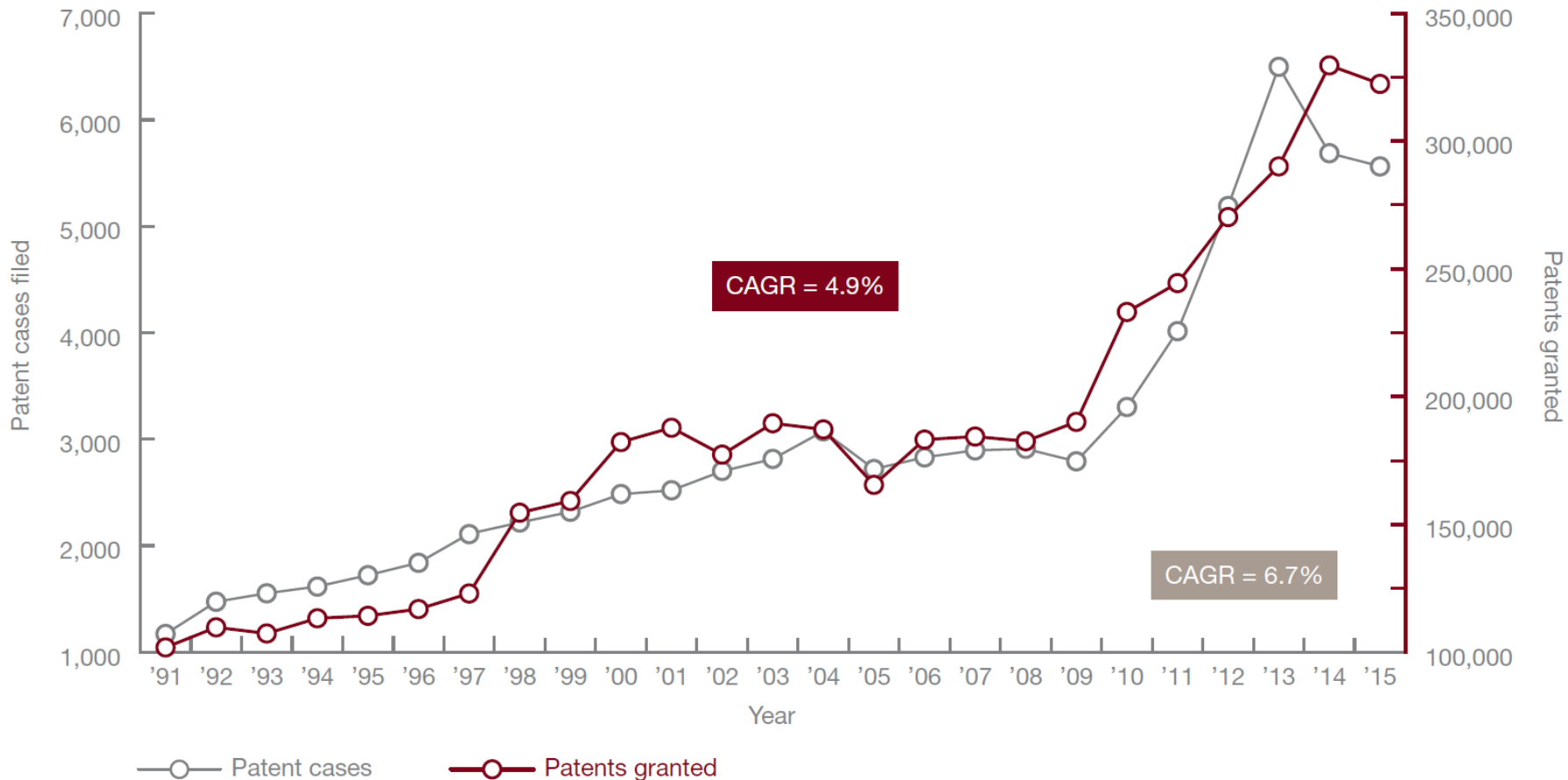


PATENT LAW YEAR IN REVIEW

Griffin C. Klema

April 6, 2017



Years are based on September year-end.

