

# Top Ten Patent Cases\*

January 1, 2015 Final Edition [published Dec. 15, 2014]

**Final edition of *Top Ten Patent Cases*;  
see “Thank You” (p. 2)**

**M** = Sup. Ct. Merits Stage **P** = S. Ct. Petition Stage **FC** = Ct. of Appeals **x →** Conference

Rank		Case Name	Issue	Status
1	<b>M</b>	<i>Teva v. Sandoz</i>	Deference ( <i>Lighting Ballast</i> )	Awaiting merits decision
1a	P	<i>Teva “Clones”</i>	Deference ( <i>Lighting Ballast</i> )	Held for <i>Teva</i> decision
2	<b>M</b>	<i>Commil v. Cisco</i>	§ 271(b) Scientist	Merits Briefing
3.	<b>M</b>	<i>Kimble v. Marvel</i>	Post-Expiration Royalties	Merits Briefing
4	P	<i>Bristol-Myers v. Teva</i>	“Pandora’s Box”	Petition due Jan. 18
5	P	<i>Packard v. Lee</i>	Indefiniteness	Response due Jan. 5
6	<b>FC</b>	<i>Halo v. Pulse</i>	Willfulness ( <i>Octane Fitness</i> )	Pet. reh’g due Dec. 22
7	<b>FC</b>	<i>BioSig v. Nautilus</i>	§ 112(b) Definiteness	Awaiting decision
8	<b>M</b>	<i>Perez v. Mort. Bankers</i>	Interpretative Rules	Awaiting merits decision
9	<b>M</b>	<i>Hana Financial</i>	Jury Question	Awaiting merits decision
10	<b>FC</b>	<i>Suprema v. ITC</i>	Induced Infringement/ITC	Reh’g en banc Feb. 5
		<i>Gilead v. Natco</i>	Double Patenting	Response due Jan. 5
	<b>M</b>	<i>Hargis v. B&amp;B Hardware</i>	Issue Preclusion	Awaiting decision
	P	<i>Southern Electronics</i>	Inventorship Jurisdiction	Response due Dec. 29
	P	<i>Panasonic v. Samsung</i>	Limitations Period	Response due Dec. 15
	P	<i>Consumer W’dog v. WARF</i>	Standing	Response due Jan. 5
	P	<i>STC.UNM v. Intel</i>	Rule 19 Joinder	Petition due Dec. 16
	P	<i>ZOLL Lifecor</i>	IPR Petition Appeal	Response due Dec. 29
	<b>FC</b>	<i>Cuozzo Speed</i>	Claim Construction	Awaiting decision
<b>x →</b>	P	<i>Google v. Vederi</i>	Claim Construction	Conference Jan. 9
<b>x →</b>	P	<i>Hoffmann La Roche</i>	Appellate Fact Finding	Conference Dec. 12
<b>x →</b>	P	<i>Allergan v. Apotex</i>	Appellate Fact Finding	Conference Jan. 9
	<b>FC</b>	<i>Reese v. Sprint Nextel</i>	<i>Aukerman Laches</i>	Pet. for reh’g en banc
	<b>FC</b>	<i>SCA Hygiene</i>	<i>Aukerman Laches</i>	Pet. for reh’g en banc
	P	<i>Madstad</i>	First to File	Response due Dec. 31
<b>x →</b>	P	<i>Yufa v. Lockheed Martin</i>	Evidence	Conference Jan. 9

\* Authorship and the ranking system are explained as END NOTES (at page 36).

## **Thank you!**

This is the final edition of *Top Ten Patent Cases*.

Thank you, everyone who has provided information for inclusion in *Top Ten Patent Cases* and to readers for thoughtful commentary on the case law and other patent issues. *Top Ten Patent Cases* is no longer necessary as there are now several very reliable sources of information on Supreme Court and other patent cases.

The current service of daily commentary on patent developments and issues will continue until the end of January. At that time, an announcement will be made about a new system to supersede the present daily email system.

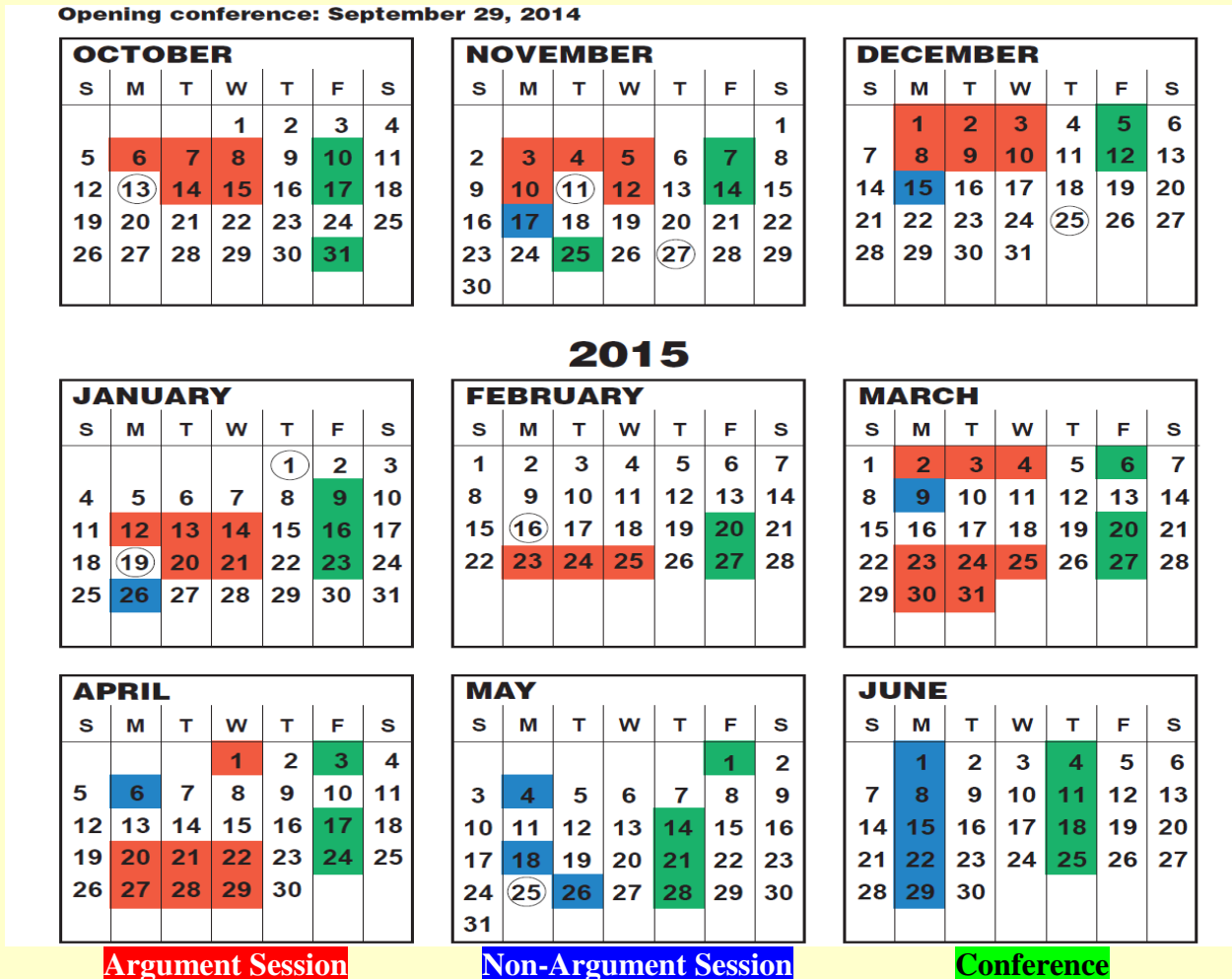
**Retirement from Foley after Twenty Years with the Firm:** As many readers already know, in September this writer announced his retirement from the Foley firm, effective January 31, 2015. He will have the status of “Partner Emeritus” at that time.

**What Happens beginning February 1st:** From February 1, 2015, the writer commences an independent patent consulting practice to complement his academic endeavors.

The writer's post-Foley academic focus will be on in depth analysis of practical issues of patent law and practice. The first of a series of practice monographs is targeted for completion by the end of 2015. He will also continue a full schedule of participation at academic and CLE conferences, domestically and internationally.

**Thank you, Foley partners!** Finally, the writer wishes to acknowledge with great thanks the collegial atmosphere at Foley and the support he has received from his partners over the past twenty years with the firm. Thank you!.

**OCTOBER 2014 TERM**



**“Red”/“Blue” Dates to Announce *Certiorari* Decisions:** The Court notes grants and denials of *certiorari* as part of an electronic Orders List at 9:30 AM the date of the first session (“red” or “blue”) following the Conference considering the case, *except* that we are still early enough in the Term where a grant may be issued as part of an earlier, special Orders List.

**“Green Day” Same Day Grants:** A same day grant of *certiorari* on the date of the Conference is possible at the present time because there is still time for an argument this Term following full merits briefing. The Court has eighteen argument days remaining on its calendar beginning in the period February 23-April 29, 2015 which so far have no arguments scheduled.

