Sterne Kessler
STERNE KESSLER GOLDSTEIN & FOX

2024

Federal Circuit IP Appeals

SUMMARIES OF KEY 2024 DECISIONS | 9TH EDITION

Table of Contents

Introduction

2024 brought exciting developments at the Federal Circuit. The court issued its first en banc decision in a patent case in five years in *LKQ*, which significantly altered the standard for proving obviousness of a design patent. The court also granted an en banc petition in another patent case with *EcoFactor*, which will address the standard for admissibility of expert testimony on damages based on allegedly comparable licenses.

Turning to the statistics, the number of appeals from the U.S. Patent and Trademark Office (USPTO) dipped dramatically in 2024, while appeals from district court patent cases held steady. Pendency for Patent Trial and Appeal Board (PTAB) appeals increased for the third consecutive year to almost 20 months. The pendency for appeals from the U.S. International Trade Commission (ITC) and district courts also grew.

Appellate results continued to heavily favor appellees, particularly in cases arising out of the ITC and PTAB. Overall, in 2024, in patent cases, the court affirmed 77% of the time, vacated and remanded 14% of the time, and reversed only 7% of the time. While the affirmance rate was higher for ITC and PTAB decisions, the court affirmed district court cases nearly 70% of the time. Additionally, the Federal Circuit issued Rule 36 summary affirmances more than 30% of the time in patent cases. The court issued a precedential opinion less than 30% of the time; the remaining decisions were made via non-precedential opinions.

We have chosen an assortment of cases from 2024. They include the en banc cases discussed above—but they also include cases concerning patent eligibility, claim construction, antisuit injunctions, damages, and the effect of patent term adjustment on obviousness-type double patenting. We cover cases coming from the PTAB, the ITC, and district courts.

The summaries and statistics in this review are the results of a collaborative process. We want to thank our co-authors—Jennifer Meyer Chagnon, Richard Crudo, Kristina Caggiano Kelly, Anna Phillips, Byron Pickard, Trey Powers, and Deirdre Wells. We'd also like to thank Patrick Murray for his contributions to the data and statistics.

We appreciate your interest in this report, and we encourage you to see our firm's other 2024 year-in-review reports and on-demand webinars, available at sternekessler.com or by request. Please feel free to reach out if you have questions about this report or wish to discuss the future of Federal Circuit appeals.

Michael Joffre
Director, Co-Chair Appellate Practice

William H. Milliken
Director, Co-Chair Appellate Practice

Editor & Authors

Editor

Michael Joffre, Director
mjoffre@sternekessler.com

Authors

Kristina Caggiano Kelly, Director
kckelly@sternekessler.com

Jennifer Meyer Chagnon, Director
jchagnon@sternekessler.com

Richard A. Crudo, Director
rcrudo@sternekessler.com

William H. Milliken, Director
wmilliken@sternekessler.com

Anna G. Phillips, Director
aphillips@sternekessler.com

Byron L. Pickard, Director
bpickard@sternekessler.com

R. Wilson "Trey" Powers III, Ph.D., Director
tpowers@sternekessler.com

Deirdre M. Wells, Director
dwells@sternekessler.com

Amarin Pharma, Inc. v. Hikma Pharm. USA Inc., 104 F.4th 1370 (Fed. Cir. 2024) (Moore, Lourie, Albright)

BY WILL MILLIKEN

Amarin sells the drug icosapent ethyl under the brand name Vascepa. Vascepa is approved by the FDA for two indications: (i) to treat severe hypertriglyceridemia, a condition characterized by blood triglyceride levels greater than 500 mg/dL (the SH indication) and (ii) to reduce cardiovascular risk in patients with blood triglyceride levels greater than 150 mg/dL (the CV indication). Hikma sought and received FDA approval to market a generic version of icosapent ethyl with a "skinny label" that includes only the SH indication.

After Hikma launched its generic product, Amarin sued Hikma for inducing infringement of patents covering the CV indication. Amarin alleged that:

- Hikma's label did not state that the product was not approved for the CV indication;
- Hikma had issued press releases that referred to its product as a "generic version" of Vascepa and cited sales figures for Vascepa that included both the SH and CV indications; and
- Hikma's website listed its generic product in the "hypertriglyceridemia" therapeutic category (which was broad enough to include both approved indications) and stated that it was "AB" rated to Vascepa.

The district court dismissed the complaint, holding that Amarin's allegations did not plausibly show that Hikma intended to actively induce infringement.

The Federal Circuit reversed. The court concluded that the totality of Amarin's allegations, taken as true, plausibly made out a claim for induced infringement. The court noted that the allegations "depend on what Hikma's label and public statements would communicate to physicians and the marketplace," which was "a question of fact … not proper for resolution on a motion to dismiss." Specifically, the court found it "at least plausible that a physician could read Hikma's press releases—touting sales figures attributable largely to an infringing use, and calling Hikma's product the 'generic version' of [Vascepa]—as an instruction or encouragement to prescribe that drug for any of the approved uses of icosapent ethyl, particularly where the label suggests that the drug may be effective for an overlapping patient population." "Further," the court reasoned, "it is at least plausible that a physician may recognize that, by marketing its drug in the broad therapeutic category of 'Hypertriglyceridemia' on its website, Hikma was encouraging prescribing the drug for an off-label use."

Hikma had argued that the requisite intent could not be inferred because its website referred to its product "as AB-rated, indicating generic equivalence for only labeled uses," and included a disclaimer stating that its product was approved for fewer than all uses of Vascepa. But the court rejected these arguments. It noted that Hikma's press releases "broadly refer[red] to the product as a 'generic version' of Vascepa and provide[d] usage information and sales data" that included both indications. Those facts, the court concluded, made it plausible that Hikma was encouraging physicians to use its product "for purposes beyond the approved SH indication."

Dragon Intellectual Property LLC v. DISH Network L.L.C., 101 F.4th 1366 (Fed. Cir. 2024) (Moore, Stoll, Bencivengo)

BY WILL MILLIKEN

Dragon sued several defendants for infringement. In response, two defendants—DISH and Sirius—wrote to Dragon's counsel asserting that a reasonable pre-suit investigation would have demonstrated that their products did not infringe. DISH and Sirius also challenged Dragon's patent in an IPR. After institution, the district court stayed the case against DISH and Sirius but proceeded with claim construction as to the other defendants.

After claim construction, all parties stipulated that the defendants' accused products did not infringe, and the district court entered final judgment of non-infringement. Meanwhile, the Patent Trial & Appeal Board held all asserted claims unpatentable. The Federal Circuit affirmed the Board's decision and dismissed Dragon's appeal of the district court's judgment as moot.

The district court ultimately awarded DISH and Sirius the attorneys' fees they had incurred litigating the district-court case. The court declined to award the fees they incurred in the IPRs or to hold Dragon's counsel liable for the fee award. Both parties appealed.

The Federal Circuit affirmed. As to Dragon's appeal, the court upheld the award of fees. Dragon had made a "clear prosecution history disclaimer" that "precluded a finding of infringement" and also had access to public information "demonstrating noninfringement." And Dragon continued litigating even "after being put on notice of the objective baselessness" of its allegations. The court rejected Dragon's argument that an exceptionality finding was not appropriate because the district court had eventually vacated its judgment of non-infringement after the patents were invalidated. The exceptionality finding, the Federal Circuit held, was well supported by the district court's "independent[]" analysis of the weaknesses of Dragon's infringement arguments.

As to the defendants' appeal, the court held that 35 U.S.C. § 285's reference to "cases" does not include IPRs, and therefore IPR fees are not recoverable under the statute. DISH and Sirius, the court explained, "voluntarily pursued" IPRs instead of arguing invalidity in district court. The court noted that district courts are not well-positioned to assess "the exceptionality of arguments, conduct, and behavior in a proceeding in which they had no involvement."

The Federal Circuit also agreed with the district court that "liability for attorneys' fees awarded under § 285 does not extend to counsel." The court explained that "other statutes explicitly allow parties to recover costs and fees from counsel" and therefore reasoned that § 285's silence on the issue indicated Congress's intent that counsel should not be held jointly liable for a fee award.

Judge Bencivengo dissented as to the IPR-fees issue. She reasoned that DISH and Sirius had "exercised their statutory option to litigate their affirmative defenses in IPR" and that the IPR "substituted for district court litigation on [their] validity challenge." She also contended that an award of fees was warranted because DISH and Sirius "incurred fees in the IPR that they would not have incurred but for being sued" in a case that should never have been brought.

Related:

- *Realtime Adaptive Streaming L.L.C. v. Sling TV, L.L.C.*, 113 F.4th 1348 (Fed. Cir. 2024) (vacating and remanding exceptional-case finding because, while decisions by other courts finding claims of a related patent ineligible could support a finding of exceptionality, the other "red flags" identified by the district court were not sufficiently probative).

Patent Eligibility in 2024: A Sextet of Precedential Decisions

BY WILL MILLIKEN

The Federal Circuit issued six precedential decisions on patent eligibility in 2024—five finding in favor of the patent challenger and one finding in favor of the patent owner. These decisions serve as a reminder of some basic principles of modern eligibility law and may provide practitioners with useful analogies for future (in)eligibility arguments.

Mobile Acuity Ltd. v. Blippar Ltd., 110 F.4th 1280 (Fed. Cir. 2024) (Lourie, Bryson, Stark): The court affirmed a pleadings-stage invalidation of patents directed to storing and presenting information associated with particular images. The claims were directed to an abstract idea at Alice step one because they "consist[ed] solely of result-oriented, functional language and omit[ted] any specific requirements as to how these steps of information manipulation are performed." And they failed Alice step two because the inventive concept asserted by the patentee was merely a restatement of the abstract idea itself—"comparing images and displaying information based on the comparison." In the course of its analysis, the court clarified the burdens of proof and production related to representative claims. The patent challenger bears the initial burden to show that a given claim or claims is representative, and the burden then shifts to the patentee to make a "non-frivolous argument" otherwise. The ultimate burden of proof on representativeness always remains with the patent challenger.

Broadband iTV, Inc. v. Amazon.com, Inc., 113 F.4th 1359 (Fed. Cir. 2024) (Dyk, Reyna, Stark): The court affirmed a summary judgment ruling holding claims directed to electronic program guides for television as patent ineligible. The claims failed Alice step one, the court held, because they were directed to the collection, organization, and display of information, and they failed Alice step two because they recited only generic and conventional components. Certain claims required using a user's viewing history data to recommend categories of video content; the Federal Circuit characterized those claims as "directed to a type of 'targeted advertising,' which [the court has] repeatedly found abstract."

