



2018 Spring NEWSLETTER

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1201 NEW YORK AVENUE, N.W.
WASHINGTON, D.C.

SUPREME COURT

Oil States Energy Services LLC v. Greene’s Energy Group, LLC (2018)

On April 24, 2018, the Supreme Court of the United States (“Supreme Court”) held in *Oil States Energy Services LLC v. Greene’s Energy Group, LLC*, that an inter partes review (“IPR”) by the Patent Trial and Appeal Board (“PTAB”) does not violate Article III or the Seventh Amendment of the U.S. Constitution. Following up on this case from our article in our firm’s Summer Newsletter 2017, we provided that a reversal will have significant ramifications for defendants in a patent infringement lawsuit and will tip the scales in favor of the patent owner. The Supreme Court, however, affirmed the judgment by the United States Court of Appeals for the Federal Circuit.

With Justice Clarence Thomas classically writing the majority opinion for this patent case, the Supreme Court concluded that “[i]nter partes review falls squarely within the public rights doctrine.” Op. at 6. The opinion terms patents as “public franchises,” adding that patents are “creatures” of statutory law and do not exist in common law. A patent is granted by the government to the corresponding inventor after an examination of patentability of the patent. The opinion then reasoned that even though an IPR occurs after the patent grant, an IPR is no different than an initial examination of patentability of a patent. It “involves the same interests as the determination to grant the patent in the first instance,” as it “protects ‘the public’s paramount interest in seeing that patent monopolies [is] kept within their legitimate scope.’” The opinion then provides that public franchise “can be qualified in this manner” – that government can exercise its authority to revoke or amend the franchise through legislation or administrative proceedings.

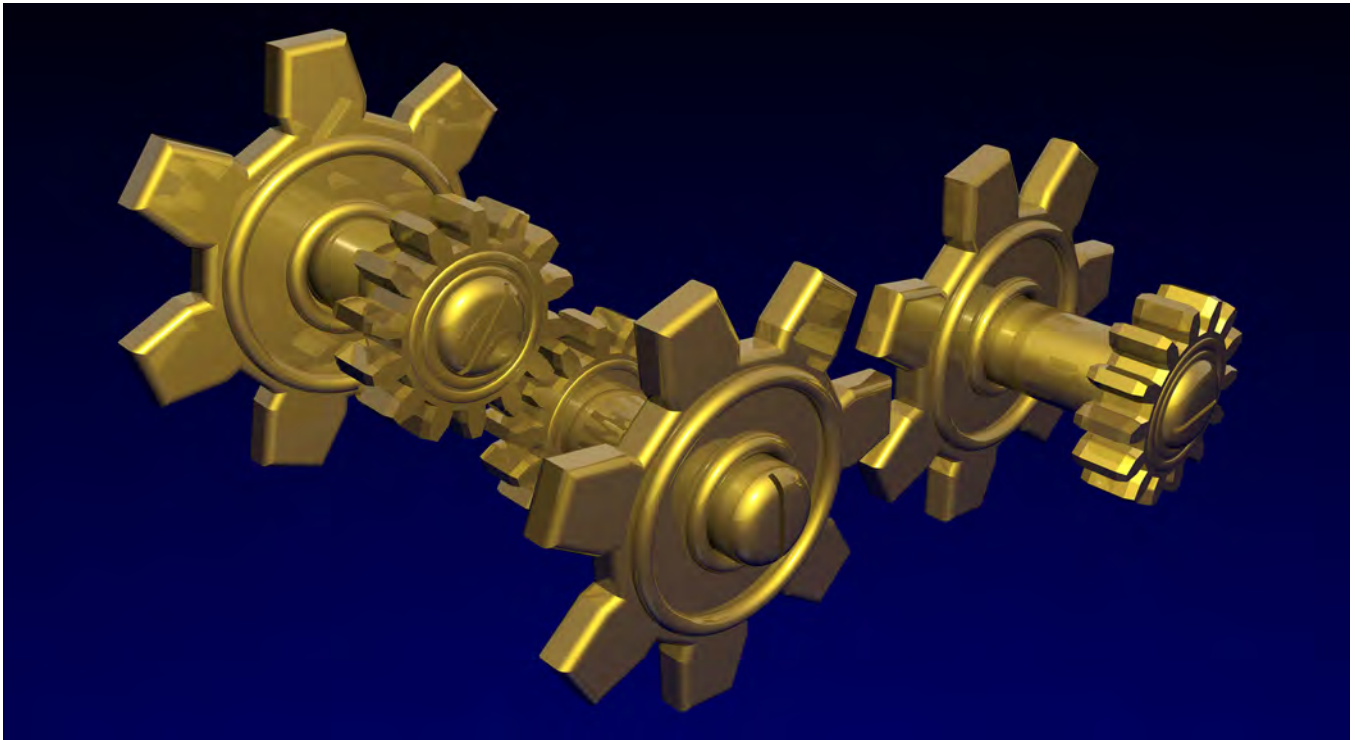
The opinion then analyzed Oil States’ argument that patent rights are private rights, providing that the cases cited by Oil States did not contradict the Supreme Court’s conclusion. Even though the cited cases foreclose any post-issuance administrative review, those cases were decided under the Patent Act of 1870, a version of the Patent Act that did not have any provision of post-issuance administrative review. The opinion then argued against Oil States and the dissent, stating that even though patent validity was often decided in the English courts of law in the 18th century, those courts had a mechanism to cancel patents: a petition to the Privy Council to vacate a patent. Finally, the opinion disclaimed Oil States’ argument that IPRs violate Article III because IPRs share characteristics associated with proceedings in Article III courts. The opinion provided that the judgments are different – that IPRs do “not make any binding termination regarding” liability. The end of the Article III analysis “emphasize[d] the narrowness of [their] holding.” It explicitly provides no opinion on several issues, such as infringement actions being heard at a non-Article III court, due process challenges, and the constitutionality of IPRs being retroactively applied to patents issued before the America Invents Act.