## TOP TEN PATENT CASES

<b>Supreme Court Cases</b> Yellow Highlighted	<b>Circuit Court Cases</b> Pink Highlighted
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### **(1) *Teva v. Sandoz* –Deference (*Lighting Ballast*)**

In *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, Supreme Court No. 13-854, *opinion below*, 723 F.3d 1363 (Fed. Cir. 2013)(Moore, J.), petitioner challenges the Federal Circuit standard of appellate deference under *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), as most recently reaffirmed by the appellate tribunal in *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 744 F.3d. 1272 (Fed. Cir. 2014)(en banc).

**Status:** Awaiting decision before the end of the Term in June 2015. Argument was held October 15, 2014.

**Question Presented:** “Whether a district court's factual finding in support of its construction of a patent claim term may be reviewed *de novo*, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Rule 52(a) requires.”

### **(1a) *Teva* “Clones”**

There is a growing list of Federal Circuit cases on petition to the Supreme Court where a District Court claim construction was reversed by the Federal Circuit under the *Cybor de novo* standard of review now before the Supreme Court in Top Ten No. (1) *Teva v. Sandoz*. Presumably, each of these cases will be held for a decision until after a merits decision in *Teva v. Sandoz*:

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***Lighting Ballast Control LLC v. Universal Lighting Technologies, Inc.*** Supreme Court No. 13-1536, is the styling of the petition from review of the *en banc* decision of the Federal Circuit *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 744 F.3d 1272 (Fed. Cir. 2014)(en banc), that – under a theory of *stare decisis* – reaffirms the continued validity of appellate *de novo* claim construction under *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc). (*Lighting Ballast* was scheduled for Conference on September 29, 2014, but no decision was reached.)

***Gevo, Inc v. Butamax Advanced Biofuels LLC***, Supreme Court No. 13-1286 (distributed for Conference of June 26, 2014, without any further action) (“This Court recently granted the petition for writ of certiorari filed by Teva Pharmaceuticals USA, Inc. raising the same question presented as the Federal Circuit's decision in this case.”)

***Shire Development, LLC v. Watson Pharmaceuticals, Inc.***, Supreme Court No. No. 14-206 (distributed for Conference of October 31, 2014)(“This Court has already granted certiorari in the Teva Pharmaceuticals USA case, which presents the same question to the Court. The Court, therefore, may wish to hold this petition pending a decision by the Court in Teva.”).

***Takeda Pharmaceutical Co. Ltd v. Zydus Pharmaceuticals USA, Inc.***, Supreme Court No. 14-217 (Conference not yet set)(“This case presents a question identical to the one the Court will consider in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, No. 13-854: Does the Federal Circuit properly review all aspects of claim construction *de novo*, or is it bound by Federal Rule of Civil Procedure 52(a)(6) to defer to a district court's resolution of factual issues underlying the interpretation of a patent?”)

***Stryker Corporation v. Hill-Rom Services, Inc.***, Supreme Court No. 14-358 (Petition Response was due Oct. 27, 2014)(Because the same question is presented in this petition [and *Teva v. Sandoz*], Stryker requests that the Court hold this petition pending its ruling in *Teva*. If the Court decides that the Federal Circuit must apply a clear-error standard of review for factual findings supporting claim construction, the Court should grant this petition, vacate the Federal Circuit's order, and remand this matter to the Federal Circuit for a claim construction ruling consistent with the Court's decision.”)

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*Apple Inc. v. Ancora Technologies, Inc.*, No. 14-469, *opinion below*, 744 F.3d 732 (Fed. Cir. 2014)(Taranto, J.)(Response due Nov. 21, 2014)(“Whether this petition should be held for disposition of *Teva Pharmaceuticals USA, Inc. v. Sandoz Inc.*, No. 13-854, which will address whether de novo review applies to a district court's ruling on the meaning of patent claims, because the Federal Circuit in this case expressly applied de novo review in reversing the district court's construction of a key claim term.”)

*Braintree Labs., Inc. v. Novel Labs., Inc.*, Supreme Court NO. 14-499, *opinion below*, 749 F.3d 1349 (Fed. Cir. 2014)(Prost, J.)(additional opinions by Dyk, J., dissenting in part and concurring in the result; and Moore, J., dissenting)(Response by Respondent waived)(“ petition presents the same question as is presented in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, No. 13-854, currently pending before this Court[.]”).

### **(2) *Commil v. Cisco* -- § 271(b) *Scienter***

In Top Ten No. (2) *Commil USA, LLC v. Cisco Sys., Inc.* Supreme Court No. 13-896, Petitioner's challenge to the new Federal Circuit standard of *scienter* for active inducement under 35 USC § 271(b) remains alive. The Court has taken no action on the petition and has yet to reschedule the case for a further Conference.

**Status:** Merits briefing stage. *Certiorari* granted December 5, 2014.

**CVSG Brief Recommends Grant of *Certiorari*:** The Government on invitation of the Court has filed a brief *recommending* grant of *certiorari*.

**First Question Presented:** “Whether the Federal Circuit erred in holding that a defendant's belief that a patent is invalid is a defense to induced infringement under 35 U.S.C. § 271(b).”

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### **Anatomy of a Patent Certiorari Grant**

No. (2) *Commil v. Cisco* even before grant of certiorari was the highest ranked case in Top Ten Patent Cases where *certiorari* had not been granted. Why was this case ranked so high?

**First, statutory interpretation is the focus:** If there is any wheelhouse of strength at the Supreme Court it resides in statutory construction issues that it faces on a daily basis.

**Second, no knowledge of technology is necessary for the decision:** It is extremely rare for the Court to grant certiorari in a patent case where a decision requires a study whether technology is or is not novel or nonobvious. Here, the petition involves a purely a legal issue having absolutely nothing to do with patent core issues of patentability: The members of the Court and their Clerks are brilliant lawyer while a member of the Court typically has no technical background.

**Third, the Federal Circuit was deeply divided with five dissents:** Federal Circuit has once again shown itself to be deeply divided, unable to reach a consensus on a point of law. The proceedings below start with a divided panel opinion, *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361(Fed. Cir. 2013)(Prost, J)(Newman, J., dissenting), with further en banc proceedings denying rehearing, 737 F.3d 699, 700 (Fed. Cir. 2013)((Reyna, J., joined by Rader, C.J., Newman, Lourie, Wallach, JJ., dissenting from den. reh'g en banc); *id.*, 737 F.3d at 703-04 (Newman, J., joined by Rader, C.J., Reyna, Wallach, JJ, dissenting from den' reh'g en banc).

**Questions Presented [petition granted only as to the first Question]:** “Commil holds a patent teaching a method to implement short-range wireless networks. At trial, the jury returned a verdict that Commil's patent was valid, that Cisco directly infringed but did not induce infringement, and awarded damages. Because Cisco's counsel invoked stereotypes about Commil's Jewish owner and inventors during trial, the district court found the verdict "inconsistent with substantial justice" and ordered a new trial on inducement and damages only. At the second trial, the jury returned a verdict that Cisco induced infringement and awarded damages. The Federal Circuit reversed and remanded for a third trial on two grounds. First, although Commil's patent is valid, the Federal Circuit held that Cisco's "good faith belief that the patent was invalid is a defense to induced infringement. Second,

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although Cisco had actual knowledge of Commil's patent, the Federal Circuit held that this Court's opinion in *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011) rendered erroneous and prejudicial the jury instruction based on *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir. 2006). The questions presented are:

1. Whether the Federal Circuit erred in holding that a defendant's belief that a patent is invalid is a defense to induced infringement under 35 U.S.C. § 271(b).
2. Whether the Federal Circuit erred in holding that *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011) required retrial on the issue of intent under 35 U.S.C. § 271(b) where the jury (1) found the defendant had actual knowledge of the patent and (2) was instructed that '[i]nducing third-party infringement cannot occur unintentionally.'"

### **(3) *Kimble v. Marvel* – Post-Expiration Royalties**

In *Kimble v. Marvel Enterprises, Inc.*, Supreme Court No. 13-720, *opinion below*, 727 F.3d 856 (9th Cir. 2013) (Callahan, J.), petitioner challenges the rule of *Brulotte v. Thys Co.*, 379 U.S. 29 (1964), that a patentee's use of a royalty agreement that projects payments beyond the expiration date of the patent is unlawful *per se*.

**Status:** Merits briefing; *certiorari* granted December 12, 2014.

**Question Presented:** “\* \* \* [B]ecause royalty payments under the parties’ contract extended undiminished beyond the expiration date of the assigned patent, Respondent’s obligation to pay was excused under *Brulotte v. Thys Co.*, 379 U.S. 29, 32 (1964), which had held that ‘a patentee’s use of a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*.’”

“A product of a bygone era, *Brulotte* is the most widely criticized of this Court’s intellectual property and competition law decisions. Three panels of the courts of appeals (including the panel below), the Justice Department, the Federal Trade Commission, and virtually every treatise and article in the field have called on this Court to reconsider *Brulotte*, and to replace its rigid *per se* prohibition on post-expiration patent royalties with a contextualized rule of reason analysis.