AI Visualize, Inc. v. Nuance Commc'ns, Inc., 97 F.4th 1371 (Fed. Cir. 2024) (Moore, Reyna, Hughes): The court affirmed a pleadings-stage invalidation of patents directed to storing, processing, and viewing large medical scans over the internet. The claims failed Alice step one because they merely recited "the steps of obtaining, manipulating, and displaying data … claimed at a high level of generality." And they failed Alice step two because they "involved nothing more than the abstract idea itself or conventional computer components."

Miller Mendel, Inc. v. City of Anna, Tex., 107 F.4th 1345 (Fed. Cir. 2024) (Moore, Stoll, Cunningham): The court affirmed a pleadings-stage invalidation of patent claims on a software system for managing background investigations. The court held that the claims were "directed to the abstract idea of performing a background check" and lacked an inventive concept because they required nothing more than "conventional computer and network components operating according to their ordinary functions." The court also clarified that district courts have jurisdiction to invalidate only those claims actually being asserted by the patentee.

Beteiro, LLC v. DraftKings Inc., 104 F.4th 1350 (Fed. Cir. 2024) (Dyk, Prost, Stark): The court affirmed a pleadings-stage invalidation of several mobile gambling patents. At Alice step one, the court concluded that the claims were "directed to the abstract idea of 'exchanging information concerning a bet and allowing or disallowing the bet based on where the user is located.'" The claims, the court explained, exhibited four "features that are well-settled indicators of abstractness": (i) they recited generic steps related to the detection, processing, and transmission of information; (ii) they were drafted using "result-focused functional language"; (iii) they were similar to claims found ineligible in previous cases insofar as they related to "methods of providing particularized information to individuals based on their location"; (iv) they were analogous to "longstanding 'real-world' ('brick and mortar') activities." And, at Alice step two, the court held that the claims lacked an inventive concept because they simply described the execution of the abstract idea with generic computer components.

Contour IP Holding LLC v. GoPro, Inc., 113 F.4th 1373 (Fed. Cir. 2024) (Prost, Schall, Reyna): The court reversed a summary

judgment ruling that patents related to portable point-of-view video cameras were ineligible. The asserted claims recited a camera that was configured to simultaneously generate video recordings in two formats—one low-quality format for real-time transmission to the user's mobile phone and one high-quality format stored on the camera for later viewing. The court held that this feature of the claims "provide[d] a technological improvement to the real time viewing capabilities of the POV camera's recordings on a remote device" and thus that the claims were "directed to a specific means that improves the relevant technology"—not an abstract idea.

Celanese Intn'l Corp. v. International Trade Commn., 111 F.4th 1338 (Fed. Cir. 2024) (Reyna, Mayer, Cunningham)

BY TREY POWERS

It was undisputed that Celanese's patented process was in secret use in Europe before the critical date and that Celanese had sold the article made using the patented process in the United States before critical date. In an investigation at the ITC brought by Celanese, the Administrative Law Judge (ALJ) concluded that Celanese's prior sales triggered the on-sale bar and that the AIA did not overturn settled pre-AIA precedent regarding the on-sale bar. Therefore, the ALJ determined that the patent was invalid and the Commission affirmed.

The Federal Circuit agreed with the Commission that the AIA did not alter the jurisprudence regarding the on-sale bar developed in the pre-AIA context. The court noted that, under long-settled pre-AIA precedent, the on-sale bar applies when the patentee sells, before the critical date, products made, even if using a secret process. By reenact-ing the "on sale" language in the AIA version of 35 U.S.C. § 102(a), the court presumed that Congress did not intend to abrogate the settled construction of the term or alter the effects of judicial precedent.

The court was unpersuaded by citations to minor textual changes in the AIA version of § 102(a). Celanese pointed to the use of the phrase "claimed invention," which replaced the word "invention" in the pre-AIA version of the statute, and the addition of the catchall phrase "otherwise available to the public" in the AIA version. The court reasoned that nothing in these changes affected the meaning of the statute. And the Supreme Court explicitly rejected such textual arguments in *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 586 U.S. 123 (2019), noting that the on-sale bar has never required that a qualifying commercial sale reveal to the public the details of the claimed invention.

The court also discussed the rationale behind on sale bar and found support for its conclusion there. The court noted that the on-sale bar applies when one commercially exploits the process by seeking compensation from the public for carrying out that process before critical date.

The court also rejected Celanese's arguments related to comments made in a footnote in a committee report in the AIA's legislative history. The court noted that individual legislators' views do not meaningfully establish congressional intent. And the Federal Circuit noted that the Supreme Court has repeatedly cautioned against relying on legislative materials like committee reports containing individual legislators' views to interpret statutory text.

RAI Strategic Holdings, Inc. v. Philip Morris Products S.A., 92 F.4th 1085 (Fed. Cir. 2024) (Chen, Stoll, Cunningham)

BY RICHARD CRUDO

Philip Morris filed a PGR petition challenging RAI's e-cigarette patent as invalid for lack of written-description support. The claims recited a heating member having a length of "about 75% to about 85%" of the e-cigarette's length, while the specification disclosed different, substantially broader ranges: e.g., 75–125%, 80–120%, 85–115%, and 90–110%. The Board held that the claims lacked written-description support because each disclosed range contained an upper limit that exceeded 85%.

The Federal Circuit vacated the Board's ruling as unsupported by substantial evidence. The court explained that the specification need not expressly recite a claimed range to provide written-description support. Rather, the relevant inquiry is whether the disclosed range "pertains to a different invention" than what is claimed.

Here, there was no evidence that the ranges disclosed in the specification pertained to a different invention than what was claimed. While the specification did not disclose the claimed range exactly, it did disclose both endpoints within broader ranges. And, given the predictability of e-cigarette technology, a "lower level of detail" could satisfy the written-description requirement than for more complicated inventions. Finally, nothing in the patent indicated that changing the length of the heating member would change the invention in any way.

The court acknowledged prior precedent holding claims invalid for a mismatch in claimed and disclosed ranges but reiterated that the written-description inquiry is "highly factual and dependent on 'the nature of the invention and the amount of knowledge imparted to those skilled in the art by the disclosure.'" And, under the "unique facts" of the case at issue, substantial evidence did not support the Board's ruling that the range mismatch in RAI's patent rendered the claims invalid.

Crocs, Inc. v. Effervescent, Inc., 119 F.4th 1 (Fed. Cir. 2024) (Reyna, Cunningham, Albright)

BY DEIRDRE WELLS

Crocs sued a number of defendants, including Dawgs, for patent infringement. Dawgs counterclaimed, alleging that Crocs was liable for false advertising in violation of Section 43(a) of the Lanham Act. Dawgs alleged that Crocs' use of words like "patented," "proprietary," and "exclusive" to describe the Croslite material in its footwear products misled customers to believe that, by comparison, other companies' footwear products are made of inferior material. Crocs moved for summary judgment that Dawgs' counterclaim failed as a matter of law. The district court agreed, holding that the terms "patented," "proprietary," and "exclusive" were claims of "inventorship," so Dawgs' claims were directed to a claim of false designation of authorship of the shoe products and not the nature, characteristics, or qualities of Crocs' products.

The relevant portion of the Lanham Act states that it is a violation to "in commercial advertising or promotion, misrepresent[] the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities." On appeal, Crocs conceded that its statements that the material in its footwear was covered by a patent are false. So the only issue was the legal question whether such false statements violate the Lanham Act.

The Federal Circuit concluded that they do. The court ruled that the district court's determination that likened falsely claiming to have "patented" something as akin to claims of authorship was improper. It reasoned that Dawgs' argument was not that Crocs misrepresented the origin or authorship of its products—but that it misrepresented the nature, characteristics, or qualities of its products and Dawgs' products. The Federal Circuit held that such misrepresentations fall within the scope of Section 43(a)(1)(B) of the Lanham Act and reversed.

Luv n' Care, Ltd. v. Laurain, 98 F.4th 1081 (Fed. Cir. 2024) (Reyna, Hughes, Stark)

BY RICHARD CRUDO

The parties are manufacturers of toddler dining mats. Luv n' Care sued Eazy-PZ for unfair competition, and Eazy-PZ counterclaimed for infringement of a patent on a self-sealing mat.

After granting summary judgment that the patent was invalid, the district court held a bench trial to determine whether Eazy-PZ (i) committed inequitable conduct during patent prosecution by misrepresenting a key prior-art mat as non-self-sealing and withholding from the Patent and Trademark Office a video demonstrating the self-sealing nature of the mat, and (ii) engaged in litigation misconduct rising to the level of unclean hands. The district court found that Eazy-PZ had not committed inequitable conduct but that Eazy-PZ's litigation conduct amounted to unclean hands.

The Federal Circuit affirmed in part and vacated in part. As to inequitable conduct, the Federal Circuit held that the district court incorrectly analyzed both materiality and deceptive intent. With regard to materiality, the district court failed to determine whether Eazy-PZ's misrepresentations about the prior art rose to the level of "affirmative egregious misconduct," which would be "per se material." The district court also mistakenly held that, because Eazy-PZ had disclosed the relevant prior-art mat to the Office, Eazy-PZ's misrepresentations about the art could not be material. The correct inquiry, the Federal Circuit held, is whether the Office's decision may have differed if Eazy-PZ had accurately described the prior art as self-sealing.

With regard to deceptive intent, the Federal Circuit held that the district court erred by focusing on the inventor's and patent agent's individual acts of misconduct in isolation, without addressing the collective weight of the evidence as a whole. The Federal Circuit additionally found that the district court erred by discounting Eazy-PZ's misrepresentations about the prior art as mere "gross negligence" when, in fact, Eazy-PZ's "purposeful omission or misrepresentation of key teachings of prior art" could indicate a specific intent to deceive the Office. The Federal Circuit thus remanded for the district court to reconsider its findings as to each of these issues.

Turning to unclean hands, the Federal Circuit affirmed the district court's ruling that Eazy-PZ's litigation misconduct barred relief. Rooted in equity, the doctrine of unclean hands precludes a party from seeking relief when the party has committed unconscionable acts having an immediate and necessary relation to the relief sought. The district court concluded that Eazy-PZ committed several such acts during the course of litigation, including by failing to disclose during discovery related patent applications relevant to claim construction, attempting to block Luv n' Care from obtaining the inventor's prior-art searches relevant to Luv n' Care's inequitable conduct defense, and providing evasive and misleading testimony during depositions and at trial. The Federal Circuit agreed that this conduct was "offensive to the integrity of the court" and held that the district court did not clearly err in concluding that the conduct rose to the level of unclean hands.