SUPREME COURT

Oil States Energy Services LLC v. Greene's Energy Group, LLC (2018) (cont'd.)

The end of the opinion then provides that, because an IPR does not violate Article III, a jury is not needed in IPR proceedings. Thus, IPRs do not violate the Seventh Amendment.

Following the Oil States decision, a patent is a government franchise, not property. Additionally, IPRs and the PTAB are here to stay. Patent infringers can take a breath of fresh air, knowing that there will still be a line of defense before trial at district court. However, patent infringers will probably have to be more strategic on what they raise at the PTAB after the decision in the Supreme Court *SAS v. Iancu*.



SUPREME COURT

SAS Institute Inc. v. Iancu, Director of the United States Patent and Trademark Office (2018)

Our article on this case in the firm's Fall Newsletter 2017 discussed the case's procedural history and presented arguments from both sides. On April 24, 2018, the Supreme Court of the United States ("Supreme Court") released a split 5-4 decision, holding that when the United States Patent and Trademark Office ("USPTO") institutes an inter partes review ("IPR"), the Patent Trial and Appeal Board ("PTAB") must decide the patentability of all the claims the petitioner has challenged.

With Justice Neil Gorsuch writing for the majority, the opinion bases its holding on the plain reading of the statute at issue, 35 U.S.C. §318(a). §318(a) states that the USPTO must "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." The opinion starts with an explanation of the IPR process, describing each statute that corresponds to each step of the process. The opinion then begins its analysis, providing that the "plain text of §318(a)" simply directs the USPTO to "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner."