“The question presented is:



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“Whether this Court should overrule *Brulotte v. Thys Co.*, 379 U.S. 29 (1964).”

***The Solicitor General's Negative CVSG Recommendation:*** The Solicitor General has now filed a CVSG amicus brief in this case which argues that certiorari should be DENIED. The Solicitor General distinguishes this case from *Brulotte v. Thys*.

### **(4) *Bristol-Myers. v. Teva* – “Pandora’s Box”**

A petition for *certiorari* is expected to be filed in *Bristol-Myers Squibb Co. v. Teva Pharms. USA, Inc.*, following the denial of rehearing en banc at the Federal Circuit, 769 F.3d 1339 (Fed. Cir. 2014)(Order den. reh’g en banc), *panel opinion*, 752 F.3d 967 (Fed. Cir. 2014)(Chen, J.), where a witches brew of pharmaceutical obviousness issues are raised.

**Status:** A petition for *certiorari* is due January 18, 2014.

The “*Eisai Issue*” in this case – which is *not* the focus on the holding – is considered in detail in this author’s paper, *Bristol-Myers “Lead Compound” Prima Facie Obviousness* (attached to the previous version of Top Ten Patent Cases, December 1, 2014).

**“Pandora’s Box”:** Just as the petition in *Bilski* reopened patent-eligibility under 35 USC § 101 in an area of seemingly settled precedent for the previous nearly thirty years, the petition, here, if granted, would open up the first Supreme Court challenge to the law of *prima facie* obviousness of synthetic organic chemicals, threatening more than a century of a rich fabric of case law in this area.

**A Fact-Based Holding:** If *certiorari* is denied it will in be in major part because of the lack of a difference of opinion on the *law* amongst the several members of the *en banc* Court: In her concurrence with denial of rehearing *en banc* Judge O’Malley painstakingly goes through the various specific issues raised in the *en banc* petition and then concludes that “[the patentee] and the amici adopt a ‘sky is falling’ approach to what is simply a fact dependent opinion. The opinion makes no dramatic changes to the law, closes no doors on what evidence may be considered in undertaking an obviousness inquiry, establishes no hard and fast tests

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for what results might be considered unexpected in a case involving a pharmaceutical compound, and does not improperly shift the burden of proof or denigrate the importance of objective indicia of non-obviousness.”(footnote omitted).

***Double, double, Toil and Trouble:*** A large number of issues were raised by petitioner-patentee and its *amici* colleagues against the panel opinion. The internal disputes amongst the *en banc* Court fuel the possibility for grant of review. *Bristol-Myers*, 769 F.3d at \_\_\_ (Dyk, Wallach, JJ., concurring with den. reh’g en banc); *Bristol-Myers*, 769 F.3d at \_\_\_ (O’Malley, J., concurring with den. reh’g en banc); *Bristol-Myers*, 769 F.3d at \_\_\_ (Newman, J., joined by Lourie, Reyna, JJ., dissenting from den. reh’g en banc); *Bristol-Myers*, 769 F.3d at \_\_\_ (Taranto, J., joined by Lourie, Reyna, JJ.,dissenting from den. reh’g en banc)

***Eisai, the Major Unaddressed Issue:*** Left untouched by the various voices raised in connection with the denial of rehearing *en banc* is the perpetuation of the rogue panel opinion in *Eisai Co. Ltd. v. Dr. Reddy's Labs.*, 533 F.3d 1353 (Fed. Cir. 2008), that creates an entirely approach to *prima facie* obviousness of chemical compounds differing from long established precedent. This issue is considered in detail in Wegner, “*Bristol-Myers ‘Lead Compound’ Prima Facie Obviousness*” (December 1, 2014).

*Bristol-Myers* thus breaks no new legal ground but merely follows a series of panel opinions that adopt the rationale of *Eisai* as happened earlier the same year in *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352 (Fed. Cir. 2011)(Rader, C.J.); *see also Pfizer Inc. v. Teva Pharms. USA, Inc.*, 555 Fed. Appx. 961, 969-70 (Fed. Cir. 2014)(citing *Otsuka Pharm. Co. v. Sandoz Inc.*, 678 F.3d 1280, 1292 (Fed. Cir. 2012); *Daiichi Sankyo Co. v. Matrix Labs., Ltd.*, 619 F.3d 1346, 1354 (Fed. Cir. 2010))(“Mere structural similarity between a prior art compound and the claimed compound does not inform the lead compound selection.”).

### **(5) *Packard v. Lee* –§ 112(b) Definiteness**

In *Packard v. Lee*, Supreme Court No. 14-655, *opinion below*, *In re Packard*, 751 F.3d 1307 (Fed. Cir. 2014)(*per curiam*), Petitioner challenges a new examination regime for indefiniteness under 35 USC § 112(b).

**Status:** Response due January 5, 2015.

**Questions Presented:** “1. Can the Federal Circuit affirm an administrative agency decision on a novel procedural ground that the agency did not consider?

“2. Can the United States Patent and Trademark Office use a standard that this Court expressly rejected in *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014), to decide whether patent claims violate the definiteness requirement of 35 U.S.C. § 112(b)?”

**Petition for Rehearing En Banc:** “The Panel created and decided this case on the basis of a new agency procedure—a ‘*prima facie* case’ procedure for indefiniteness. This was error. The Patent Office has not enacted any such procedure, and the Board did not rely on any such procedure in rejecting Mr. Packard’s claims. ‘[A]dministrative agencies’ are ‘free to fashion their own rules of procedure.’ *Vermont Yankee Nuclear Power Corp. v. Natural Res. Def. Council, Inc.*, 435 U.S. 519, 543 (1978).

‘[A] fundamental rule of administrative law. . . [is] that a reviewing court, in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the grounds invoked by the [ ] agency.’ *Sec. & Exch. v. Chenery Corp.*, 332 U.S. 194, 196 (1947).”

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### **(6) *Halo v. Pulse* – Willfulness (*Octane Fitness*)**

In *Halo Elecs., Inc. v. Pulse Eng'g, Inc.*, 769 F.3d 1371 (Fed. Cir. 2014) (O'Malley, J., concurring), two members of the panel urge the Federal Circuit to reconsider *en banc* standards of willfulness in light of *Highmark Inc. v. Allcare Health Management Systems, Inc.*, 134 S.Ct. 1744 (2014), and *OctaneFitness, LLC v. ICON Health & Fitness, Inc.*, 134 S.Ct. 1794 (2014).”

No comment is offered, *here*, because of the writer's involvement with this issue.

**Status:** A petition for rehearing *en banc* is due December 22, 2014.

### **(7) *Biosig v. Nautilus* – § 112(b) Indefiniteness**

In *Biosig Instruments, Inc. v. Nautilus, Inc.*, on remand from the Supreme Court, *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014)(Ginsburg, J.), *prior opinion*, *Biosig Instruments, Inc. v. Nautilus, Inc.*, 715 F.3d 891, 900 (Fed. Cir. 2013)(Wallach, J.), the Federal Circuit must redefine a test for indefiniteness under 35 USC § 112(b) to implement the holding of the Supreme Court:

**Status:** Awaiting decision (Federal Circuit argument was held October 29, 2014, on remand from Supreme Court).

**Discussion:** The Supreme Court stated – “According to the Federal Circuit, a patent claim passes the §112, ¶2 threshold so long as the claim is ‘amenable to construction,’ and the claim, as construed, is not ‘insolubly ambiguous.’ 715 F. 3d 891, 898–99 (2013). We conclude that the Federal Circuit’s formulation, which tolerates some ambiguous claims but not others, does not satisfy the statute’s definiteness requirement. In place of the ‘insolubly ambiguous’ standard, ***we hold that a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.***” (emphasis added to show the holding).

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**Guidance from *Interval Licensing*:** The panel in *BioSig* does not write with an empty slate. In *Interval Licensing LLC v. AOL, Inc.*, \_\_\_ F.3d \_\_\_ (Fed. Cir. 2014)(Chen, J.), as part of an affirmance of an invalidity holding in an inter partes Patent Office decision, a panel interpreted the standard of claim definiteness under what has become 35 USC § 112(b) in the wake of the Supreme Court *Nautilus* decision.

The Court states that “[t]he claims, when read in light of the specification and the prosecution history, must provide objective boundaries for those skilled in the art.” In support of this position, the panel cites to and quotes from *Nautilus* as “indicating that there is an indefiniteness problem if the claim language ‘might mean several things and if ‘no informed and confident choice is available among the contending definitions[.]’”(citation omitted).

### **(8) *Perez v. Mortgage Bankers* – Interpretative Rules**

In the concurrently granted petitions from the D.C. Circuit in *Perez v. Mortgage Bankers Assoc.*, Supreme Court No. 13-1041, and *Nickols v. Mortgage Bankers Assoc.*, Supreme Court No. 13-1052, consolidated for oral argument, the question is asked whether an Agency can issue an interpretative rule *without* notice-and-comment rulemaking. The Federal Circuit takes the position that notice-and-commenting is *not* required for Patent Office interpretative rules.