Janssen Pharms., Inc. v. Teva Pharms. USA, Inc., 97 F.4th 915 (Fed. Cir. 2024) (Dyk, Prost, Hughes)

BY RICHARD CRUDO

Janssen sells Invega Sustenna, an extended-release intramuscular injectable of paliperidone palmitate for treating adult schizophrenia. After Teva sought FDA approval for a generic version of the drug, Janssen sued Teva for infringement of a patent on dosing regimens of paliperidone. Teva stipulated to infringement but challenged all claims as obvious and certain claims as indefinite. After trial, the district court held that Teva had not proven invalidity on either basis.

The Federal Circuit affirmed in part and vacated in part. As to obviousness, the Federal Circuit held that the district court committed several legal errors. First, the district court improperly required Teva to show that a skilled artisan would have been motivated to use the claimed dosing regimen for the general population of patients, when the claims covered a dosing regimen for a single patient. Similarly, the district court read into the claims a requirement that the drug be administered to a patient with "mild" renal impairment, when the claims did not recite such a limitation.

Second, the district court's obviousness analysis was "erroneously rigid" because it focused on express statements of each prior-art reference individually without "fully assessing the teachings in toto." This "siloed and inflexible approach" to obviousness, the Federal Circuit held, "left insufficient room for consideration of how background knowledge in the art would have impacted a POSA's understanding of, or motivation to modify, the primary references at issue, thereby inflating the significance of minor variations between the prior art and the claims." In particular, the district court erroneously found that a skilled artisan would not have been motivated to modify a prior-art clinical study protocol due to the lack of safety and efficacy data, when the claims did not recite any safety and efficacy requirements. In the same vein, the Federal Circuit held that the district court erred in requiring the protocol to "hold itself out as flawed" as a prerequisite for finding that a skilled artisan would have modified the protocol. While the protocol may not have been considered a success, a skilled artisan could still assign significance to the Phase III status of the protocol and the fact that paliperidone was already marketed for schizophrenia.

Third, the district court erroneously found that the prior art taught away from claims reciting a particular particle-size range based on the art's statement that a different range was optimal. That statement, the Federal Circuit held, was not a criticism of all other particle sizes and thus did not teach away from the claimed range.

Fourth, the district court did not explain what significance it assigned to objective indicia of nonobviousness within its overall obviousness assessment. As to unexpected results, specifically, the district court erred by comparing the claimed invention to the patentee's own expectations as well as prior art involving active ingredients other than paliperidone. As to industry praise, the district court failed to perform the requisite nexus analysis. Finally, as to long-felt need and commercial success, the district court improperly disregarded the impact of blocking patents. The district court found that Janssen's other patents were not completely blocking because one could dose an unclaimed formulation of paliperidone. The Federal Circuit held that this was error, emphasizing that the relevant inquiry is whether the patents deterred others from developing the claimed dosing regimen for fear of infringement liability (rather than due to the alleged inventiveness of the invention claimed in the patent at issue). The Federal Circuit also clarified that the existence of a safe-harbor provision exempting a generic manufacturer from liability for conduct related to preparing an FDA submission does not per se negate the deterring effect of blocking patents. If it were otherwise, the court noted, blocking patents would never be relevant to the obviousness analysis.

Turning to indefiniteness, the Federal Circuit affirmed the district court's ruling upholding the claims as not indefinite. Teva had argued that certain claims reciting a range of particle sizes were indefinite because the specification disclosed several ways to measure particle size, each yielding different results. Thus, according to Teva, a given sample of paliperidone palmitate would simultaneously fall inside and outside the claims depending on how the sample's particle size is measured. The district court rejected this argument, finding that the discrepancy was due to an anomalous measurement taken with a defective device, not due to a discrepancy typical of the measurement techniques themselves. The Federal Circuit held that Teva failed to show that this finding was clearly erroneous.

Anti-suit Injunctions and the Global SEP Dance: *Telefonaktiebolaget LM Ericsson v. Lenovo (United States), Inc.*, 120 F.4th 864 (Fed. Cir. 2024) (Lourie, Prost, Reyna)

BY KRISTINA CAGGIANO KELLY

Hundreds of patents are declared to be essential to comply with the 5G wireless-communication standard developed by the European Telecommunications Standards Institute (ETSI). These standard-essential patents (SEPs) ensure interoperability among different companies' products. Because SEPs must be practiced in order to comply with a given standard, SEP holders wield significant power in the industry. For that reason, ETSI requires SEP holders to commit to granting patent licenses on fair, reasonable, and non-discriminatory (FRAND) terms and conditions.

Lenovo and Ericsson are both ETSI members who made a FRAND commitment. Notwithstanding, they were unable to reach a global cross-license of their patents. Erickson sued Lenovo in district court for infringing four 5G SEPs and for breaching its FRAND commitment. The complaint also sought a declaration that Ericsson complied with its FRAND commitment regarding its cross-licensing offers to Lenovo and requested the court to determine a FRAND rate for a global cross-license between the parties.

Two days later, Lenovo sued Ericsson in the United Kingdom, asking that court to determine FRAND terms for a global license between the parties. Ericsson responded by bringing two more lawsuits in Colombia and Brazil, accusing Lenovo of infringing its Colombian and Brazilian patents. Ericsson prevailed in securing injunctions against Lenovo in both countries. Lenovo then added counterclaims to the U.S. lawsuit mirroring Ericsson's complaint and moved the district court to enter an antisuit injunction prohibiting Ericsson from enforcing its Colombian and Brazilian injunctions.

The district court denied Lenovo's motion. The court found that the issues before it were not dispositive of the foreign action, and that alone doomed the antisuit request. Specifically, the district court reasoned that, to be dispositive, the domestic suit would have to result in a global cross-license between the parties. Even though both parties cross-requested that relief, the district court found that resolution of the suit would not necessarily lead to it. Lenovo appealed.

The Federal Circuit confirmed that the framework for analyzing foreign anti-suit injunctions was the three-part test created by the Ninth Circuit in *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872 (9th Cir. 2012): (1) a threshold requirement that parties and issues be the same as between the domestic and foreign suits and that the domestic suit is dispositive of the foreign action to be enjoined; (2) whether one of the antisuit-injunction factors applies; and (3) whether the antisuit injunction's impact on comity is tolerable. The Federal Circuit found that the "key dispute" was "whether the instant suit is dispositive of the Colombian and Brazilian actions to be enjoined"—the issue on which the district court decision turned. The Federal Circuit held that the "dispositive" requirement was met based on a "critical" finding "that the suit before it would result in a license" that would terminate the effect of any foreign injunctions. In other words, the ETSI FRAND commitment precluded Ericsson from pursuing SEP-based injunctive relief unless it has first met its obligation to negotiate a license in good faith. If the district court determined that Ericsson had not complied with that obligation, that determination will preclude Ericsson from pursuing SEP-based injunctive relief. If it had complied, then the district court could enforce the global cross-license Ericsson sought in its complaint. Either way, the decision would necessarily dispose of the foreign injunction. Accordingly, the Federal Circuit vacated the district court's denial of Lenovo's motion for an anti-suit-injunction.

Cementing a Holistic Approach to the FDA Safe-Harbor: *Edwards Lifesciences Corp. v. Meril Life Scis. Pvt. Ltd.*, 96 F.4th 1347 (Fed. Cir. 2024) (Lourie, Stoll, Cunningham)

BY KRISTINA CAGGIANO KELLY

Edwards Lifesciences brought suit against Meril, alleging infringement of Edwards's heart-valve patents. Meril invoked the safe-harbor defense, arguing that its activities were protected because they were aimed at obtaining regulatory approval, including submissions to foreign regulatory bodies.

The safe harbor provision under 35 U.S.C. § 271(e)(1) was introduced as part of the Hatch-Waxman Act to facilitate the development of generic drugs and medical devices. It exempts activities from patent infringement that are "solely for uses reasonably related" to obtaining U.S. Food and Drug Administration (FDA) approval to market the accused product. The provision allows companies to conduct necessary testing without the risk of infringement litigation.

The Federal Circuit's decision turned on the scope of the term "solely" within the context of the safe-harbor provision. In one of the accused activities, Meril imported its preapproval heart-valve device to the United States for a conference. It did not sell or otherwise disclose the system and kept it in a hotel closet and storage room. Meril's activities also included conducting clinical trials and gathering data for submission to foreign regulatory bodies.

The Federal Circuit found that Meril's activities, as a whole, fell within the safe harbor provision, as they were reasonably related to obtaining regulatory approval of its heart-valve technology. This decision continues the court's trend of refusing to parse alternative uses or consequences of premarket activities. Even if a defendant's activities are conducted with multiple objectives, as long as one of those objectives is to secure FDA approval, the safe harbor generally applies.

Edwards petitioned for an en banc rehearing, challenging the panel's interpretation of the term "solely." The full court denied the petition. Edwards has since petitioned the Supreme Court for certiorari. That petition is pending as of the publication of this review.