Sources: *Performance & Accountability Report* (USPTO) and *Judicial Facts and Figures* (US Courts)

AGENDA

Supreme Court Decisions

Federal Circuit Decisions

PTAB Precedential Decisions

PTAB Rule Changes

Watchlist

COVERAGE

- ▶ U.S., April 2016 to March 2017
- ▶ Topics not covered today
 - Estoppel
 - ▶ *Shaw v. Automated Creel*,
 - ▶ *Aylus Networks v. Apple*, 13-cv-04700 (N.D. Cal.)
 - PTO rule change – claim construction
 - ▶ amends 37 CFR 42.100(b), 42.200(b), and 42.300(b)
 - PTO rule change – duty of disclosure
 - ▶ *Ohio Willow Wood Co. v. Alps South, LLC*
 - ▶ 37 C.F.R. §§ 1.56 and 1.555

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U.S. SUPREME COURT DECISIONS

- ▶ *SCA Hygiene v. First Quality*
- ▶ *Life Tech. v. Promega*
- ▶ *Samsung v. Apple*
- ▶ *Cuozzo Speed v. Lee*
- ▶ *Halo v. Pulse*



SCA HYGIENE v. FIRST QUALITY

- ▶ Is 35 U.S.C § 286 a statute of limitations?
- ▶ Equitable defense of laches not viable against legal claims (e.g. damages)
- ▶ Scope: FN 2
- ▶ Practice Relevance: laches still viable for any equitable claims; equitable estoppel?



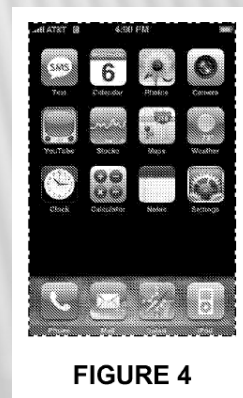
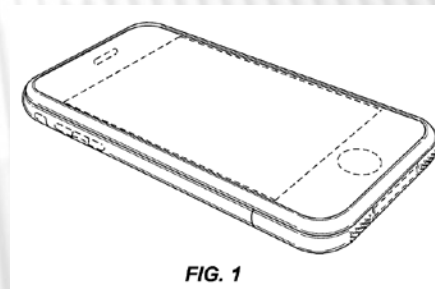
LIFE TECH. v. PROMEGA

- ▶ 35 U.S.C § 271(f)(1)
- ▶ “substantial”
 - quantitative measure
 - legal Q, not factual Q
- ▶ Bright line rule: “substantial portion” > 1 component
- ▶ Question: Substantial > 50%?
- ▶ Practice Relevance: Clients shipping products abroad; clearance analysis, license re-drafting



SAMSUNG v. APPLE

- ▶ What constitutes an “article of manufacture”?
- ▶ “Article” can be a component; not necessarily the final product
- ▶ SCOTUS offered no test (not briefed)
- ▶ U.S. (amicus) 4-part test:
 - Patent specification
 - Relative prominence
 - Conceptually distinct
 - Separable
- ▶ Practice Relevance: Design patents remain viable, but value possibly diminished



CUOZZO SPEED v. LEE

- ▶ (1) PTAB claim construction +
(2) IPR institution under § 314(d)
- ▶ PTAB's use of "broadest reasonable interpretation" for claims
 - *Chevron* deference to PTAB because statute silent
 - IPR ≠ litigation
- ▶ IPR institution decision not reviewable on appeal: clear statutory mandate
- ▶ Limited scope?
- ▶ Practice Relevance: Explore other grounds to oppose IPR institution decision (e.g. constitutional arguments, other statutory sections)

Nevertheless, in light of §314(d)'s own text and the presumption favoring review, we emphasize that our interpretation applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate inter partes review. See §314(d) (barring appeals of "determinations . . . to initiate an inter partes review under this section" (emphasis added)). This means that we need not, and do not, decide the precise effect of §314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond "this section." Cf. *Johnson*

HALO v. PULSE

- ▶ § 284 treble damages
- ▶ Seagate? **Gone!**
- ▶ Scope: “generally reserved for egregious cases”
- ▶ Subjective (rather than objective) standard
- ▶ Back to baseline:
 - Preponderance of evidence
 - Abuse of discretion
- ▶ Practice Relevance: Discovery and motion practice reflecting key terms