**Status:** Awaiting decision (argued December 1, 2014).

***Perez Question Presented:*** “The Administrative Procedure Act (APA), 5 U.S.C. 551 *et seq.*, generally provides that ‘notice of proposed rule making shall be published in the Federal Register,’ 5 U.S.C. 553(b), and, if such notice is required, the rulemaking agency must give interested persons an opportunity to submit written comments, 5 U.S.C. 553(c).

The APA further provides that its notice-andcomment requirement ‘does not apply \* \* \* to interpretative rules,’ unless notice is otherwise required by statute. 5 U.S.C. 553(b)(A). \* \* \* The question presented is:

“Whether a federal agency must engage in notice-and-comment rulemaking before it can significantly alter an interpretive rule that articulates an interpretation of an agency regulation.”

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**Nickols Question Presented:** “The Administrative Procedure Act, 5 U.S.C. §§ 551–59, ‘established the maximum procedural requirements which Congress was willing to have the courts impose upon agencies in conducting rulemaking procedures.’ *Vt. Yankee Nuclear Power Corp. v. Natural Res. Def. Council, Inc.*, 435 U.S.519, 524 (1978). Section 553 of the Act sets forth notice-and-comment rulemaking procedures, but exempts ‘interpretative rules,’ among others, from the notice-and-comment requirement. 5 U.S.C. § 553(b). The D.C. Circuit, in a line of cases descending from *Paralyzed Veterans of America v.D.C. Arena L.P.*, 117 F.3d 579 (D.C. Cir. 1997), has created a per se rule holding that although an agency may issue an *initial* interpretative rule without going through notice and comment, ‘[o]nce an agency gives its regulation an interpretation, it can only change that interpretation as it would formally modify the regulation itself: through the process of notice and comment rulemaking.’ *Id.* at 586. In this case, the D.C. Circuit invoked the *Paralyzed Veterans* doctrine—which is contrary to the plain text of the Act, numerous decisions of this Court, and the opinions of the majority of circuit courts—to invalidate a Department of Labor interpretation concluding that mortgage loan officers do not qualify for the administrative exemption under the Fair Labor Standards Act.

“The question presented is:

“Whether agencies subject to the Administrative Procedure Act are categorically prohibited from revising their interpretative rules unless such revisions are made through notice-andcomment rulemaking.”

**Federal Circuit on Patent Office “Interpretative” Rules:** The Federal Circuit says that interpretative rules for the Patent Office do *not* require notice-and-comment rulemaking. *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920 (Fed. Cir. 1991); *Cooper Technologies Co. v. Dudas*, 536 F.3d 1330 (Fed. Cir. 2008).

A thumbnail picture of the Federal Circuit view is set forth in *Mikkilineni v. Stoll*, 410 Fed. Appx. 311 (Fed. Cir. 2011)(*per curiam*). In *Mikkilineni* the court explains that “[u]nder § 553 of the APA, certain agency actions require prior public notice and comment. 5 U.S.C. § 553. Generally speaking, ‘substantive’ rules require notice and comment, while ‘interpretive’ rules do not. 5 U.S.C. § 553(b)(3)(A); *Lincoln v. Vigil*, 508 U.S. 182, 195-96 (1993); *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 927 (Fed. Cir. 1991). A rule is ‘substantive’ where it causes a change in existing law or policy that affects individual rights and obligations and ‘interpretive’ where it ‘merely clarifies or explains existing law or

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regulations.’ *Animal Legal Defense Fund*, 932 F.2d at 927.” *Mikkilineni*, 410 Fed. Appx. at 312.

Earlier, the Court explained its position on interpretative rules in *Cooper Technologies*:

“By its own terms, section 553[, 5 USC § 553,] does not require formal notice of proposed rulemaking for ‘interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.’ *Id.* § 553(b)(3)(A); *see also id.* § 553(d)(2) (exempting ‘interpretive rules and statements of policy’ from publication more than thirty days before its effective date). The Patent Office’s interpretation of ‘original application’ was therefore not subject to the formal notice-and-comment requirements of section 553. *See also Animal Legal Def. Fund*, 932 F.2d at 931 (remarking that not ‘every action taken by an agency pursuant to statutory authority [is] subject to public notice and comment’ because such a requirement ‘would vitiate the statutory exceptions in § 553(b) itself’ including the exception for interpretive rules). Though not required by section 553, the Patent Office’s April 6, 2006 notice of proposed rulemaking expressly described the ‘subjects and issues involved’— namely, the operation of the effective date provision of section 4608. *See* 65 Fed. Reg. § 553(b)(3 at 18,155, 18,177-78. Moreover, the Patent Office received and acted on comments directly relating to the ‘original application’ statutory language. *See* 65 Fed. Reg. at 76,763; *see also* 5 U.S.C. § 553(c) (requiring that agency ‘give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without opportunity for oral presentation’).” *Cooper Technologies*, 536 F.3d at 1336-37.

### **(9) *Hana Financial* – Jury Question**

In *Hana Financial, Inc. v. Hana Bank & Hana Financial Group*, Supreme Court No. No. 13-1211, *opinion below*, 735 F.3d 1158 (9th Cir. 2013)(Callahan, J.), the Court faces the issue as to whether a jury or the court determines trademark “tacking”. Whatever the Court decides may have an impact on jury vs. court decision in patent areas of the law.

**Status:** Awaiting decision (argued December 3, 2014).

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**Question Presented:** “To own a trademark, one must be the first to use it; the first to use a mark has ‘priority.’ The trademark ‘tacking’ doctrine permits a party to ‘tack’ the use of an older mark onto a new mark for purposes of determining priority, allowing one to make slight modifications to a mark over time without losing priority. Trademark tacking is available where the two marks are ‘legal equivalents.’”

“The question presented, which has divided the courts of appeals and determined the outcome in this case, is:

“Whether the jury or the court determines whether use of an older mark may be tacked to a newer one?”

**Discussion:** The Federal Circuit has not addressed the jury vs. court issue of determination of “tacking”, but provides its understanding of the substantive law in this area *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156 (Fed. Cir. 1991)(Michel, J.).

### **(10) *Suprema v. ITC: Induced Infringement/ITC***

The Federal Circuit has granted *two* petitions for *en banc* review raising a total of five different questions for *en banc* review in *Suprema, Inc. v. ITC*, \_\_\_ Fed. App’x \_\_\_ (Fed. Cir. 2014)(unpublished Order), *vacating panel opinion*, 742 F.3d 1350 (Fed. Cir. 2013)(O’Malley, J.). In a nutshell, does the importation of a noninfringing component of a patented combination provide basis for an ITC exclusion order where there *is* infringement by customers in the United States who practice the patented combination?

**Status:** *En banc* argument February 5, 2015, “Panel A”.

**Panel Majority Denies Relief with only Post-Border Crossing Infringement:** The panel majority, following the literal wording of the law, found no ITC liability for the post-border crossing infringement.

The third member of the panel disagreed, presenting unique and bold theories that because the ITC is a *trade* law, the literal wording of the statute should be disregarded:



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“My problem with the majority's opinion is that it ignores that Section 337 is a trade statute designed to provide relief from specific acts of unfair trade, including acts that lead to the importation of articles that will result in harm to a domestic industry by virtue of infringement of a valid and enforceable patent. To negate both a statutory trade remedy and its intended relief, the majority overlooks the Congressional purpose of Section 337, the long established agency practice by the Commission of conducting unfair trade investigations based on induced patent infringement, and related precedent by this Court confirming this practice. In the end, the majority has created a fissure in the dam of the U.S. border through which circumvention of Section 337 will ensue, thereby harming holders of U.S. patents.” *Suprema, Inc. v. ITC*, 742 F.3d at 1372 (Reyna, J., dissenting-in-part)

***Plain Wording of the Statute vs. the “Trade Law” Intent of the Statute:*** The dissenting member’s “problem with the majority's opinion is that it ignores that Section 337 is a *trade statute* designed to provide relief from specific acts of unfair trade....” *Suprema, Inc. v. ITC*, 742 F.3d at 1372 (Reyna, J., dissenting-in-part)(more fully quoted above). But, used upon the wording of the statute, the panel majority in *Suprema* “hold[s] that an exclusion order based on a violation of § 1337(a)(1)(B)(i) may not be predicated on a theory of induced infringement where no direct infringement occurs until post-importation.” *Suprema*, 742 F.3d at 1353. The holding is keyed to the wording of the statute that a patent-based exclusion order must be based upon importation \* \* \* of articles that... infringe a valid and enforceable United States patent[.]” § 1337(a)(1)(B)(i)(“[T]he following are unlawful [methods of competition]. \* \* \* The importation into the United States\* \* \* of articles that... infringe a valid and enforceable United States patent\* \* \*.”) Thus, the *articles* must be an infringement of the patent.