EcoFactor, Inc. v. Google LLC, 115 F.4th 1380 (Fed. Cir. 2024) (en banc)

BY ANNA G. PHILLIPS

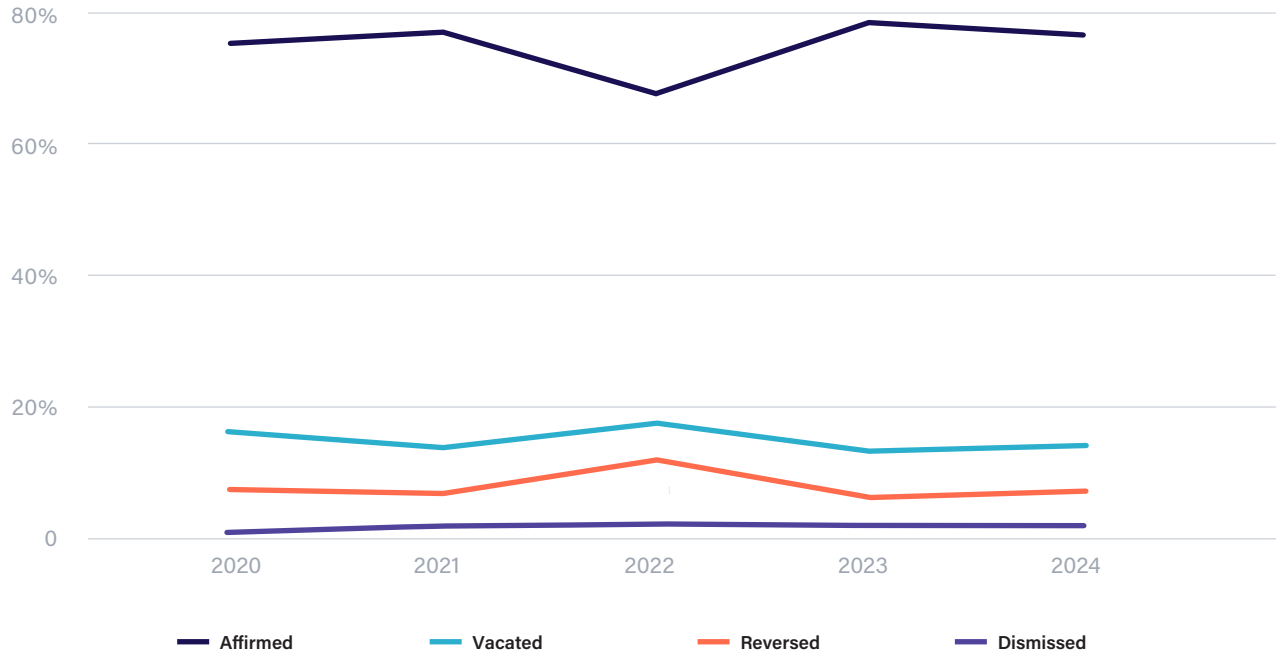
The Federal Circuit granted rehearing en banc and directed Google and EcoFactor to address the district court's application of Federal Rule of Evidence 702 and the principles set forth in *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579 (1993). In particular, the parties are to address these issues in the context of the trial court allowing EcoFactor's damages expert to assign a per-unit royalty rate based on three licenses in the record.

In granting Google's petition for rehearing en banc, the court also vacated the panel decision in *EcoFactor, Inc. v. Google LLC*, 104 F.4th 243 (Fed. Cir. 2024), which affirmed, among other things, the district court's decision to deny Google's motion for a new trial on damages. The panel decision by Judge Reyna—writing for the majority (joined by Judge Lourie)—held that the trial court did not abuse its discretion in admitting the testimony of EcoFactor's damages expert. Judge Prost dissented only as to the damages issue.

Before the panel, Google argued that EcoFactor's damages expert unreliably used a per-unit royalty rate recited in three lump-sum licenses even though statements within the licenses indicated the parties may not have used that particular royalty rate to arrive at the lump sum. Google also argued that EcoFactor failed to apportion for the single asserted patent, given that the three lump-sum agreements licensed EcoFactor's entire patent portfolio. Put differently, Google challenged the economic comparability of the licenses and EcoFactor's apportionment methodology. These are the issues expected to be addressed en banc.

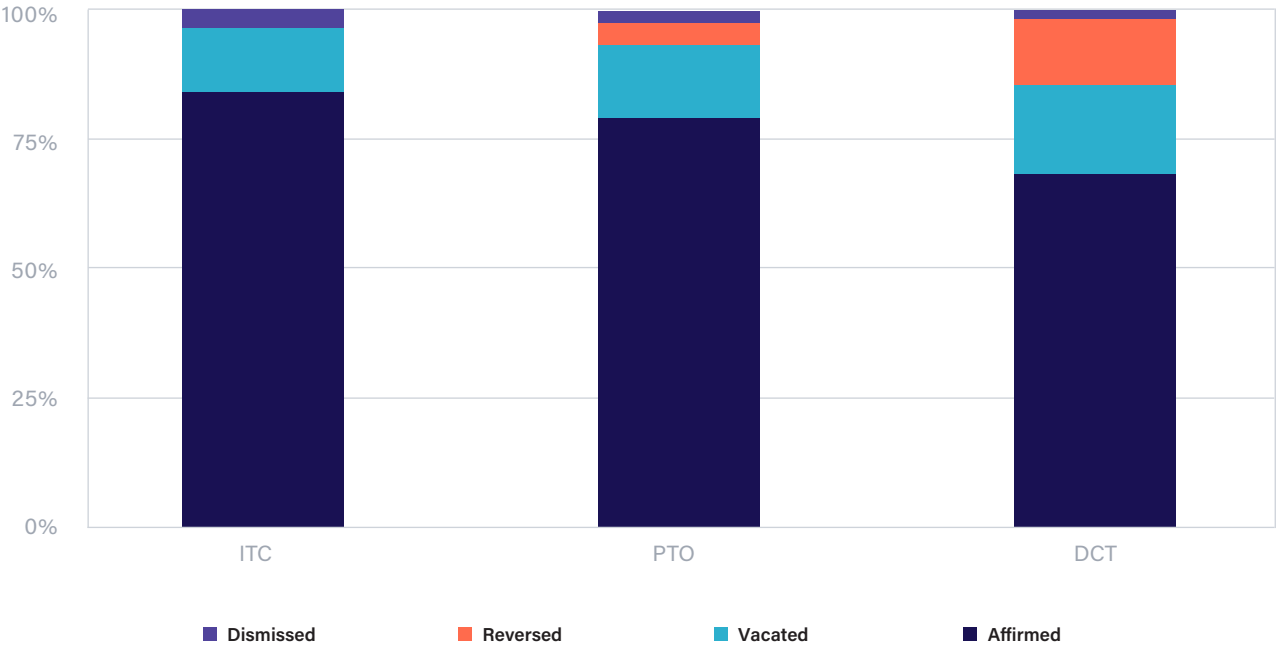
The en banc hearing is scheduled for March 13, 2025, at 10 a.m. EST.

Appeal Outcomes by Year



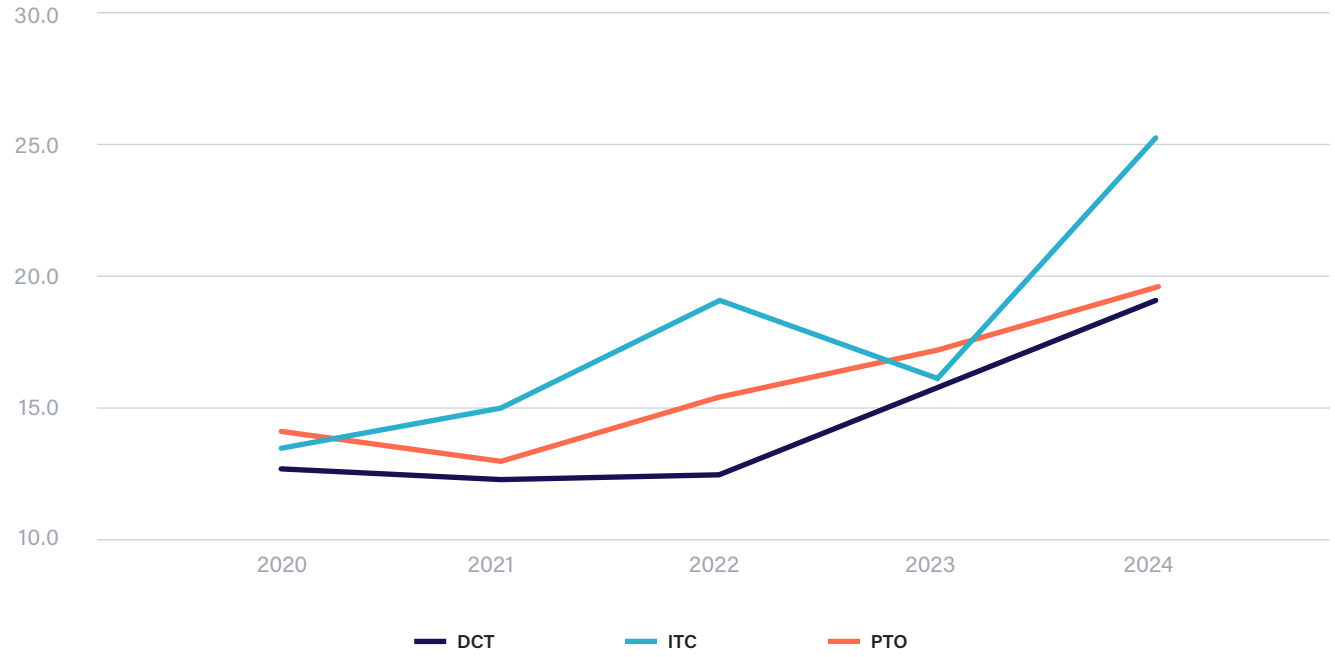
After a slight dip in the affirmance rate in 2022, PTO, district court, and ITC appeals were affirmed at a 77% clip in 2024. 14% of appeals were vacated and remanded, 7% were reversed, and about 2% were dismissed.

Appeal Outcomes by Origin (2020-24)



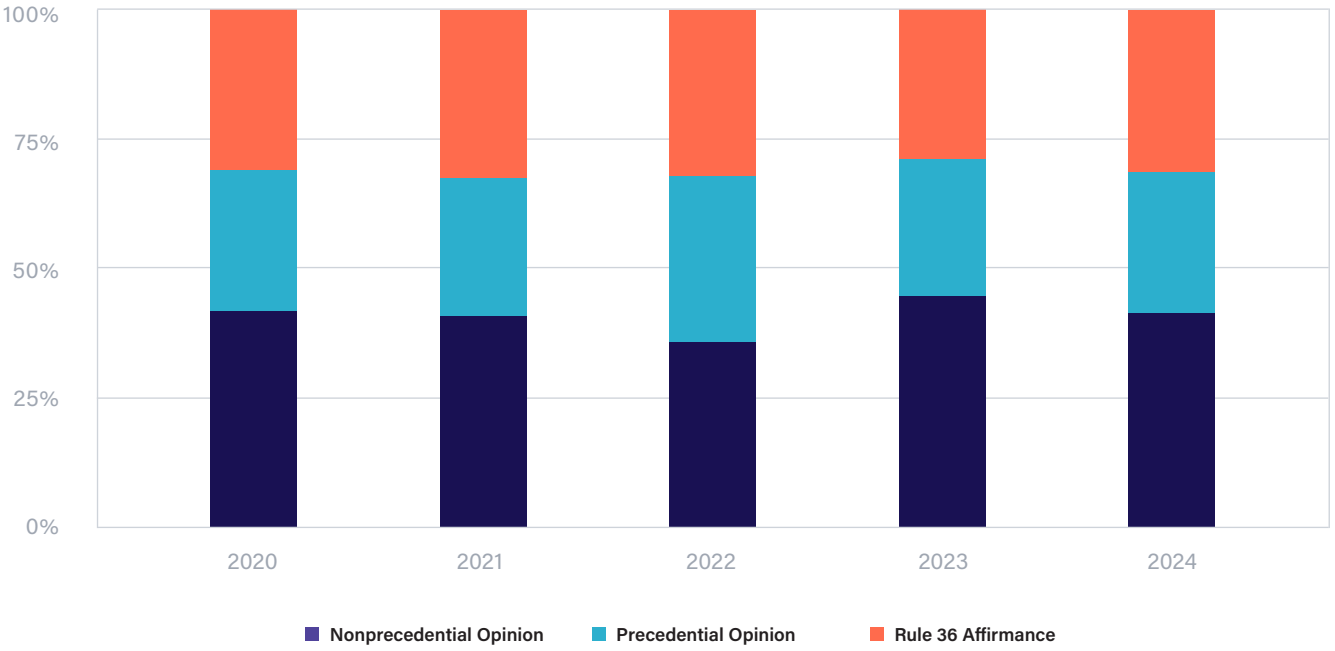
District Court appellants have been relatively more successful than PTO or ITC appellants over the last five years. That said, the affirmance rate in district court appeals is still close to 70%.

