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## Federal Circuit Patent Updates - June 2016

JUNE 2016

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***Bascom Global Internet v. AT&T Mobility LLC* (No. 2015-41763, 6/27/16) (Newman, O'Malley, Chen)**

June 27, 2016 3:18 PM

Chen, J. Vacating district court order dismissing a complaint under Fed.R.Civ.P. 12(b)(6) because the asserted patent allegedly was invalid under 35 U.S.C. § 101. The patentee “alleged that the claims of the ... patent contain an “inventive concept” in their ordered combination of limitations sufficient to satisfy the second step of the Supreme Court's *Alice* test. We find nothing in the intrinsic record to refute that allegation as a matter of law.” The claims of the patent were directed to filtering content on the internet (an abstract idea and known concept) using generic computer components. However, the claims had “[t]he inventive concept ... [of] the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user.” “The inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art. As is the case here, an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” Newman, J., concurred.

A full version of the text is [available in PDF form](#).

***Ethicon Endo-Surgery, Inc. v. Covidien LP* (No. 2014-1771, 6/22/16) (en banc)**

June 22, 2016 10:30 AM

Per curiam. Precedential order denying rehearing en banc in a case upholding the PTO practice of having the same PTAB panel of judges both institute IPR and preside over the IPR merits trial. Newman, J., dissented.

A full version of the text is [available in PDF form](#).

***Immersion Corporation v. HTC Corporation* (No. 2015-1574, 6/21/16) (Prost, Linn, Taranto)**

June 21, 2016 4:22 PM

Taranto, J. Holding that under 35 U.S.C. § 120, a continuation application that is filed on the same day that its parent application issues is “filed before the patenting” of the earlier application and can obtain its earlier filing date; reversing the district court's conclusion to the contrary. “The Supreme Court approved same-day continuations in 1863, and the 1952 Patent Act, which introduced section 120, was broadly a codification of existing continuation practices. And same-day continuations have been approved by a consistent, clearly articulated agency practice going back at least half a century, which has plausibly engendered large-scale reliance and which reflects the agency's procedural authority to define when the legal acts of “filing” and “patenting” will be deemed to occur, relative to each other, during a day.”

A full version of the text is [available in PDF form](#).

***Cuozzo Speed Technologies, LLC v. Lee* (No. 2015-446, 6/20/16) (Roberts, Kennedy, Thomas, Ginsburg, Breyer, Alito, Sotomayor, Kagan)**

June 20, 2016 12:49 PM

Breyer, J. Affirming Federal Circuit decision that the PTO's regulation requiring use of the broadest reasonable construction standard in IPRs represents a reasonable exercise in rulemaking. “[Petitioner] says that the use of the broadest reasonable construction standard in *inter partes* review, together with use of an ordinary meaning standard in district court, may produce inconsistent results and cause added confusion. A district court may find a patent claim to be valid, and the agency may later cancel that claim in its own review. We recognize that that is so. This possibility, however, has long been present in our patent system, which provides different tracks—one in the Patent Office and one in the courts—for the review and adjudication of patent claims. [*Inter*] *partes* review imposes a different burden of proof on the challenger. These different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress' regulatory design. [Citation omitted] Moreover, the Patent Office uses the broadest reasonable construction standard in other proceedings, including interference proceedings [], which may implicate patents that are later reviewed in district court. The statute gives the Patent Office the power to consolidate these other proceedings with *inter partes* review. To try to create uniformity of standards would consequently prove difficult. And we cannot find unreasonable the Patent Office's decision to prefer a degree of inconsistency in the standards used between the courts and the agency, rather than among agency proceedings.” Also affirming Federal Circuit decision that § 314(d) bars review of Patent Office's decision to institute an IPR. “The text of the 'No Appeal' provision, along with its place in the overall statutory scheme, its role alongside the Administrative Procedure Act, the prior interpretation of similar patent statutes, and Congress' purpose in crafting *inter partes* review, all point in favor of precluding review of the Patent Office's institution decisions. Nevertheless, in light of §314(d)'s own text and the presumption favoring review, we emphasize that our interpretation applies where the grounds for attacking the decision to institute *inter partes* review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office's decision to initiate *inter partes* review. [Citation omitted] This means that we need not, and do not, decide the precise effect of §314(d) on appeals that implicate

constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond 'this section.'... Thus, contrary to the dissent's suggestion, we do not categorically preclude review of a final decision where a petition fails to give 'sufficient notice' such that there is a due process problem with the entire proceeding, nor does our interpretation enable the agency to act outside its statutory limits by, for example, canceling a patent claim for 'indefiniteness under §112' in *inter partes* review.” Thomas, J. filed a separate concurring opinion. Alito, J. filed a separate opinion concurring-in-part and dissenting-in-part, which was joined by Sotomayor, J.

A full version of the text is [available in PDF form](#).

***Allied Erecting v. Genesis Attachments, LLC* (No. 2015-1533, 6/15/16) (Newman, Dyk, Wallach)**

June 15, 2016 6:05 PM

Wallach, J. Affirming PTAB decision in *inter partes* reexamination that claims relating to heavy machinery for construction are obvious.

A full version of the text is [available in PDF form](#).