The third member of the panel jumps over the literal wording of the statute to look to the point that the ITC statute is a “trade law”: The jurist explains that “[his] problem with the majority's opinion is that it ignores that Section 337 is a trade statute designed to provide relief from *specific acts of unfair trade*, including acts that lead to the importation of articles that will result in harm to a domestic industry by virtue of infringement of a valid and enforceable patent. To negate both a statutory trade remedy and its intended relief, the majority overlooks the Congressional purpose of Section 337, the long established agency practice by the Commission of conducting unfair trade investigations based on induced patent infringement, and related precedent by this Court confirming this practice. In the

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end, the majority has created a fissure in the dam of the U.S. border through which circumvention of Section 337 will ensue, thereby harming holders of U.S. patents.” *Suprema, Inc. v. ITC*, 742 F.3d at 1372 (Reyna, J., dissenting-in-part)(emphasis added).

The crux of this case, of course, is whether or not the *definition* of the “specific acts of unfair trade” should be interpreted in a manner that is broad enough to go outside the wording of the statutory definition of § 1337(a)(1)(B)(i).

**“[T]he remedy lies with the law making authority, and not with the courts”:** As explained by then-Justice Rehnquist: “Laws enacted with good intention, when put to the test, frequently, and to the surprise of the law maker himself, turn out to be mischievous, absurd or otherwise objectionable. But in such case the remedy lies with the law making authority, and not with the courts.” *Griffin v. Oceanic Contractors*, 458 U.S. 564, 575 (1982)(Rehnquist, J.)(quoting *Crooks v. Harrelson*, 282 U.S. 55, 60 (1930)). “Policy considerations cannot override our interpretation of the text and structure of [a statute], except to the extent that they may help to show that adherence to the text and structure would lead to a result so bizarre that Congress could not have intended it.” *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1192 (Fed. Cir. 2004)(quoting *Central Bank, N.A. v. First Interstate Bank, N.A.*, 511 U.S. 164, 188 (1994)).

**The Five Questions Rasied in Two Petitions for Rehearing *En Banc*:** Petitions of both the ITC *and* one of the parties were granted which cumulatively raise five questions:

**(i) The Commission's Petition** asks four Questions: 1. Did the panel contradict Supreme Court precedent in [*Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005),] and precedents of this Court<sup>[\*]</sup> when it held that infringement under 35 U.S.C. § 271(b) “is untied to an article”?

2. Did the panel contradict Supreme Court precedent in *Grokster* and this Court's precedent in *Standard Oil [Co. v. Nippon Shokubai Kagaku Kogyo Co.]*, 754 F.2d 345 (Fed. Cir. 1985),] when it held that there can be no liability for induced infringement under 35 U.S.C. § 271(b) at the time a product is imported because direct infringement does not occur until a later time?

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3. When the panel determined the phrase “articles that . . . infringe” in 19 U.S.C. § 1337(a)(1)(B)(i) does not extend to articles that infringe under 35 U.S.C. § 271(b), did the panel err by contradicting decades of precedent<sup>[\*]</sup> and by failing to give required deference to the [ITC] in its interpretation of its own statute?

4. Did the panel misinterpret the Commission’s order as a “ban [on the] importation of articles which may or may not later give rise to direct infringement” when the order was issued to remedy inducement of infringement and when the order permits U.S. Customs and Border Protection to allow importation upon certification that the articles are not covered by the order?

<sup>[\*]</sup> Beyond *Grokster* and *Standard Oil*, the ITC cites *Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l, Inc.*, 246 F.3d 1336 (Fed. Cir. 2001); *Young Eng’rs, Inc. v. ITC*, 721 F.2d 1305 (Fed. Cir. 1983); *Vizio, Inc. v. ITC*, 605 F.3d 1330 (Fed. Cir. 2010); and *Enercon GmbH v. Int’l Trade Comm’n*, 151 F.3d 1376 (Fed. Cir. 1998).

**(ii) The Cross Match Petition** asks “[w]hether the [ITC] has authority to find a Section 337 violation . . . where it finds that an importer actively induced infringement of a patented invention using its imported articles but the direct infringement occurred post-importation.” Cross Match cites *Young Engineers* and *Vizio* (also relied upon by the ITC) and *Disabled Am. Veterans v. Sec’y of Veterans Affairs*, 419 F.3d 1317 (Fed. Cir. 2005).

Professor Dennis Crouch provides a complete set of the petition documents as well as his own commentary. See Dennis Crouch, *En Banc Federal Circuit to Review ITC’s Power over Induced Infringement*, PATENTLY O (May 15, 2014), available at <http://patentlyo.com/patent/2014/05/federal-circuit-infringement.html>

### ***Gilead v. Natco* – Double Patenting**

In *Gilead Sciences, Inc. v. Natco Pharma Ltd.*, Supreme Court No. 14-647, *opinion below*, 753 F.3d 1208 (Fed. Cir. 2014)(Chen, J.), a majority has once again judicially expanded the scope of double patenting to invalidate a patent.

**Status:** Respondent’s answer to the petition is due January 5, 2015.

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**Question Presented:** “This Court's double-patenting doctrine establishes the ‘well-settled rule that two valid patents for the same invention,’ or obvious modifications of that invention, ‘cannot be granted’ to a single party. *Miller v. Eagle Mfg. Co.*, 151 U.S. 186, 196-97 (1894). The Court has repeatedly held that when two such patents are granted to a single party, ‘the later one [i]s void.’ *Id.* at 197 (discussing *Suffolk Co. v. Hayden*, 70 U.S. (3 Wall.) 315 (1865)). In the decision below, the Federal Circuit inverted this century-old doctrine, holding a first-issued patent invalid based on the issuance of the second patent.

“The question presented is:

“Whether, contrary to this Court's consistent and longstanding precedent and Congress's intent, the double-patenting doctrine can be used to invalidate a properly issued patent before its statutory term has expired using a second, later-issuing patent whose term of exclusivity is entirely subsumed within that first patent's term?”

**The Narrow Issue:** The third member of the panel agrees with the majority’s statement of the issue: ‘Can a patent that issues after but expires before another patent qualify as a double patenting reference for that other patent?’ *Gilead*, 753 F.3d at 1218 (Rader, C.J., dissenting)(quoting the majority opinion).

**The Voice of Dissent:** “I differ with the court on the effect this court should give to subsequent attempts by a patent owner to seek exclusive rights to obvious variants that do *not* extend the term of its earlier patent. Because this court is not presented with same-invention double patenting, I am aware of no argument that the Patent Act precludes such conduct. And because the patents in this case are subject to a common ownership requirement, that concern provides no basis for complaining of Gilead's conduct. Simply put, the only relevant question is whether this court should extend our case law to encompass this new behavior exhibited by Gilead.

“...I view that question through the lens of judicial restraint. To be sure, condoning Gilead's conduct may lead to some strategizing during prosecution to maximize patent term and obtain varying priority dates to hedge against intervening prior art. But I do not perceive Gilead's conduct as so manifestly unreasonable to warrant a new judicially-created exception to invalidate patents. *Cf.* [*United States v. Rutherford*, 442 U.S. 544, 555 (1979)] (‘[F]ederal courts do not sit as councils of

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revision, empowered to rewrite legislation in accord with their own conceptions of prudent public policy . . . . Only when a literal construction of a statute yields results so manifestly unreasonable that they could not fairly be attributed to congressional design will an exception to statutory language be judicially implied.’) (citations omitted).

“As a final point, I think a number of concerns counsel for a more restrained approach. Chief among those is the interplay between today's decision and the new ‘first-inventor-to-file’ provision of the Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 3, 125 Stat. 285-86 (2011) (‘the AIA’). Under the AIA's new ‘first-inventor-to-file’ framework, prospective patentees are under tremendous pressure to file their applications early. I am concerned that today's opinion will have unforeseen consequences in this new race to the Patent Office.”  
*Gilead*, 753 F.3d at 1220 (Rader, C.J., dissenting).

***The Dissent, Swimming Against the Tide of Federal Circuit History:*** The trend particularly since the Prozac litigation early in this century has been for an ever tighter double patenting noose around the necks of patentees as judicial legislation broadens the scope of the doctrine. See, e.g., the *Prozac* case, *Eli Lilly & Co. v. Barr Labs., Inc.*, 534 U.S. 1109 (2002)(den. cert.), opinion below, 251 F.3d 955 (Fed. Cir. 2001), *subsequent proceedings*, 534 U.S. 1109 (2002)(den. cert.). Huge economic consequences may flow double patenting decisions: In just the day of the Federal Circuit Prozac opinion the patentee’s stock value dropped by over \$ 34 billion. See John R. Allison, Mark A. Lemley, Kimberly A. Moore & R. Derek Trunkey, *Valuable Patents*, 92 Geo. L.J. 435, n.170 (2004)(citing M. Patricia Thayer, *Double Patenting Sounds Death Knell for Prozac Patent: Eli Lilly and Co. v. Barr Laboratories, Inc.*, at <http://www.hewm.com/use/articles/elilly.pdf>)(Eli Lilly's stock fell almost 30% (and over \$ 34 billion) on the day its **Prozac** patent was held invalid, even though this holding occurred only one year before the patent would otherwise have expired. See M. Patricia Thayer, *Double Patenting Sounds Death Knell for Prozac Patent: Eli Lilly and Co. v. Barr Laboratories, Inc.*”).