Median Appeal Pendency in Months



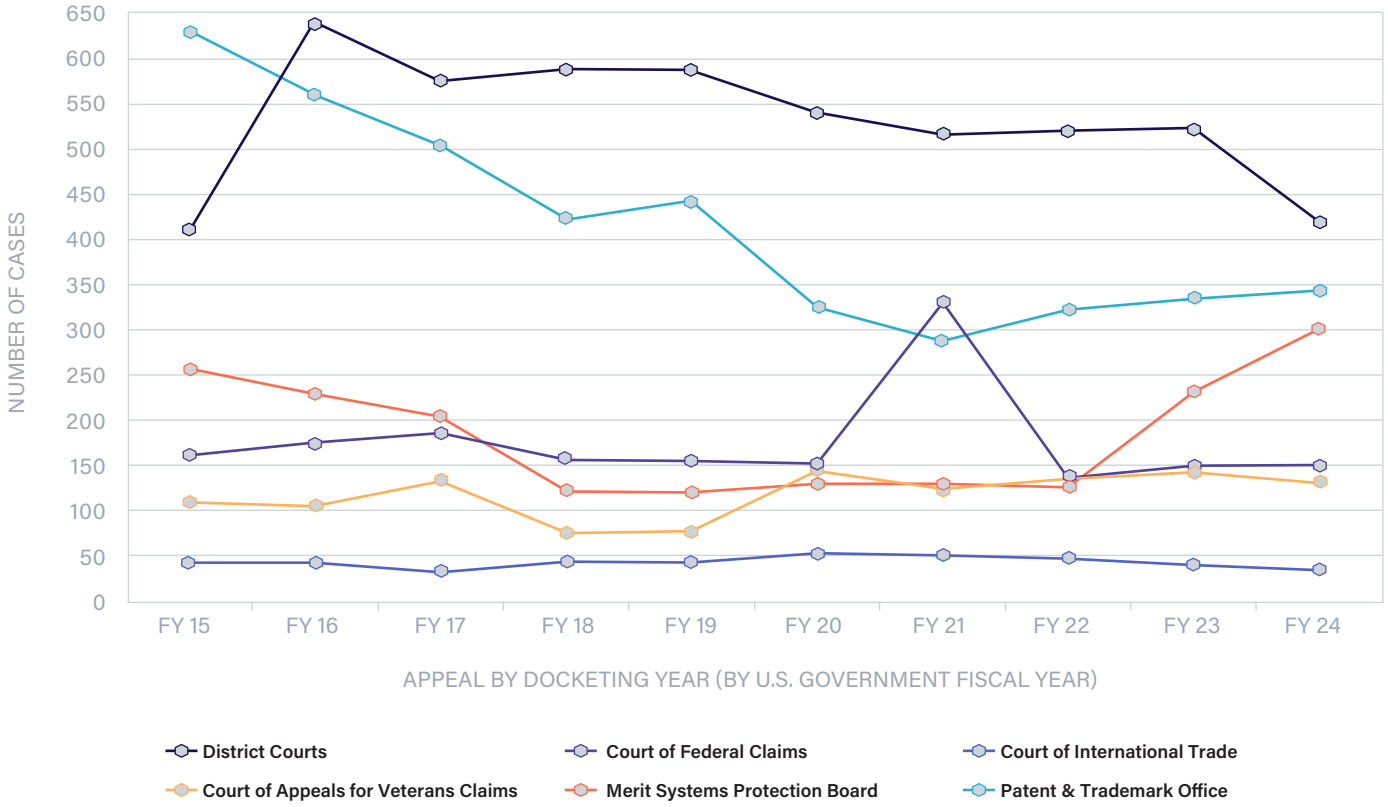
Median appeal pendency peaked in 2024, with time to decision for district court and PTO appeals approaching 20 months. ITC appeals took even longer, but these are subject to sample size fluctuations.

Appeal Disposition Types



Rule 36 affirmances made up about 30% of dispositions after submission in 2024, as in past years. The precedential/nonprecedential breakdown was similarly stable from year to year.

Appeals Filed In Major Origins



New PTO appeals dipped significantly in FY24. District Court appeals increased modestly, but are still much closer to their 10-year low than their 10-year peak.

Source: CAFC

Developments in the Domestic Industry Requirement at the ITC: *Zircon Corp. v. Int'l Trade Comm'n*, 101 F.4th 817 (Fed. Cir. 2024) (Lourie, Bryson, Stark) and *Roku, Inc. v. Int'l Trade Comm'n*, 90 F.4th 1367 (Fed. Cir. 2024) (Dyk, Hughes, Stoll)

BY KRISTINA CAGGIANO KELLY

The Federal Circuit issued two rulings concerning the proper analysis governing the economic prong of the domestic industry requirement for jurisdiction at the U.S. International Trade Commission (ITC).

As background, the ITC is a popular forum for patent infringement cases involving foreign-made products because of the availability of an exclusion order—a type of injunction on the importation of infringing products. But to invoke the jurisdiction of the ITC, a complainant must establish that it has a domestic industry that is being harmed by the importation of the accused products. To do so, a complainant may identify (1) a domestic industry product that practices the asserted patent, and (2) significant or substantial domestic investments in that product, like research and development, manufacturing, sales, services, and product support.

In *Zircon*, the complainant asserted multiple patents against a competitor's electronic stud-finders. Zircon alleged that its investments in U.S. plants and equipment, employment of labor and capital, and exploitation of the asserted patents met the domestic-industry requirement. The ITC, however, took issue with how Zircon allocated these investments. Specifically, Zircon aggregated its collective investments across all of its domestic stud-finder products, many of which practiced fewer than all asserted patents. Zircon did not provide any apportionment by which the ITC could evaluate how much Zircon invested with respect to each asserted patent.

On appeal, Zircon continued to rely on its cumulative expenditures across 53 domestic-industry products. Of those, 14 products practiced all three patents asserted, 21 products practiced two of the patents, and 18 practiced only one patent. Zircon argued that the ITC should take a flexible, market-oriented approach to domestic industry, under which Zircon's collective approach was adequate. The ITC countered that complainants are required as a threshold matter to present a reasonable allocation method to estimate investments attributable to each patent.

The Federal Circuit sided with the ITC. While the Federal Circuit agreed that domestic industry investments do not need to be broken down on a patent-by-patent basis to satisfy the economic prong, it explained that aggregating expenditures for groups of patents is permissible only when all products are protected by the same patents. The court observed that Zircon could have tried to show quantitative and qualitative significance collectively for the 14 products that practice all three asserted patents but it did not.

In *Roku*, only one patent was at issue. The patent covered the QuickSet software installed on the domestic industry products (i.e., Samsung TVs). The ITC found that the economic prong was met based on the complainant's investments in engineering and R&D in the QuickSet software, even though the TVs were identified as the domestic-industry product. The respondent argued that, by focusing on the embedded software, the ITC failed to require the complainant to allocate its investment to a specific domestic-industry product. The Federal Circuit rejected this argument, holding that "a complainant can satisfy the economic prong… based on expenditures related to a subset of a product, if the patent(s) at issue only involve that subject."

To be clear, the patent in Roku claimed a physical device (TVs) but, for domestic industry purposes, the complainant relied solely on certain investments in its unpatented software—portions of which may be incorporated into a variety of different consumer products. The ITC found third-party televisions running the patented software were the "articles protected by" the patent under the statute. The ITC nonetheless counted all of complainant's domestic research and development and engineering investments in the software towards satisfaction of the domestic industry requirement and found that expenditure to be substantial. The Federal Circuit was nonetheless satisfied that the patent claims were sufficiently directed to a physical device running the QuickSet software and that those domestic investments related to the patent.

LKQ Corporation v. GM Global Technology Operations LLC, 102 F.4th 1280 (Fed. Cir. 2024) (en banc, Stoll)

BY DEIRDRE WELLS

The Federal Circuit's first en banc patent decision in over five years addressed whether the Supreme Court's long-standing obviousness analysis applied to design patents.

LKQ was once a licensed repair part vendor for GM. But after renewal negotiations fell through, GM informed LKQ that the parts LKQ was selling were no longer licensed and therefore infringed GM's design patent. In response, LKQ sought to invalidate GM's auto fender design patent in an IPR as obvious. The U.S. Patent Trial and Appeal Board ruled in GM's favor.

On appeal, LKQ argued that the Supreme Court's decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007)—a case involving the obviousness of a utility patent—should apply to design patents. In particular, LKQ argued that the then-prevailing *Rosen-Durling* obviousness standard for design patents (which the Board applied in the LKQ IPR) is inappropriate. The original panel rejected LKQ's argument and affirmed the Board's finding. But the full Federal Circuit subsequently agreed to hear the case en banc.

The en banc court ruled that the *Rosen-Durling* test was too rigid and incompatible with *KSR*. In particular, the court rejected both the prior requirements that a primary reference be "basically the same" as the claimed design and that any secondary reference be "so related to the primary reference that the appearance of certain ornamental features in one would suggest application of those features to the other." Instead, the court held that a flexible approach should be applied, akin to that used for utility patents. In particular, the court held that the four *Graham* factors should apply to the design patent obviousness analysis: 1) the scope and content of the prior art, 2) the differences between the prior art and the claimed invention, 3) the level of ordinary skill in the art, and 4) any secondary considerations of non-obviousness.

