re Board of Trustees of [Stanford] University*, 989 F.3d 1367 (Fed. Cir. Mar. 2021) (same)
- *Yu v. Samsung Electronics Co.*, 1 F.4th 1040 (Fed. Cir. June 2021)
  - Rule 12(b)(6) motion to dismiss multi-lens patent due to patent ineligibility under 101 affirmed
  - *Alice* Step 1: abstract idea; *Alice* Step 2: no transformative inventive concept
- *Personal Web Techs. LLC v. Google LLC*, 8 F.4th 1310 (Fed. Cir. Aug. 2021)
  - Rule 12(c) judgment on the pleadings of ineligible subject matter under 35 USC 101 affirmed
  - Generating, comparing, and managing data using content-based identifiers = abstract

2021 Fed. Cir. Cases — Estoppel, etc.

- *Hyatt v. Hirshfeld*, 998 F.3d 1347 (Fed. Cir. June 2021)
  - 35 USC 145 claim against PTO/PTAB – PTO can assert prosecution laches defense
- *Uniloc 2017 LLC v. Facebook Inc.*, 989 F.3d 1018 (Fed. Cir. Mar. 2021)
  - Apple/FB IPR → FB/LG IPR. Only one bite at the Apple. Or is there?
- *SynQor, Inc. v. Vicor Corp.*, 988 F.3d 1341 (Fed. Cir. Feb. 2021)
  - Common law issue preclusion can apply to IPR proceedings
- *In re Google Tech. Holdings LLC*, 980 F.3d 858 (Fed. Cir. Nov. 2020)
  - One will forfeit (not waive) arguments not made to PTAB when appealing rejections
- (*See also Minerva v. Hologic* (S.Ct.))

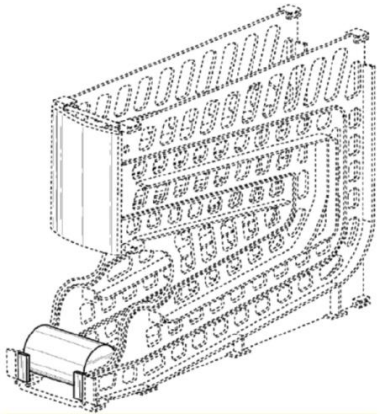
2021 Fed. Cir. Cases —Invalidity

- *Chemours Co. v. Daikin Indus.*, 4 F.4th 1370 (Fed. Cir. July 2021)
  - Teaching away via secondary characteristics; commercial success
- *Raytheon Techs. v. General Electric*, 983 F.3d 1334 (Fed. Cir. Dec. 2020)
  - Teaching away requires more than a general preference for an alternative
  - "potential infringement liability" can be enough for Fed. Cir. standing
- *Raytheon Techs. v. General Electric*, 993 F.3d 1374 (Fed. Cir. April 2021)
  - Prior art was not enabling because its "futuristic turbine engine" relied on "nonexistent composite materials"
- *Amgen Inc. v. Sanofi*, 987 F.3d 1080 (Fed. Cir. Feb. 2021)
  - Undue experimentation = no enablement



2021 Fed. Cir. Cases — Design Patents

- *Campbell Soup Co. v. Gamon Plus, Inc.*, 10 F.4th 1268 (Fed. Cir. Aug. 2021) (*Campbell Soup II*)
- First, *Campbell Soup Co. v. Gamon Plus, Inc.*, 939 F.3d 1335 (Fed. Cir. 2019) (*Campbell Soup I*):



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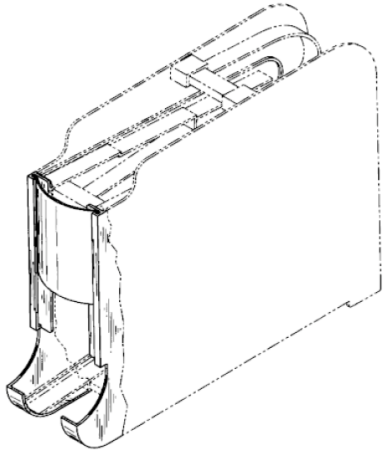
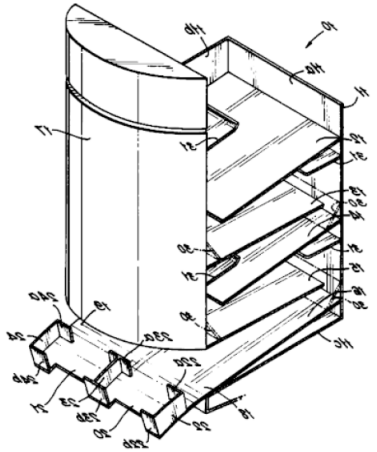
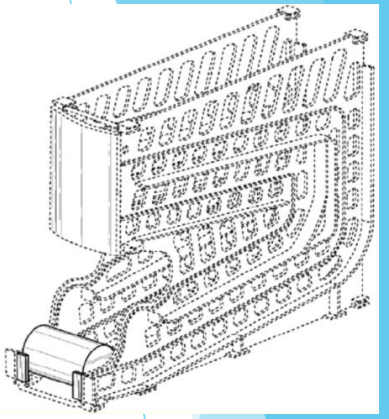
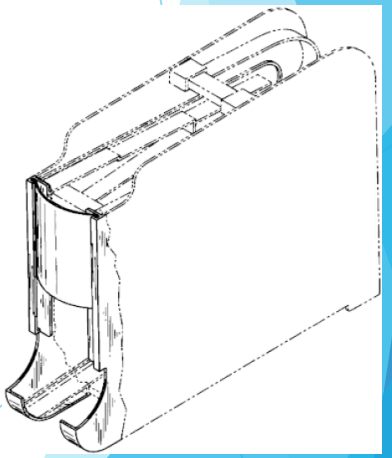