**Federal Circuit, the “Supreme Court” for Double Patenting:** The voice of the dissent may well fall on deaf ears at the Supreme Court. As a practical matter, a Federal Circuit decision on double patenting is the highest authority in the judicial system because the Supreme Court is most unlikely to grant review in this area, particularly, not to challenge a finding of invalidity based upon double patenting. It is now more than eighty (80) years since the Supreme Court issued its double patenting ruling in *De Forest Radio Co. v. General Electric Co.*, 283 U.S. 664 (1931), where, however, the ultimate conclusion was invalidity.

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“**Nautilus II**”? Inaction for eighty-plus years is no longer a guarantee of freedom from grant of *certiorari* in a patent case. For example, Supreme Court inaction on what is today 35 USC § 112(b) had not occurred in more than seventy years, that is, until *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014).

### ***Hargis v. B&B Hardware*—Issue Preclusion**

In *Hargis Indus. v. B & B Hardware, Inc.*, Supreme Court No. 13-352, *opinion below*, *B & B Hardware, Inc. v. Hargis Indus.*, 716 F.3d 1020 (8th Cir. 2013), issue preclusion is raised.

*Status*: Awaiting decision (argument December 2, 2014).

**Question Presented**: “Under the Trademark Act of 1946 (Lanham Act), a person generally may neither use nor register a mark that would be ‘likely to cause confusion’ with an existing mark. If a person uses a mark that ‘is likely to cause confusion’ with an existing registered mark, the owner of the registered mark may sue in federal court for trademark infringement. 15 U.S.C. § 1114(1). If a person seeks to register a mark that is ‘likely . . . to cause confusion’ with an existing registered mark, the owner of the existing registered mark may oppose the registration of the new mark before the Trademark Trial and Appeal Board (TTAB). 15 U.S.C. § 1052(d); see *id.* §§ 1063, 1067(a).

“In this case, petitioner B&B Hardware, Inc. (B&B), manufactures sealing fasteners and owns the registered mark ‘SEALTIGHT.’ Respondent Hargis also manufactures sealing fasteners; it used and sought to register the mark ‘SEALTITE.’ The TTAB held that Hargis's mark created a likelihood of confusion with B&B's mark.

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“The questions presented are as follows:

“1. Whether the TTAB's finding of a likelihood of confusion precludes Hargis from relitigating that issue in infringement litigation, in which likelihood of confusion is an element.

“2. Whether, if issue preclusion does not apply, the district court was obliged to defer to the TTAB's finding of a likelihood of confusion absent strong evidence to rebut it.”

**Discussion:** A senior member of the intellectual property community well versed in both patent and trademark law and practice has explained that “[this] is a *trademark* infringement case – involving two federal practice and procedure issues, as well as one trademark law issue (which need not be reached if the Court’s resolution of either of the two federal practice and procedure issues disposes of the case).

“The TTAB determined, in a USPTO opposition proceeding, that there was a reasonable likelihood of confusion between the trademark of the applicant (Hargis) and a previously registered trademark of the opposer (B&B) and, therefore, that Hargis was *not* entitled to register its trademark. Hargis did **not** file an appeal – under 15 U.S.C. § 1071(a) – to the Federal Circuit (on the record in the USPTO) or, alternatively, file a civil action – under 15 U.S.C. § 1071(b) – for a district court trial *de novo* of Hargis’s entitlement to a registration. \*\*\*

“In B&B’s trademark infringement suit against Hargis, B&B asserted that issue preclusion – arising from the TTAB decision as to likelihood of confusion *in the opposition* – precluded Hargis from asserting that it was not infringing B&B’s registered trademark. A federal district court rejected B&B’s issue preclusion argument and entered judgment in favor of Hargis after a jury determined, *inter alia*, that Hargis had not infringed B&B’s trademark; and the Eighth Circuit affirmed.

“\*\*\* [There are] two *independently* dispositive issues of federal practice and procedure which are firmly rooted in Supreme Court precedent but which were not mentioned by either of the lower courts. \*\*\*

“\*\*\*[T]he Supreme Court may decline to discuss the two issues. \*\*\* [One] brief argues (1) that the Lanham Act reflects Congress’s intent that collateral estoppel or issue preclusion should *not* arise from a TTAB decision and (2) that the rules and

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procedures before the TTAB in *inter partes* cases *systemically prevent* a ‘full and fair opportunity to litigate the issues,’ which is a *fundamental* requirement for **any** application of collateral estoppel or issue preclusion. *See, e.g.*, the repeated references to a full and fair opportunity to litigate the issues in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), as a central reason why Supreme Court permitted the (defensive) use of collateral estoppel – for the first time – *without* mutuality of the parties. (It is purely coincidental that that giant leap in the law of collateral estoppel happened to occur in a *patent* case.) The Supreme Court did not approve the *offensive* use of collateral estoppel without mutuality of the parties until almost eight years later – and, once again, the Court relied on the full and fair opportunity to litigate the issues (as a sufficient safeguard). If the Supreme Court decides the *B&B* case on either of the grounds..., the issue of issue preclusion arising from a TTAB decision will likely *never* arise again.”

### ***Southern Electronics – Inventorship Jurisdiction***

In *Southern Electronics Supply, Inc. v. Camsoft Data Systems, Inc.*, Supreme Court No. 14-628, *opinion below*, *Camsoft Data Systems, Inc. v. Southern Electronics Supply, Inc.*, 756 F.3d 327 (5th Cir. 2014)(Benavides, J.), petitioner alleges (as the third *Question Presented*) an inter-circuit split as to whether there is federal jurisdiction over a patent law inventorship dispute as to an *issued* patent.

**Status:** Response due December 29, 2014.

**Questions Presented:** “In cases removed to federal court, *Caterpillar, Inc. v. Lewis* generally provides a plaintiff the appellate right to challenge the denial of a motion to remand, but qualifies that right if ‘considerations of finality, efficiency, and economy become overwhelming.’ 519 U.S. 61, 75 (1996). The Circuit Courts of Appeals are divided on the proper application of *Caterpillar* to the following two questions:

“1. Whether a plaintiff waives its right to appeal under *Caterpillar* by amending its complaint, after denial of a motion to remand, to add new and distinct federal claims - thereby independently creating undisputed federal-question jurisdiction.

“2. Whether a federal court's adjudication of the majority of a plaintiff's claims on summary judgment and dismissals with prejudice creates sufficient considerations



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of ‘finality, efficiency, and economy’ to foreclose appellate review of the denial of the motion to remand.

“The Circuit Courts of Appeals are also divided on the underlying question of removal jurisdiction in this case:

“3. Whether federal courts have subject matter jurisdiction over claims of inventorship involving a pending patent application, as the Federal Circuit has held, or only over claims of inventorship involving an issued patent, as the Fifth Circuit held here.”

***Inter-Circuit Conflict over the Inventorship Issue:*** Petitioner argues as to the Third *Question Presented* that the Court should grant review to resolve an inter-circuit conflict:

“The Federal Circuit has held that federal courts have exclusive jurisdiction over any state law claims that purport to define rights based on inventorship involving a patent application. *HIF Bio, Inc. v. Yung Shin Pharma. Indus. Co.*, 600 F. 3d 1347, 1354 (Fed. Cir. 2010); *see also Halpern v. Peritex Biosciences, Ltd.*, 383 F. App'x 943, 947 (Fed. Cir. 2010). In *HIF Bio*, the Federal Circuit held that the district court erred in remanding a state law claim seeking a declaratory judgment regarding inventorship over technology that was the subject of pending patent applications. *HIF Bio*, 600 F.3d at 1353-54. \* \* \*

“The Fifth Circuit instead followed a stray sentence from the Sixth Circuit in *E.I. Du Pont de Nemours & Co. v. Okuley*, 344 F.2d 578 (6th Cir. 2003). \*\*\* In its decision here, the Fifth Circuit noted this split in authority, and ‘disagreed with [the Federal Circuit's] interpretation,’ citing principles of ripeness and justiciability.”

### ***Panasonic v. Samsung – Limitations Period***

In *Panasonic Corp. v. Samsung Elecs. Co.*, Supreme Court No. 14-540, *opinion below*, *Samsung Elecs. Co. v. Panasonic Corp.*, 747 F.3d 1199 (9th Cir. 2014)(Gould, J.), Petitioner raises an issue of limitations period.

**Status:** Response was due December 15, 2014.

**Question Presented:** “Section 4B of the Clayton Act provides that private actions to enforce the antitrust laws ‘shall be forever barred unless commenced within four years after the cause of action accrued.’ 15 U.S.C. § 15b. And in *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 338 (1971), this Court held that an antitrust ‘cause of action accrues’ and this limitations period ‘begins to run when a defendant commits an act that injures a plaintiff’s business.’