The court left the challenge of determining precisely how the utility patent test would apply to design patents to later cases. For instance, the en banc decision explicitly left open the question of what will constitute analogous art for design patents. The court stated that a prior art reference in the same field of endeavor as the claimed design would be analogous art (as it is for utility patents), but it did not "foreclose that other art could also be analogous." The court did not define the test for this second, open-ended option, leaving it to be "addressed on a case-by-case basis."

The decision also explicitly left open the question of what secondary considerations of non-obviousness will be possible for design patents. The court noted that secondary considerations, including "commercial success, industry praise, and copying" can demonstrate nonobviousness. It went on to state that it is "unclear whether certain other factors such as long felt but unsolved needs and failure of others apply in the design patent context."

Platinum Optics Tech. Inc. v. Viavi Sols. Inc., 111 F.4th 1378 (Fed. Cir. Aug. 16, 2024) (Moore, Taranto, Cecchi)

BY JENNIFER MEYER CHAGNON

Platinum Optics Technology Inc. (PTOT) filed an inter partes review against certain claims of Viavi's patent related to bandpass filters. Prior to the IPR, Viavi filed two civil actions against PTOT for, among other things, infringement of the patent but, in both proceedings, the patent infringement claims were dismissed with prejudice. Subsequently, the Board issued its final written decision holding that PTOT failed to show the challenged claims were unpatentable.

On appeal, the Federal Circuit dismissed, holding that PTOT did not have proper standing to appeal. Although a party does not need Article III standing in order to file an IPR, standing is required in order to appeal the Board's decision to the Federal Circuit. This is because the "court's jurisdiction to review final decisions of the Board is limited to 'Cases' and 'Controversies' under Article III of the U.S. Constitution." One of the requirements to prove standing, relevant here, is that the appellant has "suffered an injury in fact." PTOT presented two theories to support its contention that it has suffered an injury in fact. The court rejected both.

First, PTOT contended that its continued distribution of the accused bandpass filters in the prior civil action "creates a likelihood that Viavi will sue again." The court noted "mere speculation about a possibility of suit, without more, is insufficient to confer standing." In support, PTOT relied on a letter from Viavi contending that it would not be possible for PTOT to fulfill its supply agreements with non-infringing products. But PTOT ignored that this letter was sent prior to the earlier civil actions, which had been dismissed with prejudice. "[U]nsubstantiated speculation about a threat of future suit is insufficient to show a substantial risk of future infringement or that Viavi is likely to assert a claim against it for the continued distribution of [previously accused] bandpass filters."

Second, PTOT contended that its continued development of new bandpass filters supports a concern that Viavi would again assert the patent. As the court noted, PTOT did not "identify any specific, concrete plans for PTOT to develop a product that may implicate the [] patent." Specifically, PTOT presented declaration evidence that included only "vague and conclusory statements," but did not "provide any detailed plans for development of these new filters," nor "explain the particulars of these new models, or how the models may relate to the [] patent." Further, PTOT did not point to any evidence that Viavi had made any threat regarding bandpass filters still in development.

ParkerVision, Inc. v. Qualcomm Inc., 116 F.4th 1345 (Fed. Cir. Sept. 6, 2024) (Lourie, Mayer, Stark)

BY JENNIFER MEYER CHAGNON

This appeal stems from the collateral estoppel effects of two proceedings—a first infringement suit filed by ParkerVision against Qualcomm (2011 Action) and a final written decision in an IPR—on a second infringement suit also filed by ParkerVision against Qualcomm (2014 Action). Asserted claims in the 2014 Action were challenged in the IPR. These claims are different from, but related to, claims asserted in the 2011 Action.

In *ParkerVision, Inc. v. Qualcomm Inc.*, 621 F. App'x 1009 (Fed. Cir. 2015) (*ParkerVision I*), the court affirmed the district court's grant of a judgment as a matter of law of non-infringement in the 2011 Action, which was premised on a construction of the "generating limitation" of the claims asserted in that proceeding. And, in a final written decision in the IPR related to U.S. Patent 6,091,940, the Board held that certain apparatus claims were shown to be unpatentable and that certain method claims were not shown to be unpatentable. The difference was that, although Qualcomm had proved that the prior art taught an apparatus that was "capable of" performing certain functions that would meet the claims, it had not shown that a skilled artisan would have been motivated to operate the prior art apparatus in such a way as to satisfy the method claims. These determinations were affirmed in *ParkerVision, Inc. v. Qualcomm Inc.*, 903 F.3d 1354, 1362-63 (Fed. Cir. 2018) (*ParkerVision II*).

In the 2014 Action, Qualcomm filed Daubert motions, seeking to exclude (1) testimony of ParkerVision's validity expert, on the grounds that collateral estoppel from *ParkerVision II* precludes ParkerVision from attempting to contradict any of the Board's findings and (2) testimony from ParkerVision's infringement experts was unreliable. The district court agreed, finding (1) that *ParkerVision II*, which affirmed the PTAB's invalidation of the challenged apparatus claims of the '940 patent, collaterally estopped ParkerVision from relitigating factual issues related to the teachings of the prior art reference, which also was the basis of Qualcomm's invalidity contentions against the method claims of the '940 patent; and (2) that the infringement experts' opinions were not supported by testing and simulation of the accused products.

Qualcomm also filed for summary judgment of non-infringement. Qualcomm contended that (1) ParkerVision was collaterally estopped based on *ParkerVision I* from asserting Qualcomm infringes certain claims of the '940 patent, and (2) the accused products do not infringe other certain claims of the '940 patent. The district court agreed because (1) there was no material dispute that the asserted claims were materially similar to those in *ParkerVision I*, in which the Federal Circuit had affirmed judgment of non-infringement and (2) Qualcomm's expert testimony regarding non-infringement was unrebutted (due to the exclusion of ParkerVision's expert testimony).

On appeal, ParkerVision first contended that there was no collateral estoppel effect from *ParkerVision I* because asserted claims in the 2014 Action were not "materially the same" as the claims in the 2011 Action. The Federal Circuit emphasized that determining claim scope requires undertaking a claim construction analysis under *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). The court found that the district court had improperly relied principally on extrinsic evidence, ignoring the intrinsic evidence. The court also found that the district court had ignored portions of ParkerVision's expert testimony. The court noted that the relevant claims in the 2014 Action did not expressly include the "generating limitation" of the asserted claims of the 2011 Action, nor did they otherwise appear on their face to require the narrower scope applied to that limitation in the 2011 Action. The court thus vacated and remanded to the district court to determine whether that scope was actually materially different.

ParkerVision also argued that the district court erred in applying collateral estoppel to preclude its validity expert's testimony. In reversing the district court's order, the Federal Circuit applied an exception to collateral estoppel that is implicated when, as here, "the second action involves application of a different legal standard" – namely, a preponderance of the evidence standard at the Board and a clear and convincing evidence standard at the district court. The court explained, "[a]lthough we have not previously addressed the question of whether a finding underlying an unpatentability decision in an IPR proceeding collaterally estops a

ParkerVision, Inc. v. Qualcomm Inc., 116 F.4th 1345 (Fed. Cir. Sept. 6, 2024) (Lourie, Mayer, Stark) *continued*

patentee from making validity arguments regarding separate, related claims in district court litigation, we now hold that it does not." The court drew a distinction between the affirmance of a Board finding that the claims were *unpatentable* and a Board finding that claims were *not unpatentable*. As to the latter, "those claims remain presumptively valid and can only be found invalid in district court litigation by clear and convincing evidence." ParkerVision should be afforded the opportunity to defend the validity of the method claims that were not shown to be unpatentable in the IPR, including with evidence about what the prior art does and does not disclose.

ParkerVision finally asserted that the district court abused its discretion in excluding its infringement experts' testimony as unreliable. The court reversed, holding that, because it was undisputed that the experts relied on the "type of documents … that experts in the field would reasonably consider," there is "neither a factual nor legal basis here for finding that expert testimony is unreliable unless the expert herself undertakes to test or simulate the accused products."

Related:

- ***Packet Intel. LLC v. NetScout Sys., Inc.*, 100 F.4th 1378 (Fed. Cir. May 2, 2024) (Lourie, Hughes, Stark)** (holding that an infringement judgment on remand for determining correct damages is not "final" such that it is immune to subsequent developments relating to the patentability of the patent claims on which it was based (i.e., an affirmed finding of unpatentability in an IPR)).

Virtek Vision Int'l ULC v. Assembly Guidance Sys., Inc., 97 F.4th 882 (Fed. Cir. March 27, 2024) (Moore, Hughes, Stark)

BY JENNIFER MEYER CHAGNON

Assembly (Aligned Vision) petitioned for IPR of Virtek's patent. The challenged claims relate to an improved method for aligning a laser projector with respect to a work surface. In particular, the patent discloses an improved two-part alignment method. Claim 1 includes a step of "identifying a pattern of the reflective targets on the work surface in a *three dimensional coordinate system*."

The Board found that Aligned Vision had shown some challenged claims were unpatentable but that it had not made a sufficient showing as to certain dependent claims. In each of the two grounds challenging claim 1, Aligned Vision relied on a combination of two references (Keitler and Briggs; Briggs and Bridges). Neither Keitler nor Bridges discloses identifying targets in a *3D coordinate system* as claimed, but instead each discloses determining an *angular direction* of each target. Aligned Vision relied on Bridges for its disclosure of determining the 3D coordinates of targets. The Board found that, because Briggs discloses both 3D coordinates and angular directions, it would have been obvious to try using Briggs's 3D coordinate system instead of the angular direction systems in Keitler or Bridges.

On appeal, the Federal Circuit held the Board's findings as to a skilled artisan's motivation to make the proposed combinations were not supported by substantial evidence. According to the court, "[i]t does not suffice [for two alternative arrangements] to simply be known. A reason for combining must exist." The court further emphasized that "*KSR* did not do away with the requirement that there must exist a motivation to combine various prior art references in order for a skilled artisan to make the claimed invention." But neither Aligned Vision nor the Board articulated any reason for the substitution or any advantages for doing so. There was no argument or evidence that the substitution would have been common sense, nor any evidence that there were only a finite number of identified, predictable solutions, nor any evidence of a design need or market pressure. The court found similar failures in Aligned Vision's evidence of a motivation to combine for the dependent claims that the Board found to be not shown to be unpatentable in the IPR.

NexStep, Inc. v. Comcast Cable Commc'ns, LLC, 119 F.4th 1355 (Fed. Cir. 2024) (Reyna, Taranto, Chen)

BY ANNA G. PHILLIPS

NextStep asserted that Comcast's Voice Remote infringed U.S. Patent No. 8,280,009. At trial, a jury found that Comcast infringed the '009 patent under the doctrine of equivalents but did not literally infringe. In post-trial motions, Comcast moved for judgment as a matter of law that the evidence did not support a finding of infringement under a doctrine of equivalents theory. The district court granted Comcast's motion.