The opinion then disclaims Director Iancu's argument that he "retains discretion to decide which claims make it into an inter partes review," stating that nothing in §318(a) allows him such discretion. The opinion then looks at other statutes laying out the rules of post-grant proceedings to see if the Director has discretion in those proceedings, specifically probing at the differences in language. §311(a) authorizes the petitioner, not the Director, to start IPR proceedings. §303(a) states that the petitioner initiates the ex parte reexamination process. §314(b) provides that the Director gets to institute an IPR petition "pursuant to a petition." As a result, no statute allows the Director to "institute a different [IPR] of his own design." The opinion then rejects the Director's argument that §314(a) "requires him to 'evaluate claims individually' and so must allow him to institute review on a claim-by-claim basis," concluding that the §314(a) "simply requires him to decide whether the petitioner is likely to succeed on 'at least 1' claim."

The opinion again disclaims the Director's policy argument that partial institution is more efficient "because it permits the Board to focus on the most promising challenges and avoid spending time and resources on others." The opinion simply stated that the Director should go take his case to Congress. The opinion then addresses the Director's argument that the statute contains ambiguity and thus should be given deference to the USPTO. With Gorsuch being a critic of Chevron deference, the majority opinion found no ambiguity and thus gave no deference to the USPTO. Finally, the opinion disagreed with the Director's argument that the question in this case is a challenge to the USPTO's petition decision and that decision is unappealable pursuant to §314(d), the *Cuozzo* rule. The opinion concluded that the case here involves "exactly the sort of question" that serves as an exception to the *Cuozzo* rule.

SUPREME COURT

SAS Institute Inc. v. Iancu, Director of the United States Patent and Trademark Office (2018) (cont'd.)

It is worthy to note that the Justice Ginsberg's dissent, supported by the three other justices of the Court, criticized Gorsuch's lack of analysis of congressional intent. Additionally, Justice Breyer's dissent provided that §318(a) has a big enough gap to be filled and should be afforded Chevron deference.

Although SAS Institute Inc., the patent infringer, may win in this particular case, the SAS decision will change the strategies used by both parties in IPR proceedings, but should help patent owners overall. The PTAB is now required to opine on which claims are patentable and which are not, giving the patentable claims strength at district court. As a result, patent owners will likely focus on arguments on the broadest claims. This decision will also raise estoppel issues for patent infringers at district court, forcing patent infringers to think about what arguments to raise at the PTAB and at the district court.



FEDERAL CIRCUIT

Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.

On January 25, 2018, the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”) released its opinion in *Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.*, affirming the U.S. District Court for the Eastern District of Texas decisions: (1) to deny summary judgment that four claims from Core Wireless’ patents are directed to patent ineligible subject matter; (2) to deny judgment as a matter of law that another patent anticipates the asserted claims; and (3) to deny judgment as a matter of law that the asserted claims are not infringed.

Core Wireless Licensing S.A.R.L (“Core Wireless”) sued LG Electronics, Inc. (“LG”) in the Eastern District of Texas, alleging LG infringed dependent claims 8 and 9 of U.S. Patent No. 8,713,476 (“the ‘476 Patent”) and claims 11 and 13 of U.S. Patent No. 8,434,020 (“the ‘020 Patent”). Both patents, owned by Core Wireless, disclose display interfaces that “allow a user to more quickly access desired data stored in, and functions of applications included in, the electronic devices.” Op. at 3.

Subsequently, LG moved for summary judgment for invalidity of the four asserted claims under 35 U.S.C. § 101. The District Court denied the summary judgment, holding that the claims were not directed to an abstract idea. The District Court reasoned that the interface required a device to be displayed on. During trial, the District Court ruled that “un-launched state” means “not displayed” and “reached directly” means “reached without an intervening step.” With these constructions, the jury found all asserted claims infringed and not invalid. LG then moved for judgment as a matter of law for noninfringement. LG argued that the “un-launched state” limitation means “not running” and that the “reached directly” limitation required user interaction with the main menu, and with using those constructions, the jury would have reasonably found for noninfringement. The District Court denied LG’s motion, as LG did not preserve its claim construction arguments in a Rule 50(a) motion and its second argued claim construction would have made no difference in the outcome. LG also moved for judgment as a matter of law for invalidity, arguing that U.S. Patent No. 6,415,164 (“the ‘164 Patent”) anticipated Core Wireless’ patents. The District Court denied LG’s motion for judgment as a matter of law for invalidity as well. LG appealed.