“The rule that the limitations period expires four years after accrual is subject to two exceptions. First, ‘[i]n the context of a continuing conspiracy to violate the antitrust laws,’ ‘each time a plaintiff is injured by an act of the defendants a cause of action accrues to him to recover the damages caused by that act.’ *Ibid.* Second, ‘even if injury and a cause of action have accrued as of a certain date, future damages that might arise from the conduct sued on are unrecoverable if the fact of their accrual is speculative or their amount and nature unprovable.’ [Id. at 339.](#)

“Against this backdrop of *Zenith's* ‘continuing conspiracy’ and ‘speculative damages’ exceptions, the question presented is:

“Whether public standard-setting and patent-pool licensing agreements that long predate the Clayton Act's four-year limitations period may indefinitely be subjected to antitrust challenge based on the defendants' ongoing collection of royalties, where the plaintiff, a longtime licensee, delays filing suit to challenge those pre-limitations agreements until the market has come to depend upon the licensed technology.”

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### ***Consumer Watchdog v. WARF* – Post-Grant Standing**

In *Consumer Watchdog v. Wisconsin Alumni Research Foundation*, Supreme Court No. 14-516, *proceedings below*, 753 F.3d 1258 (Fed. Cir. 2014)(Rader, J.), the patent challenger-petitioner challenges the appellate court's dismissal of its patentability challenge on the basis of lack of standing.

**Status:** Response due January 5, 2014 (once extended).

**Question Presented:** “Does a statute that expressly provides a requester of agency action a right to appeal any dissatisfactory decision of the agency on her request to the courts provide sufficient Article III standing for the appeal, or must additional requirements be satisfied above and beyond the statute?”

**Petitioner's Argument:** Petitioner cites *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 580 (1992)(Kennedy, J., concurring in part and concurring in the judgment)(a case discussed by the appellate panel below) but also relies upon cases that were not considered by the appellate panel, particularly *NLRB v. Robbins Tire & Rubber Co.*, 437 U.S. 214, 221 (1978); and *Public Citizen v. United States Dep't of Justice*, 440 U.S. 440, 449 (1989). Petitioner argues that the normal standing rules do not apply for a statutory action which provides a right of appellate review of an agency decision.

**Discussion:** The PTO in the decision below had denied the public interest patent challenger's attack in an *inter partes* reexamination. Although the patent challenger had a *procedural* right to appeal to the Federal Circuit, the Court dismissed the appeal on the basis of lack of standing:

“[W]here Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision, certain requirements of standing — namely immediacy and redressability, as well as prudential aspects that are not part of Article III—may be relaxed. See *Massachusetts v. E.P.A.*, 549 U.S. 497, 517–18 (2007). However, the ‘requirement of injury in fact is a hard floor of Article III jurisdiction that cannot be removed by statute.’ *Summers [v. Earth Island Inst.]*, 555 U.S. 488, 497 (2009)]. That injury must be more than a general grievance, *Hollingsworth [v. Perry]*, 133 S. Ct. 2652, 2661 (2013)], or abstract harm, *City of Los Angeles v. Lyons*, 461 U.S. 95, 101 (1983).”

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**Implications for the America Invents Act Post-Grant Proceedings:** Post grant proceedings under the *Leahy Smith America Invents Act* – Inter Partes Review and Post Grant Review – permit public interest groups to challenge patents. If the public interest group loses at the PTAB there is a statutory *procedural* right to appeal to the Federal Circuit just as there is for inter partes review that is the subject of the *Consumer Watchdog* case.

### **STC.UNM v. Intel: Rule 19**

A petition for certiorari is expected following *STC.UNM v. Intel Corp.*, 767 F.3d 1351 (Fed. Cir. 2014)(Order)(per curiam), panel opinion, 754 F.3d 940 (Fed. Cir. 2014) where the Court denied *en banc* consideration of the panel's ruling that precludes a patent owner from using Rule 19 to join an indispensable party, effectively denying the right to enforce the patent.

**Status:** A petition for *certiorari* is due December 16, 2014.

**Discussion:** Plural opinions concurring and dissenting from the denial of rehearing *en banc* were issued, most notably one from the sharpest pen on the Court:

“The panel majority ‘holds that the right of a patent co-owner to impede an infringement suit brought by another co-owner is a substantive right that trumps the procedural rule for involuntary joinder under Rule 19(a)’ of the Federal Rules of Civil Procedure. *STC.UNM v. Intel Corp.*, 754 F.3d 940, 946 (Fed. Cir. 2014).

It reaches this conclusion, however, without adequately explaining the legal footing upon which it is premised. It fails to ground its holding in either federal common law or the provisions of the Patent Act and ignores the mandatory nature of the Federal Rules of Civil Procedure.” *STC.UNM*, 767 F.3d at \_\_ (O'Malley, J., dissenting from den. reh'g *en banc*, joined by Newman, Lourie, Wallach, JJ.)

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### **ZOLL Lifecor – IPR Petition Appeal**

In *ZOLL Lifecor Corp. v. Philips Elecs. N. Am. Corp.*, Supreme Court No. 14-619, opinion below, 577 Fed. Appx. 991 (Fed. Cir. 2014)(Order)(O'Malley, J.), petitioner-IPR patent challenger argues the Federal Circuit has jurisdiction to hear an appeal from denial of a petition to institute Inter Partes Review (as opposed to the unquestioned statutory right to appeal a merits decision in an IPR review).

**Status:** Response to the petition is due December 29, 2014.

**Question Presented:** “Sections 312, 314, and 315 of Title 35 each identify separate requirements for instituting an administrative *inter partes* review (IPR) proceeding to invalidate a patent that the U.S. Patent & Trademark Office (USPTO) erroneously issued. The only one of these three sections that limits an IPR petitioner's right to appeal is Section 314, and it is limited on its face to decisions ‘under this section.’ A general right to appeal is provided by 28 U.S.C. § 1295(a)(4)(A), which grants the Federal Circuit ‘exclusive jurisdiction...of an appeal from a decision of-the Patent Trial and Appeal Board [PTAB] of the [USPTO] with respect to a[n] ... *inter partes* review under Title 35.’ Despite this statutory structure and plain statutory language, the Federal Circuit has repeatedly refused to review dismissals of IPR proceedings made under Sections 312 and 315 (which are not the sections under which Congress said there could be no appeal). The Federal Circuit ‘s holdings leave IPR petitioners dismissed under these sections with no appellate review, and give the USPTO essentially unfettered discretion to dispose of petitions alleging that the agency erred in granting a patent.

“The question presented is:

“Whether the Federal Circuit has erred in blocking all appellate review of USPTO decisions made under 35 U.S.C. §§ 312 and 315, when the only limit in the statute is in Section 314, which is expressly limited to decisions made ‘under this section’ – thus giving the USPTO complete and unreviewable authority under these two sections to reject assertions that the agency previously erred in granting patents.”

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*From the Opinion Below:* “This court is only authorized to hear ‘an appeal from a decision of the Patent Trial and Appeal Board of the United States Patent and Trademark Office with respect to a[n] . . . inter partes review *under title 35.*’ 28 U.S.C. §1295(a)(4)(A) (emphasis added). We agree with [the patentee] that these non-institution decisions fall outside of our limited review authority.

“As we explained in *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-76 (Fed. Cir. 2014), what emerges from title 35 is a two-step procedure: ‘the Director's decision whether to institute a proceeding, followed (if the proceeding is instituted) by the Board's conduct of the proceeding and decision with respect to patentability.’

“The statute authorizes appeals to this court only from ‘the final written decision’ of the Board. *See* 35 U.S.C. § 319; 35 U.S.C. § 141. And title 35 provides ‘no authorization to appeal a non-institution decision[.]’ *St. Jude*, 749 F.3d at 1375. In fact, in 35 U.S.C. § 314(d), the statute ‘contains a broadly worded bar on appeal’ from such decisions. *Id.* at 1376. The upshot is that ‘[t]he statute provides for an appeal to this court only of the Board's decision at the second step, not the Director's decision at the first step.’ *Id.*” *ZOLL Lifecor*, 577 Fed. Appx. at 993.

### ***Cuozzo Speed – Claim Construction***

In *In re Cuozzo Speed Technologies, LLC*, Fed. Cir. 14-1301, the Federal Circuit has an opportunity to review the procedures of the new Inter Partes Review proceedings, including the standard of claim construction.

**Status:** Awaiting decision; argued November 3, 2014 (Newman, Clevenger, Dyk, JJ.)

**Discussion:** A key issue is whether patent claims in a post-grant proceeding under the *Leahy Smith America Invents Act* be given the “broadest reasonable construction” as in *ex parte* patent proceedings at the Office – and in reexamination, or should the standard of claim construction used in the District Courts in infringement litigation be used instead.

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### ***Google v. Vederi* – Claim Construction**

In *Google, Inc. v. Vederi*, Supreme Court No. 14-448, opinion below, *Vederi, LLC v. Google, Inc.*, 744 F.3d 1376 (Fed. Cir. 2014)(Rader, C.J.), petitioner questions the Federal Circuit standard of claim construction keyed to “disavowal” of scope.

**Status:** Conference January 9, 2015.

**Question Presented:** “When an applicant for patent amends a claim to overcome the Patent and Trademark Office’s earlier disallowance of the claim, should a court (i) presume that the amendment narrowed the claim and strictly construe the amended claim language against the applicant, as this Court has held, or (ii) presume that the claim scope remained the same and require that any narrowing be clear and unmistakable, as the Federal Circuit has held?”