The Federal Circuit affirmed. The court first addressed the proper framework to address the issue. First, there are two tests to show equivalence: the function-way-result test, which asks "whether the accused product performs the substantially the same function in substantially the same way to obtain the same result," and the insubstantial differences test, which asks whether "differences between the claimed invention and the accused device or process are insubstantial." The particular test to be used depends on the particular facts of each case. Second, proof of equivalence must be shown on a limitation-by-limitation basis, not the invention as a whole. Third, evidence of equivalence must be from the perspective of one skilled in the art. And finally, the patentee "must provide particularized testimony and linking argument as to the insubstantiality of the differences between the claimed invention and the accused device." Generalized testimony is not sufficient—the patentee must provide evidence to establish what the function, way, and result of both the claimed device and accused device are, and why those functions, ways, and results are substantially the same or insubstantially different.

The limitation at issue on appeal was "responsive to a single action performed for a user." The parties agreed that the point of novelty of the '009 patent was that customer service support may be initiated with a "single action." In other words, the claim requires that all the recited steps for troubleshooting must occur "responsive to a single action performed by the user."

To support its doctrine of equivalence argument at trial, NexStep's expert, Dr. Selker, testified that, under the function-way-result test, Comcast's accused tools met the "single action" limitation. Dr. Selker testified that, when users try to diagnose their device, there may be several button presses along the way, but concluded "that's the same function." And he went on to conclude "it's done in the same way" because using Comcast concierge services is like giving someone "authorization" to diagnose and solve the problem, as opposed to the user doing it themselves. As for the result, Dr. Selker concluded the result to be similar in that "this thing is going to be restarted, refreshed, whatever…without me having to tangle with understanding all of the issues…so it's going to come with a result of my modem working."

The majority disagreed, criticizing Dr. Selker for never explaining *why* the function, way, or result were substantially the same. Dr. Selker did not identify a particular element of any of the accused tools as equivalent to the "single action" limitation. Nor did Dr. Selker explain *why* each element of the accused tools were equivalent to any particular claim element.

NexStep also argued that its literal infringement evidence, coupled with its doctrine of equivalence evidence, rendered the district court's grant of judgment as a matter of law erroneous. The majority dismissed this argument because the district court considered the literal infringement evidence but, more importantly, NexStep never articulated "*what* the function, way, and result of *both* the claimed device and accused device are, and *why* those functions, ways, and results are substantially the same."

Finally, NexStep argued that, when the claimed technology is "easily understandable," the evidentiary requirement to provide particularized testimony and linking argument should not be so stringent. The court held, however, that these evidentiary requirements originated in cases concerning "easily understandable" technologies. And the policy reason for the evidentiary standard still stands: to guard the definitional and public-notice functions of patent claiming.

Judge Reyna dissented on the doctrine of equivalents issue. He argued that the majority disregarded the jury's role at trial and did not consider the evidence in its entirety, including the literal infringement evidence. Judge Reyna also criticized the majority for establishing "a rigid new rule" requiring expert testimony to prove infringement under the doctrine of equivalents, even where the technology is "simple."

Google LLC v. EcoFactor, Inc., 92 F.4th 1049 (Fed. Cir. 2024) (Reyna, Taranto, Stark)

BY ANNA G. PHILLIPS

Google petitioned for inter partes review of a patent directed to "a thermostat that takes into consideration factors like outside weather conditions and thermal characteristics of the home" to "dynamically achieve the best possible balance between comfort and energy savings." In its decision, the Board stated that claim construction was unnecessary despite its conclusion that the claim recited inputs that "were separate and distinct components that required distinctly different input data." Because the prior art did not disclose one of these inputs, the Board upheld EcoFactor's patent.

The parties, however, had disputed whether the prior art disclosed a particular portion of claim 1: "determining a first time prior to said target time...*based at least in part on*... [iii] said first internal temperature." Google argued that the recited inputs need not be separate and discrete and that the claim and prior art could determine a first time prior to said target time based on thermal performance values (input [i]) that were calculated from internal temperature values (input [iii]). EcoFactor disagreed, contending that each input must be discrete, otherwise it would render other claim limitations meaningless. Despite the parties' dispute, neither party requested claim construction to resolve the issue.

On appeal, Google argued that the Board construed the claim limitation, despite explicitly stating claim construction was unnecessary. Google argued that this implicit claim construction violated the Administrative Procedures Act (APA) because it had no notice or opportunity to address the Board's construction, and further, the construction was contrary to the intrinsic evidence.

The Federal Circuit first tackled whether the Board, in fact, conducted claim construction. To determine, on the one hand, whether a court or other tribunal construed a claim, or on the other hand, whether it merely compared a claim to prior art (or an allegedly infringing product), the panel advised that one ask: Did the outcome of the analysis "establish[] the scope (e.g., boundaries) and meaning of the patented subject matter?" If yes, then the tribunal "has most likely construed the claim." In posing this question, the panel noted that what is important is the analysis, not at which point in the proceeding the analysis occurs.

Applying this reasoning, the court concluded the Board implicitly construed claim 1. The Board determined the scope of the claim by concluding that no input could be based on another. The Board also applied the presumption that "[w]here a claim lists elements separately, the clear implication of the claim language is that those elements are distinct components of the patented invention" to reject Google's challenges of unpatentability. Particularly, the asserted prior art, the Board reasoned, "did not use each of the five distinct inputs and instead effectively ignore[d] a claim limitation by double counting." (internal quotations omitted). The Board's conclusion, therefore, amounts to a claim construction.

Having addressed the threshold question of whether the Board construed the claim limitation—a question that affected the standard of review—the panel moved on to address Google's APA and claim construction arguments. First, the court concluded that the Board did not violate the APA because the parties actually argued the scope of the claim limitation at issue, even if neither party formally recognized the arguments to be directed to claim construction. The record showed that the parties disputed claim scope—Google argued that certain inputs could be based on others and EcoFactor disagreed, arguing that the claim required distinctly different inputs. "While an explicit claim construction was not proposed by either party, both parties recognized that the core issue related to the scope and boundaries of the five inputs . . . and, thus, were afforded both notice and opportunity to address this issue."

The panel next addressed the Board's claim construction, concluding that the intrinsic evidence supported a broader construction than the one the Board implicitly endorsed. The claim language recited that "a first time" is determined "at least in part on" each of the five inputs, so there is no express limitation on how the inputs are used. Said differently, the claim language allows for any of the five inputs to be calculated using any of the other inputs. Moreover, nothing in the specification required that each input be separate. Indeed, a contemplated embodiment used one input to calculate another input.

Google LLC v. EcoFactor, Inc., 92 F.4th 1049 (Fed. Cir. 2024) (Reyna, Taranto, Stark) *continued*

Ultimately, the court held that the claim term "is not limited to inputs that are entirely separate and distinct." Interestingly, the panel caveated that it was "effectively reviewing the Board's claim construction," seeming to ignore that it, too, construed the claim, having defined the scope of the patented subject matter. Nevertheless, in so doing, the court reiterated the canon of claim construction that "[w]e normally do not interpret claim terms in a way that excludes embodiments disclosed in the specification." It also affirmed that while there is a presumption that separately listed claim limitations may indicate separate and distinct features, this is not always the case, depending on the "context of a particular patent."

The court reversed the Board's claim construction, vacated the Final Written Decision, and remanded for further proceedings under the correct construction of the claim limitation.

Related:

- *Pacific Biosciences of California, Inc. v. Personal Genomics Taiwan, Inc.*, 89 F.4th 1377 (Fed. Cir. 2024) (relying on intrinsic evidence, including the problem to be solved recited in specification, to construe dispositive claim construction term).
- *Weber, Inc. v. Provisur Techs., Inc.*, 92 F.4th 1059 (Fed. Cir. 2024) (rejecting narrow construction because the intrinsic record supported a broader construction and concluding it unnecessary to examine extrinsic evidence that would limit claim scope contrary to the intrinsic evidence).
- *Promptu Sys. Corp. v. Comcast Corp.*, 92 F.4th 1372 (Fed. Cir. 2024) (holding trial court's claim construction erroneous because it improperly narrowed the claims based on exemplary embodiments).
- *K-Fee Sys. GmBh v. Nespresso USA, Inc.*, 89 F.4th 915 (Fed. Cir. 2023) (relying on patentee's statements to European Patent Office to determine what a person of skill in the art would understand claim term to mean).
- *Vascular Sol'ns LLC v. Medtronic, Inc.*, 117 F. 4th 1361 (Fed. Cir. 2024) (concluding that while a claim term should be construed consistently across claims, the construction can be a functional construction where the function is not performed in the same way in every context of the claim).
- *UTTO Inc. v. Metrotech Corp.*, 119 F.4th 984 (Fed. Cir. 2024) (stating claim construction may occur at the motion to dismiss stage of a proceeding).

Brumfield v. IBG LLC, 97 F.4th 854 (Fed. Cir. 2024) (Prost, Taranto, Hughes)

BY TREY POWERS

Trading Technologies (TT) brought suit against IBG for patent infringement. A jury found the claims of two patents infringed and awarded damages. However, before trial, the district court excluded one of TT's damages theories under Federal Rule of Evidence 702. TT appealed.

The excluded damages theory relied on IBG allegedly "making the accused products in the United States with foreign damages." TT's expert argued that TT should receive damages for foreign users' copies of the accused product software. She proposed inclusion of all foreign active users in a given month in her damages calculation, without narrowing the pool to any identified subgroups of foreign active users. She did this, she opined, because IBG deliberately markets the accused product software worldwide. TT's expert stated that it was her "understand[ing] that TT is entitled to worldwide patent damages for harm that is foreseeable and [the] but-for result of infringement in the United States."

IBG argued that TT's expert's worldwide damages opinion improperly includes foreign users with no link to any U.S. infringing activities. The district court excluded the opinions because "the patentee may not recover damages for worldwide sales of the patented invention on the theory that those foreign sales were the direct foreseeable results of the infringers' domestic infringement."

On appeal, TT argued that the district court should have applied the extraterritoriality analysis articulated by the Supreme Court in *WesternGeco*, rather than the more restrictive principles the district court drew from *Power Integrations*. The Federal Circuit agreed that *WesternGeco* provided the framework for determining whether patent damages are properly awarded based partly on conduct abroad. But the court determined that, even under *WesternGeco*, the evidence offered by TT's expert was properly excluded.