The Federal Circuit began its analysis by determining that the asserted claims are not directed to an abstract idea. The Federal Circuit provided that the claims disclosed an improved user interface for electronic devices and essentially described “a specific manner of displaying a limited set of information to the user,” which improved the speed and functionality of the user interface for electronic devices. Since the Federal Circuit found that the asserted claims were not abstract based on this understanding, the Federal Circuit did not need to move on to part two of the Alice test. Thus, the asserted claims were patent eligible.

FEDERAL CIRCUIT

Arthrex, Inc. v. Smith & Nephew, Inc.

On January 24, 2018, the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”) held in *Arthrex, Inc. v. Smith & Nephew, Inc.* that the Patent Trial and Appeal Board (“PTAB”) may issue an adverse judgment after a patent owner disclaimed challenged claims in an inter partes review (“IPR”) proceeding.

Smith & Nephew, Inc. (“Smith”) filed an IPR petition challenging claims 1 through 9 of U.S. Patent No. 8,821,541 (“the ‘541 Patent”), which was owned by Arthrex, Inc. (“Arthrex”). Arthrex then disclaimed all challenged claims and filed a preliminary response, arguing that institution of the IPR petition should be denied due to the disclaimer based on 37 C.F.R. § 42.107(e), which states that “[n]o inter partes review will be instituted based on disclaimed claims.” Additionally, Arthrex did not want the PTAB to not enter an adverse judgment based on 37 C.F.R. 42.73(b) to avoid the estoppel effects of 37 C.F.R. § 42.73(d) (3)(i). However, the PTAB interpreted the disclaimer as a request for adverse judgment, and thus issued an adverse judgment against Arthrex. Arthrex appealed, arguing that the PTAB did not properly enter an adverse judgment pursuant to 37 C.F.R. § 42.73(b).

The Federal Circuit first looked at whether the PTAB’s decision to enter an adverse judgment was appealable. Analyzing the language in 28 U.S.C. § 1295, the Federal Circuit confirmed that a pre-institution adverse judgment is indeed appealable. Smith argued that because 35 U.S.C. § 319 only provides for review from a final written decision, it does not explicitly allow review for the PTAB’s decision to enter an adverse judgment. The Federal Circuit also looked into 35 U.S.C. § 314(d), which bars any review of institution decisions. The Federal Circuit concluded that neither § 319 nor § 314(d) affected the reviewability of the PTAB’s decision to enter an adverse judgment. Since an adverse judgment is a final decision disposing of an IPR proceeding, the Federal Circuit found that a patent owner has a statutory right to appeal under § 1295(a)(4)(A).

The Federal Circuit then looked at whether the PTAB properly issued the adverse judgment. The Federal Circuit provided that the rule would not be nullified if “a patent owner could always avoid an adverse judgment by simply stating that it is not requesting one.” Furthermore, the Federal Circuit looked at the language and purpose of 37 C.F.R. § 42.73(b), providing that the rule states that “an adverse judgment may be entered after a petition has been filed, but before an IPR proceeding has been instituted” and that “a patent owner may request an adverse judgment at any time during a ‘proceeding.’” The rule’s purpose is “to define the circumstances in which the estoppel provision of 37 C.F.R. § 42.73(d) applies.” Since the Federal Circuit found that the PTAB’s interpretation of the rule is consistent with its language, the Federal Circuit held that 37 C.F.R. § 42.73(b) allows the PTAB to interpret a disclaimer from the patent owner as a request for adverse judgment. Thus, the Federal Circuit found that the PTAB properly issued the adverse judgment and affirmed.

FEDERAL CIRCUIT

Aatrix Software, Inc. v. Green Shades Software, Inc.