**The Appellate Opinion below:** Citing *Invitrogen Corp. v. Biocrest Mfg., L.P.*, 327 F.3d 1364, 1369 (Fed. Cir. 2003), the “court discerns no clear and unambiguous disavowal of spherical or curved images that would support the district court's construction.” *Vederi*, 744 F.3d at 1384.

More completely, the appellate court states that:

“[T]he prosecution history does not support the district court's construction. [The patent challenger] contends that the inventors of the Asserted Patents disclaimed the construction sought by [the patentee] in responding to a rejection over a prior art reference. Specifically, the application leading to the [ ] patent initially contained claims reciting ‘images providing a non-aerial view of the objects.’ The Patent Office rejected those claims in view [the prior art patent to Levine]. The applicant responded by amending the claims to remove ‘non-aerial view’ and add ‘substantially elevations.’ The applicant also correctly noted that Levine was directed to ‘map images, which may include names of streets, roads, as well as places of interest’ that a traveler could use to navigate through a geographic area. Therefore, Levine did not disclose images ‘depict[ing] views that are ‘substantially elevations of the objects in a geographic area’ or ‘acquired by an image recording device moving along a trajectory.’ Despite [the patent challenger’s] protestations to the contrary, this court discerns no clear and unambiguous disavowal of spherical

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or curved images that would support the district court's construction. *Invitrogen Corp. v. Biocrest Mfg., L.P.*, 327 F.3d 1364, 1369 (Fed. Cir. 2003).”

*Vederi*, 744 F.3d at 1384 (trial court citations omitted)

### **Allergan v. Apotex – Fact Finding**

In *Allergan, Inc. v. Apotex Inc.*, 14-465, *opinion below*, 754 F.3d 952 (Fed. Cir. 2014)(Prost, C.J.), petitioner question *de novo* fact finding to support an obviousness ruling.

**Status:** Conference January 9, 2015.

**Question Presented:** “May the Federal Circuit sitting in review of a district court bench trial on patent obviousness find facts that the district court never found or must the Federal Circuit remand to the district court for further fact finding consistent with Federal Rule of Civil Procedure 52(a)?”

**“Generic” Disclosure too General to Support Obviousness Ruling:** The third member of the panel in dissent notes the breadth of the prior art disclosure.

“This is not a situation in which there are a finite number of identified, predictable solutions. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007). Rather, the single sentence in Johnstone actually proposes hundreds of thousands, or even millions, of variations on the alpha chain. *Cf. Eli Lilly [& Co. v. Zenith Goldline Pharms., Inc.*, 471 F.3d 1369, 1376 (Fed. Cir. 2006)] (prior art reference that disclosed millions of compounds did not spell out ‘a definite and limited class of compounds that enabled a person of ordinary skill in the art to at once envisage each member of this limited class’). The compound in Johnstone could have a saturated bond at any position on the alpha chain, an unsaturated bond at any position, a triple bond at any position, or even a combination of any of these bonds. As a result, a person of ordinary skill in the art was not faced with a ‘small or easily traversed’ number of options based on Johnstone. *See Bayer Schering Pharma AG v. Barr Labs., Inc.*, 575 F.3d 1341, 1347 (Fed. Cir. 2009) (‘[A]n invention would not have been obvious to try when the inventor would have had to try all possibilities in a field unreduced by direction of the prior art.’). In this instance, covering everything effectively tells us nothing. *See Bayer*, 575 F.3d at



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1347 (‘When what would have been obvious to try would have been to vary all parameters try each of numerous possible choices until one possibly arrived at a successful result, where the prior art gave either no indication of which parameters were critical or no direction as to which of many possible choices is likely to be successful an invention would not have been obvious.’) (internal quotations omitted).”

*Allergan*, 754 F.3d at 972-73 (Chen, J., dissenting in part)(footnote omitted)

### ***Reese v. Sprint Nextel – Aukerman Laches***

In *Reese v. Sprint Nextel Corp.*, Fed. Cir. App. No. 2015-1030, appellant challenges the *Aukerman* laches standard; the most recent filing is a petition asking the court to hear this case *en banc*.

**Status:** Petition for en banc hearing filed October 29, 2014.

**Discussion:** Petitioner argues that “that this Court’s decision in *A. C. Aukerman Co. v. R. L. Chaides Constr. Co.*, 960 F.2d 1020 (1992) (en banc), was wrongly-decided to the extent that it held that laches could bar legal relief for a claim of patent infringement. *Id.* at 1029-31, 1039-41. This portion of *Aukerman* is contrary to the Supreme Court’s recent decision in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1967 (2014) (‘To the extent that an infringement suit seeks relief solely for conduct occurring within the limitations period, however, courts are not at liberty to jettison Congress’ judgment on the timeliness of suit.’).”

### ***SCA Hygiene – Aukerman Laches***

In *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 767 F.3d 1339 (Fed. Cir. 2014)(Hughes, J.), petitioner seeks *en banc* review of *Aukerman* laches.

**Status:** Pending petition for rehearing en banc; petition was filed October 15, 2014.

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***From the Petition:*** Petitioner “believe[s] this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

“(1) Is the equitable defense of laches available to bar damages for patent infringement occurring within the six-year limitations period of 35 U.S.C. § 286?

“(2) Should this Court continue to require a presumption of delay and prejudice in relation to acts of infringement occurring within the six-year limitations period of 35 U.S.C. § 286?

“(3) Did the Panel err by contradicting settled precedent on the standard for establishing the nexus between delay and economic prejudice to support a finding of laches?”

***From the Panel Opinion:*** “We first turn to the issue of laches. As a preliminary matter, SCA argues that *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 188 L. Ed. 2d 979 (2014), ‘compels a finding that [*Aukerman*] is no longer good law.’ Notice of Supplemental Authority at 2, *SCA Hygiene Prods. AB v. First Quality Baby Prods.*, No. 2013-1564 (Fed. Cir. May 27, 2014), ECF No. 51. In particular, SCA points out that the Supreme Court has never ‘approved the application of laches to bar a claim for damages brought within the time allowed by a federal statute of limitations.’ *Petrella*, 134 S.Ct. at 1974.

“But *Petrella* notably left *Aukerman* intact. *See id.* at 1974 n.15 (‘We have not had occasion to review the Federal Circuit’s position.’). Because *Aukerman* may only be overruled by the Supreme Court or an en banc panel of this court, *Aukerman* remains controlling precedent. *See, e.g., Tate Access Floors, Inc. v. Interface Architectural Res., Inc.*, 279 F.3d 1357, 1366 (Fed. Cir. 2002).”

### ***Madstad v. PTO – First to File Constitutionality***

In *Madstad Eng'g, Inc. v. United States PTO*, Supreme Court No. 14-366, opinion below, 756 F.3d 1366 (Fed. Cir. 2014)(O’Malley, J.), Petitioner challenges the *Leahy Smith America Invents Act of 2011* as unconstitutional insofar as the first-to-file provision is concerned.

***Status:*** Response due December 31, 2014 (once extended).

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**Questions Presented:** “1. Whether the Federal Circuit's decision that Petitioners lack standing to challenge the ‘First-Inventor-to-File’ provisions of the America Invents Act [AIA] conflicts with precedent of this Court and decisions in other circuits.

“2. Whether the ‘First-Inventor-to-File’ provisions of the AIA are unconstitutional under the Intellectual Property Clause of Article I, Section 8, Clause 8.”

### ***Yufa v. Lockheed Martin – Evidence***

In *Yufa v. Lockheed Martin Corp.*, Supreme Court no. 14-454, the petitioner challenges the evidence to support the decision.

**Status:** Conference January 9, 2015.

**Questions Presented:** “1. Whether the Federal Circuit has erred in affirming the District Court's summary judgment, holding that the non-movant of summary judgment ‘did not supply evidence creating a genuine evidentiary dispute’, without discussion or at least mention in the Federal Circuit decision of the clearly specified evidences on record, which create a genuine evidentiary dispute of the admissible triable evidentiary material facts, supplied by the non-movant for the Federal Circuit consideration.

“2. Whether the Federal Circuit has erred in affirming the District Court's summary judgment, holding that the District Court ‘applied the proper standards in granting summary judgment’, without applying, discussion or at least mention in the Federal Circuit decision of the standards, supplied by the non-movant for the Federal Circuit consideration, and which ‘must’ be performed in granting summary judgment.”

## **END NOTES**

**About the List – Rankings:** Cases where *certiorari* has been granted are ranked according to potential impact on patents. Rankings at the petition stage are based upon a blend focusing mainly on the likelihood of grant but also considering the impact of the case. Where *certiorari* has *already* been granted, then the main ranking criterion is importance of the outcome as to a potential change in the law. Case rankings for the numbered Top Ten cases are made under this set of criteria. Other cases are not necessarily ranked according to this guideline.

**Authorship:** Harold C. Wegner is solely responsible for this list. He is a former Professor of Law at the George Washington University Law School and currently a partner in the international law firm of Foley & Lardner LLP. Any opinions or characterizations expressed in this paper represent the personal viewpoint of the author and do not necessarily reflect the viewpoint of any colleague, organization or client thereof.