Specifically, the court held that *WesternGeco* provides a two-step framework for determining when an application of the statute is impermissibly extraterritorial. A court must first ask "whether the presumption against extraterritoriality has been rebutted" (by clear enough congressional action) and, second (if the presumption has not been rebutted), "whether the case involves the domestic application of the statute" (rather than extraterritorial application). The court also concluded that *WesternGeco* applies to a reasonable-royalty award, not only lost profits awards, though "its application must reflect the established differences in the standards for the two types of awards."

In considering a reasonable royalty, the court noted that the royalty base may not include activities that do not constitute patent infringement because patent damages are limited to those "adequate to compensate for the infringement." Such is true for foreign activities that do not themselves constitute infringement. The court noted that "if the patentee seeks to increase [the] amount [of reasonable royalty] by pointing to foreign conduct that is not itself infringing, the patentee must, at least, show why that foreign conduct increases the value of the domestic infringement itself." Turning to the facts before it, the court found such a showing lacking.

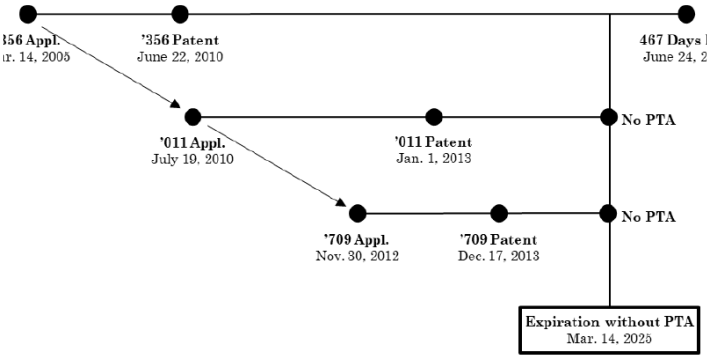
First, TT's expert did not differentiate between method claims and claims to a computer readable medium (CRM). That matters because infringement of method claims requires practicing the method. And the foreign practice of the patented method cannot by itself be sufficient to recover damages in the United States. Therefore, the court reasoned, the expert's theory would have to refer to the specifically to the CRM claims, but they contained no such analysis.

Second, the court found that TT's expert did not present a coherent explanation of any causal connection of foreign activity to domestic infringement. The court noted that the accused infringer, even before the patents issued, already had CRMs abroad containing the accused software that met the patents limitations. But this does not constitute infringement at least because the export happened before the patents issued.

Allergan USA, Inc. v. MSN Labs. Private LTD, 111 F.4th 1358 (Fed. Cir. 2024) (Lourie, Dyk, Reyna)

BY TREY POWERS

Allergan owns patents, including the '356 patent, that cover the drug eluxadoline. The '356 patent was awarded significant patent term adjustment (PTA) because of PTO delays during prosecution. Allegan filed continuation applications claiming the benefit of the '356 patent's priority date. These applications matured into patents that did not receive PTA and therefore were set to expire before the '356 patent. After Allergan asserted the '356 patent in litigation, the defendants argued that Allergan's later-filed, later-issued, earlier-expiring patents were obviousness-type double patenting (ODP) references that rendered the '356 patent invalid. Allergan never disputed that the subject matter of the claims were obvious variants. The district court agreed with defendants and invalidated the claims under ODP, and Allergan appealed.



The Federal Circuit reversed and determined that the later-filed, later-issued, earlier-expiring patents were not proper ODP references. The court held that a "first-filed, first-issued, later-expiring claim cannot be invalidated by a later-filed, later-issued, earlier-expiring reference claim having a common priority date." The Federal Circuit distinguished its holding in *Cellect* by stating that "*Cellect* does not address, let alone resolve, any variation of the question presented here—namely, under what circumstances can a claim properly serve as an ODP reference—and therefore has little to say on the precise issue before us."

The court held that a "later-filed, later-issued" patent cannot be an ODP reference to "the first-filed, first-issued patent in its family" because "[t]hat is the only conclusion consistent with the purpose of the ODP doctrine, which is to prevent patentees from obtaining a second patent on a patentably indistinct invention to effectively extend the life of a first patent to that subject matter." The court further held that "the first-filed, first-issued patent in its family…is the patent that sets the maximum period of exclusivity for the claimed subject matter and any patentably indistinct variants."

The court further noted that "it is not atypical for a patent applicant to first seek to protect the most valuable inventive asset (e.g., a pharmaceutical genus claim) before filing continuing applications on enhancements or modifications" to that invention. Moreover, the court noted that it is "unsurprising that prosecution of a first-of-its-kind invention can be protracted" such that an eventual patent on that invention "is awarded some amount of PTA." But following the first application, it is generally expected that "a subsequently filed continuing application claiming the same priority date and covering a modification of that [first] invention proceeds much more efficiently through prosecution" such that PTA is not awarded on the later-filed patent. This pattern results in the later-filed, later issued continuation patent expiring first.

But, the court held, in such circumstances there is no unjust extension of patent term of the invention claimed in the child patent when the claims in the child patent did not even exist until after the parent patent issued.

The court further reasoned that "To hold otherwise—that a first-filed, first-issued parent patent having duly received PTA can be invalidated by a later-filed, later-issued child patent with less, if any, PTA—would not only run afoul of the fundamental purposes of ODP, but effectively abrogate the benefit Congress intended to bestow on patentees when codifying PTA." Otherwise patent owners would be required to file a terminal disclaimer disclaiming any term of the parent that extends beyond that of the child, which, in effect would disclaim the PTA. That result would effectively gut the intent of Congress when it enacted the statute granting PTA.

Pfizer Inc. v. Sanofi Pasteur Inc., 94 F.4th 1341 (Fed. Cir. 2024) (Lourie, Bryson, Stark)

BY BYRON PICKARD

Pfizer's patent claimed immunogenic compositions for use in a pneumococcal vaccines. Claim 1 of the patent recited the presence of a *streptococcus pneumoniae* glycoconjugate of serotype 22F, having a molecular weight between 1000 and 12,500 kDa. Dependent claims 3 and 4 recited the inclusion of additional glycoconjugates.

Sanofi challenged all claims of the patent in five IPRs, principally asserting that a PCT application (GSK-711) and a U.S. patent application (Merk-086) rendered the claims obvious. The Board found all of the claims unpatentable as obvious and denied Pfizer's contingent motions to amend the claims, determining that the substitute claims were unpatentable.

On appeal, Pfizer argued that the Board had erred in its obviousness finding by considering whether the molecular weight of glycoconjugates was a result-effective variable that one would have sought to optimize. According to Pfizer, application of the result-dependent-variable doctrine was solely applicable to rebutting a presumption of obviousness created where the prior-art ranges actually overlapped with the claimed range. Because it was undisputed that none of the prior art disclosed molecular-weight ranges that overlapped with the range claimed by the patent, Pfizer contended that there was no presumption of obviousness and, therefore, no reason to consider whether molecular weight was a result-effective variable.

The Federal Circuit rejected that argument. While the court recognized that application of the result-effective-variable doctrine was appropriately applied to rebut a presumption of obviousness arising from overlapping ranges, it concluded that the doctrine could be applied where the prior-art ranges did not overlap with the claimed range. The court reasoned that a routine-optimization analysis requires consideration whether there was a motivation, with a reasonable expectation of success, to "bridge any gaps in the prior art to arrive at the claimed invention." In the court's view, where such a gap includes a parameter not disclosed the by art, it is not error to consider whether that parameter was recognized as result-effective.

The court then determined that substantial evidence supported the Board's obviousness findings. The evidence showed that GSK-711 disclosed the serotype 22F glycoconjugate—even if not of the claimed molecular weight—and also disclosed 14 other serotypes having weights in the claimed range. GSK-711 also disclosed that pneumococcal vaccines having a larger sized saccharide conjugate can have a good immune response. And GSK-711 and Merck-086 both teach that the polysaccharides can be sized to improve filterability of the conjugated product.

Pfizer also advanced substantial-evidence challenges to the Board's obviousness findings as to dependent claims 3 and 4. Both claims recited that the conjugates were "immunogenic," meaning that they "elicit functional antibody" according to the term's construction. Pfizer argued that there was no substantial evidence of a reasonable expectation of success because the art did not disclose that the glycoconjugates were ever made or tested. The court rejected this argument, noting that GSK-711 described its compositions as "immunogenic," which the Board accepted as eliciting a functional antibody. The Board's conclusion was not unreasonable because the claimed serotypes had been formulated into a commercially available pneumococcal vaccine.

Pfizer also challenged the Board denial of three contingent motions to amend it had filed across the five IPRs. While the court affirmed the Board's denial of substitute claims 46 and 47, it vacated as the Board's denial of substitute claims 48 and 49 and remanded for further consideration. The court ruled that the Board not considered the limitation in those claims. Specifically, the Board found claims 48 and 49 unpatentable for the same reasons as claim 46, but claims 48 and 49 contained a limitation not recited by claim 46.

The court rejected Pfizer's final argument that the standards for director review were not the lawful product of notice-and-comment rule making but were instead posted on a Q&A portion of the Office's website and were changed multiple times. The court reasoned that, even if director review standards needed to be subject to notice and comment, Pfizer's challenge failed because it had not shown any prejudice resulting from such an APA violation.

About Sterne, Kessler, Goldstein & Fox

Based in Washington, D.C., Sterne Kessler is one of the world's leading intellectual property law firms, specializing in the full range of IP services globally for more than four decades. We are passionate about IP law, with a unique combination of legal acumen and technical expertise in both prosecution and litigation. This enables us to offer unparalleled insights and forward thinking strategies to protect and enforce our clients' valuable IP assets.

Our team of experienced litigators have the trial skills and technical depth to deliver results across any venue, from district court to the Federal Circuit and International Trade Commission. Sterne Kessler is also recognized as a leading firm for patent prosecution and strategic counseling, trademarks, and post-grant proceedings at the Patent Trial and Appeal Board. With over 400 dedicated professionals, the firm is committed to delivering exceptional service to clients. The world's most innovative companies, including Fortune 500 companies, entrepreneurs, start-ups, inventors, venture capital firms, and universities trust Sterne Kessler with their most complex IP matters.

For more information about the firm and our services, visit sternekessler.com or follow us on LinkedIn to stay up-to-date on our latest news and updates.

Sterne, Kessler, Goldstein & Fox PLLC

1101 K Street NW, 10th Floor

Washington, DC 20005