2021 Fed. Cir. Cases — Design Patents

- *Campbell Soup II*
  - PTAB again found no obviousness; this the PTAB relied on objective indicia of non-obviousness:
    - Commercial success (via Gamon's sales to Campbell)
    - Campbell's praise of (and commercial success using) Gamon's product
    - Campbell's copying of the device
    - Finally, the PTAB found a nexus between the above indicia and the claimed design
  - Fed. Cir. reversed for no nexus between the indicia and claimed design
    - Claimed design is NOT coextensive, so no presumption of nexus
    - The PTAB's objective indicia are not the "direct result of the unique characteristics of the claimed invention"





2021 Fed. Cir. Cases — Contracts and Transactions

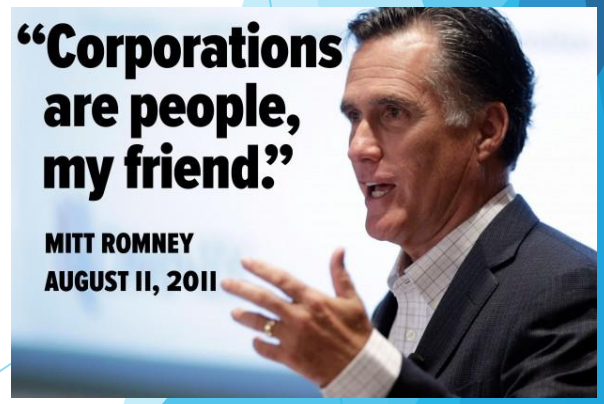
- *Omni MedSci, Inc. v. Apple Inc..*, 7 F.4th 1148 (Fed. Cir. 2021)
  - Standing: "Shall be owned/transferred" = intent, not automatic transfer
- *Whitewater West Indus. v. Alleshouse*, 981 F.3d 1045 (Fed. Cir. 2020)
  - California Code prevents Whitewater from enforcing Alleshouse to assign to them post-departure patent applications, thus agreement invalid
  - Employers can't impair post-employment liberties of former employees
- *Bio-Rad Labs. v. ITC*, 966 F.3d 1302 (Fed. Cir. Apr. 2021)
  - Two inventors left Bio-Rad, founded 10X Genomics, and filed patent apps
  - Contractually obligated to assign all rights that arose during employment
  - CAFC found, however, that Bio-Rad only showed the inventors were in possession of "ideas" at too high a level of generality regarding a known issue

2021 Patent Law — Looking Forward

- The article of manufacture patentability requirement in design patent law
  - "Request for Information: The Article of Manufacture Requirement"
    - (Fed. Reg. Notice: 85 FR 83063; Dkt: PTO-C-2020-0068)
    - From Dec. 2020 through Feb. 2021, PTO took comments on this issue
  - Primarily directed to "AoM" applicability to GUI designs; but also opened up the question more generally
    - 19 comment submissions, from law professor groups (2); attorney organizations (4: IPO, AIPLA, INTA, and FICPI); tech-industry associations (3: CCIA, EFF, and Engine); companies (3: LKQ, Volvo, and Apple); law firms and attorneys (6); and an individual inventor (1). Most took the position that "digital imagery" should be a patentable AoM
    - Three comments addressed AoM more broadly. Two comments (one from six design law professors, one by LKQ Corp.) advocated for a reinvigorated AoM requirement, reversing its erosion over the past 4 decades (e.g., since In re Zahn, 617 F.2d 261 (C.C.P.A. 1980), authorized patents on design "fragments" and incomplete articles of manufacture)
    - The other broad comment (by a patent attorney) advocated for the complete removal of AoM as a condition for design patent eligibility and an untethering of designs from a specific article or application

2021 Patent Law — Looking Forward

- Artificial Intelligence as Inventors?
  - "Request for Comments on Intellectual Property Protection for Artificial Intelligence Innovation" (Fed. Reg. Notice: 84 FR 58141; Dkt: PTO-C-2019-0038)
    - During the last two months of 2019, PTO took comments on this issue
  - *Thaler v. Hirshfeld*, 2021 WL 3934803 (E.D. Va. Sept. 2021)
    - Thaler: APA claim that PTO acted in an "arbitrary and capricious" manner "not in accordance with the law" in denying an application for an "AI-generated" invention
    - Fed. Cir. has previously held that only "natural persons" can be inventors (and states and corporations are ***not*** "natural persons")
    - The D. Court found, even without *Skidmore* deference, the USPTO conclusion is correct because the statutory language is clear
    - The case was recently appealed to the Fed. Cir. (by Mr. Thaler, not his AI, DABUS)



Questions?

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