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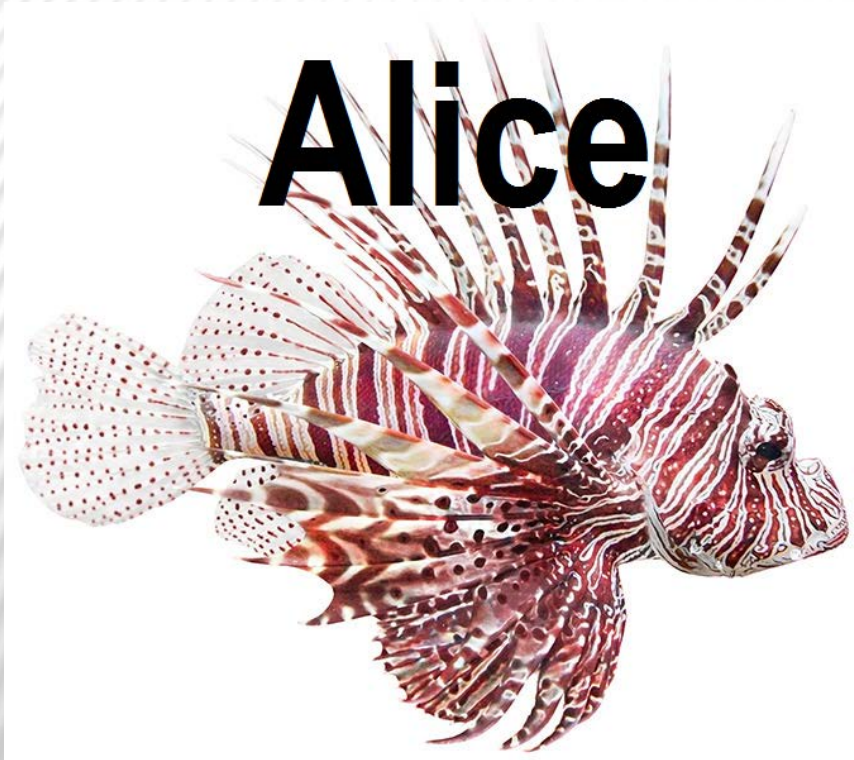
Watchlist

U.S. FEDERAL CIRCUIT DECISIONS

- ▶ *Enfish v. Microsoft*
- ▶ *Bascom Global v. AT&T*
- ▶ *In Re Magnum Oil Tool Int'l, Ltd.*
- ▶ *In re Aqua Products*
- ▶ *Amgen v. Apotex*



ALICE, MEET ENFISH



ENFISH v. MICROSOFT

- ▶ A new § 101 ray of hope!
- ▶ “claims directed to software [are not] inherently abstract . . . [s]oftware can make non-abstract improvements to computer technology just as hardware [] can”
- ▶ Advancements in computer tech = “improvements to software . . . defined by logical structures and processes”
- ▶ Q: when is a logical structure irreducible to a formula?
- ▶ Characterizes software as “large field”
- ▶ Survives Alice step-1

ENFISH v. MICROSOFT

- ▶ *Alice* refinements:
 - “whether the claims are directed to an improvement to computer functionality”
 - *Alice* = (1) conventional computer components + (2) well known business practices
- ▶ Practice Relevance: claim and specification drafting in software:
 - Define the improvement? “Disparage” conventional software?
 - Increased flexibility
 - Faster search times
 - Smaller memory requirements
 - NOT a formula/equation

BASCOM GLOBAL v. AT&T

- ▶ Another §101 ray of hope!
- ▶ Scope: Rule 12(b)(6) motion
- ▶ Loses Alice step-1
- ▶ Wins Alice step-2
- ▶ “the claims . . . recite a specific, discrete implementation of the abstract idea of filtering content”
- ▶ “describes how its particular arrangement of elements is a technical improvement”



BASCOM GLOBAL v. AT&T

- ▶ Practice Relevance: claim and specification drafting in software or business methods
 - Define existing problem(s)
 - Specify reasonable scope (*Content Extraction*)
 - Efficiency
 - Dynamism
 - Improving the performance of the computer itself
- ▶ Practice Relevance:
 - As patentee: argue *Alice* step-2, Newman concurrence (as patentee)
 - As Δ : argue 101 as matter of law