***Genzyme Therapeutic Products v. BioMarin Pharmaceutical* (No. 2015-1720, -1721, 6/14/16) (Moore, Bryson, Reyna)**

June 14, 2016 2:40 PM

Bryson, J. Affirming Board IPR decision of obviousness of patents relating to treatment of Pompe's disease. Patentee unsuccessfully argued that the Board improperly relied in its final written decision on prior art references not identified in the institution decision. “The principal thrust of [patentee's] APA challenge is that the Board cited references in its final written decision that were not specifically included in the combination of prior art on which the Board instituted review... However, the introduction of new evidence in the course of the trial is to be expected in *inter partes* review trial proceedings and, as long as the opposing party is given notice of the evidence and an opportunity to respond to it, the introduction of such evidence is perfectly permissible under the APA... This court has made clear that the Board may consider a prior art reference to show the state of the art at the time of the invention, regardless of whether that reference was cited in the Board's institution decision.”

A full version of the text is [available in PDF form](#).

***Halo Electronics, Inc. v. Pulse Electronics, Inc.* (No. 2014-1513, -1520, 6/13/16) (Roberts, Kennedy, Thomas, Ginsburg, Breyer, Alito, Sotomayor, Kagan)**

June 13, 2016 3:18 PM

Roberts, J. Rejecting the *Seagate* test for enhanced damages under § 284 while vacating and remanding two cases decided under that test. “The question before us is whether [the *Seagate*] test is consistent with § 284. We hold that it is not.” “The principal problem with *Seagate*'s two-part test

is that it requires a finding of objective recklessness in every case before district courts may award enhanced damages. Such a threshold requirement excludes from discretionary punishment many of the most culpable offenders, such as the 'wanton and malicious pirate' who intentionally infringes another's patent—with no doubts about its validity or any notion of a defense—for no purpose other than to steal the patentee's business. [Citation omitted] Under *Seagate*, a district court may not even consider enhanced damages for such a pirate, unless the court first determines that his infringement was 'objectively' reckless. In the context of such deliberate wrongdoing, however, it is not clear why an independent showing of objective recklessness—by clear and convincing evidence, no less—should be a prerequisite to enhanced damages... The subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages, without regard to whether his infringement was objectively reckless." Regarding the timing of when a defendant should be aware of a defense to avoid enhanced damages, the Court stated that the "*Seagate* test aggravates the problem by making dispositive the ability of the infringer to muster a reasonable (even though unsuccessful) defense at the infringement trial. The existence of such a defense insulates the infringer from enhanced damages, even if he did not act on the basis of the defense or was even aware of it. Under that standard, someone who plunders a patent—infringing it without any reason to suppose his conduct is arguably defensible—can nevertheless escape any comeuppance under §284 solely on the strength of his attorney's ingenuity." The Court's test for enhanced damages grants more discretion to district courts. "Section 284 allows district courts to punish the full range of culpable behavior. Yet none of this is to say that enhanced damages must follow a finding of egregious misconduct. As with any exercise of discretion, courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount. Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test. Consistent with nearly two centuries of enhanced damages under patent law, however, such punishment should generally be reserved for egregious cases typified by willful misconduct." The Court also stated that enhanced damages will be evaluated by the district court under a preponderance of the evidence standard and will be reviewed by appellate courts for abuse of discretion. "As we explained in *Octane Fitness*, 'patent-infringement litigation has always been governed by a preponderance of the evidence standard.' [Citation omitted] Enhanced damages are no exception... Section 284 gives district courts discretion in meting out enhanced damages. It 'commits the determination' whether enhanced damages are appropriate 'to the discretion of the district court' and 'that decision is to be reviewed on appeal for abuse of discretion.'" Breyer, J. filed a concurrence, which was joined by Justices Kennedy and Alito.

A full version of the text is [available in PDF form](#).

***Sas Institute, Inc. v. ComplementSoft, LLC* (No. 2015-1346, -1347, 6/10/16) (Newman, Chen, Stoll)**

June 10, 2016 12:25 PM

Stoll, J. Affirming Board decision in IPR as to most claims and also vacating "the Board's determination that claim 4 is patentable and [remanding] so that the parties may address a new construction that the Board adopted in its final written decision after interpreting the claim differently

before.” The Board adopted one construction in its institution decision and then changed that construction in its final written decision. The Court agreed with the Board's construction in the final written decision but disagreed “with the Board's approach” and vacated so the parties could address the new construction. Also, the Court again confirmed the PTO's authority to review fewer than all claims challenged in IPR petitions. Newman, J. concurred-in-part and dissented-in-part.

A full version of the text is [available in PDF form](#).

***Indacon, Inc. v. Facebook, Inc.* (No. 2015-1129, 6/6/16) (Newman, Reyna, Stoll)**

June 6, 2016 4:35 PM

Stoll, J. Affirming summary judgment of non-infringement based on claim construction.

A full version of the text is [available in PDF form](#).

***Warsaw Orthopedic, Inc. v. NuVasive, Inc.* (No. 2013-1576, -1577, 6/3/16) (Lourie, Dyk, Reyna)**

June 3, 2016 2:55 PM

Dyk, J. On remand from the Supreme Court for consideration under the Court's holding in *Commil v. Cisco*, reaffirming prior opinion holding direct and induced infringement. Reyna, J., concurred in the result.

A full version of the text is [available in PDF form](#).