IN RE MAGNUM OIL TOOL

- ▶ IPR fair notice to patentee
- ▶ PTAB “must base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond”
- ▶ Other key takeaways
 - PTAB’s final decision is reviewable, including institution issues
 - PTAB cannot shift burden (of persuasion) to patentee; remains with petitioner
 - PTAB cannot summarily adopt its rationale from the institution decision or assume petitioner is correct; it must “assess the [patentability] question anew after trial”
 - Patentee need not seek rehearing on final determination by PTAB before appeal to CAFC
- ▶ Practice Relevance:
 - As petitioner: Give PTAB as many arguments as reasonably possible

IN RE AQUA PRODUCTS

- ▶ Motions to amend claims during IPR
- ▶ Patentee made arguments during IPR for patentability of amended claims
- ▶ BUT: patentee only asserted one argument in motion itself
- ▶ CAFC constrained by its prior precedent; affirmed
- ▶ No abuse of discretion; PTAB need not look further than arguments in motion, including arguments made during course of IPR!
- ▶ Practice Relevance: If space limited in motion (i.e. 37 C.F.R. 42.24), incorporate patentability arguments by reference
- ▶ En banc to reconsider rule placing burden on patentee

AMGEN v. APOTEX

- ▶ BPCIA = Hatch-Wax for biologics
- ▶ Few cases litigated thus far
- ▶ Increasing area of litigation as more brand biologics come off patent
- ▶ Big Molecule Watch:
<http://www.bigmoleculewatch.com>

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PTAB PRECEDENTIAL DECISIONS

- ▶ Prior decisions identified by PTAB and designated as precedential
- ▶ Check PTO website for updates: <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/precedential>

Case Name ▼	Case Number ▼	Case Type ▼	Date Issued ▼
Ex parte Schulhauser	2013-007847	Appeal	04/28/16
Garmin Int'l, Inc. v. Cuozzo Speed Techs LLC	IPR2012-00001	AIA	03/05/13
Bloomberg Inc. v. Markets-Alert Pty Ltd.	CBM2013-00005	AIA	05/29/13
Oracle Corp. v. Click-to-Call Techs LP	IPR2013-00312	AIA	10/30/13
MasterImage 3D, Inc. v. RealD Inc.	IPR2015-00040	AIA	07/15/15
Lumentum Holdings, Inc. v. Capella Photonics, Inc.	IPR2015-00739	AIA	03/04/16

IN RE SCHULHAUSER

- ▶ Claim construction (prosecution appeal)
- ▶ Methods claims where some of the steps were unnecessary; examiner did not have to present evidence related to such steps

GARMIN v. CUOZZO SPEED

- ▶ 5 factors PTAB considers for additional discovery in IPR
- ▶ Discovery in IPR much more limited than district court litigation
- ▶ Provides example of when discovery will be denied

BLOOMBERG v. MARKETS-ALERT

- ▶ Similar to *Cuozzo Speed*, but granting some discovery
- ▶ Sought production of documents relied upon by petitioner's expert → granted
- ▶ Sought production of documents relied upon by petition in preparing its petition → denied

ORACLE v. CLICK-TO-CALL

- ▶ Precedential only as to Section III. A.
- ▶ One year statutory bar under 35 U.S.C. § 315(b)
- ▶ If a party voluntarily dismisses, the time bar under 315(b) goes away

MASTERIMAGE v. REALD

- ▶ Clarifying what constitutes “prior art” for purposes of motion to amend claims
- ▶ Defines
 - prior art “of record”
 - prior art “known to patent holder”
- ▶ After patentee establishes prima facie case, burden of production shifts to petitioner
- ▶ Cites to PTAB’s decision in *Idle Free v. Bergstrom*
- ▶ Is *Idle Free* precedential by implication? (presently designated as “persuasive”)

LUMENTUM HOLDINGS v. CAPELLA PHOTONICS

- ▶ Patentee's motion to terminate IPR based on petitioner's alleged failure to timely identify the real party in interest
- ▶ 37 C.F.R. § 42.8(a)(3) → no teeth?
- ▶ 35 U.S.C. § 312(a) is not jurisdictional
- ▶ “claim processing” rule

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IPR: TESTIMONIAL EVIDENCE @ INSTITUTION

- ▶ New rule levels playing field for patentee
- ▶ Offers opportunity to shut down IPR at outset by filing similar evidence that a petitioner can file
- ▶ Amends
 - 37 C.F.R § 42.23
 - 37 C.F.R § 42.107
 - 37 C.F.R § 42.108
 - 37 C.F.R § 42.207
- ▶ Factual disputes resolved by PTAB in favor of petitioner
- ▶ Practice Relevance:
 - Patentee: Get all evidence teed-up in initial response to IPR petition; Explore opportunity to seek discovery at institution stage
 - Petitioner: Be prepared to seek opportunity to file reply

IPR: BRIEFINGS LENGTH

- ▶ Word count replaces page count
 - IPR = 14,000
 - PGR = 18,700
 - CBM = 18,700
- ▶ Amends 37 C.F.R. § 42.24

IPR: RULE-11 TYPE CERTIFICATION/SANCTIONS

- ▶ Imports Rule-11 type filing certification with sanctions enforcement mechanism
- ▶ Includes safe harbor provision (21-days)
- ▶ Amends 37 C.F.R. § 42.11
- ▶ Q: How to prove sanctionable conduct without full discovery tools?

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WATCHLIST 2017-2018

- ▶ *TC Heartland v. Kraft*, No. 16-341 (SCOTUS)
 - Patent infringement venue
- ▶ *Impression v. Lexmark*, No. 15-1189 (SCOTUS)
 - Conditional sale and patent exhaustion doctrine
- ▶ *In re Aqua Products*, No. 15-1177 (CAFC en banc)
 - IPR claims amendment practices
- ▶ *Wi-Fi One v. Broadcom*, No. 15-1944 (CAFC en banc)
 - Reviewability of PTAB's decisions to institute IPR under § 315(b)
- ▶ USPTO guidance and MPEP revisions
 - § 101
- ▶ *Apple v. Samsung*, No. 5:11-cv-01846 (N.D. Cal.)
 - Design patent damages

CASE CITATIONS

- ▶ *Amgen Inc. v. Apotex Inc.*, 827 F.3d 1052 (Fed. Cir. 2016)
- ▶ *Bascom Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016)
- ▶ *Bloomberg Inc. v. Markets-Alert Pty.*, No. CBM2013-00005 (P.T.A.B. May 29, 2013)
- ▶ *Cuozzo Speed Tech. v. Lee*, 136 S.Ct. 2131 (2016)
- ▶ *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016)
- ▶ *Ex parte Schulhauser*, No. 2013-007847 (P.T.A.B. Apr. 28, 2016)
- ▶ *Garmin v. Cuozzo Speed Techs. LLC*, No. IPR2012-00001 (P.T.A.B. Mar. 5, 2013)
- ▶ *Halo Ele., Inc. v. Pulse Ele., Inc.*, 136 S.Ct. 1923 (2016)
- ▶ *In re Aqua Prods.*, 823 F.3d 1369 (Fed. Cir. 2016)
- ▶ *In Re Magnum Oil Tool Int'l, Ltd.* 829 F.3d 1364 (Fed. Cir. 2016)
- ▶ *In re Queen's Univ. at Kingston*, 820 F. 3d 1287 (Fed. Cir. 2016)
- ▶ *Life Tech. Corp. v. Promega Corp.*, No. 14-1538 (Feb. 22 2017)
- ▶ *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, No. IPR2015-00739 (P.T.A.B. Mar. 4, 2016)
- ▶ *MasterImage 3D, Inc. v. RealD Inc.*, No. IPR2015-00040 (P.T.A.B. Jul. 15, 2015)
- ▶ *Oracle Corp. v. Click-to-Call Techs.*, No. IPR2013-0312 (P.T.A.B. Oct. 30, 2013)
- ▶ *Rapid Litigation Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042 (Fed. Cir. 2016)
- ▶ *Samsung Ele. Corp. v. Apple Inc.*, 137 S.Ct. 429 (2016)
- ▶ *SCA Hygiene Prods. v. First Quality Baby Prods. LLC*, No. 15-927 (U.S. Mar. 21, 2017)
- ▶ *Veritas Techs. v. Veeam Software Corp.*, 835 F.3d 1406 (Fed. Cir. 2016)

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