On February 14, 2018, the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”) found in *Aatrix Software, Inc. v. Green Shades Software, Inc.* that Aatrix Software, Inc. (“Aatrix”) was entitled to file its proposed second amended complaint, holding that the District Court erred to the extent it granted the motion to dismiss filed by Green Shades Software, Inc. (“Green Shades”).

Aatrix sued Green Shades for infringing two of Aatrix’s patents, U.S. Patent No. 7,171,615 (“the ‘615 Patent”) and U.S. Patent No. 8,984,393 (“the ‘393 Patent”). These two patents are directed to systems and methods for designing, creating, and importing data into a viewable form on a computer so that a user can utilize the data to create forms and reports. Subsequently, Green Shades moved to dismiss the complaint under Rule 12(b)(6), arguing that all claims in the ‘615 Patent and the ‘393 Patent were patent ineligible under 35 U.S.C. § 101. The District Court granted Green Shade’s motion, concluding that the claims in the asserted patents were directed to abstract ideas without inventive concepts. Aatrix moved to modify and vacate the judgment, for reconsideration, and for leave to amend the complaint. The District Court denied these motions, providing that there is “no reason to reconsider its prior determination,” because the claimed data file “describes a ‘well understood’ and ‘routine’ component and function of a computer.” Aatrix appealed.

The Federal Circuit first determined this case was not properly adjudicated with finality at the Rule 12(b)(6) stage, because the District Court never considered claim construction. The Federal Circuit provided that patent eligibility can only be determined at the Rule 12(b)(6) stage when “there are no factual allegations that, taken as true, prevent resolving the eligibility question as a matter of law.” Since both Aatrix’s claim construction and Aatrix’s second amended complaint, contained factual allegations that, taken as true, would have affected the District Court’s eligibility analysis, a dismissal pursuant to Rule 12(b)(6) was not appropriate.

The Federal Circuit then analyzed the allegations within Aatrix’s proposed amended complaint, finding that Aatrix’s patents disclosed a tangible system. The Federal Circuit provided that the ‘615 Patent was directed to “a data processing system which clearly requires a computer operating software, a means for viewing and changing data, and a means for viewing forms and reports.” As a result, the Federal Circuit concluded that the District Court erred in holding claim 1 ineligible and even if it found claim 1 to be abstract, the District Court should have instead performed an Alice/Mayo analysis of claim 1. The Federal Circuit also found, within the second amended complaint, arguments that the claimed “data file” is “an improvement in the importation of data from third-party software applications.” Because of this, the District Court could not conclude at the Rule 12(b)(6) stage that the claimed elements were well-understood, routine, or conventional.

FEDERAL CIRCUIT

***Aatrix Software, Inc. v. Green Shades
Software, Inc. (Cont'd.)***

Because Aatrix's factual allegations in its amended complaint should have prevented a dismissal pursuant to Rule 12(b)(6), the Federal Circuit vacated the District Court's dismissal pursuant to Rule 12(b)(6) and reversed its denial of Aatrix's motion for leave to file a second amended complaint.



FEDERAL CIRCUIT

Exergen Corporation v. Kaz USA, Inc.

On March 8, 2018, the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”) found claims disclosing an apparatus for and a method of measuring body temperature via the forehead to be patent eligible, but held that the jury’s determination of infringement of one of the patents was not supported by substantial evidence. As a result, the Federal Circuit affirmed the District Court’s denial of judgment as a matter of law that the claims were patent ineligible, but reversed the verdict of infringement with respect to one of the patents. The Federal Circuit also vacated and remanded the damage award based on the reversal.

Exergen Corporation (“Exergen”) sued Kaz USA, Inc. (“Kaz”) for patent infringement on Exergen’s two patents, U.S. Patent No. 6,292,685 (“the ‘685 Patent”) and U.S. Patent No. 7,787,938 (“the ‘938 Patent”). Both patents were directed to calculating a person’s body temperature “by detecting the temperature of the forehead directly above the superficial temporal artery,” which provides the most reliable temperature reading. At the District Court, a jury found the patents to be valid and infringed. The jury also awarded Exergen \$9,802,228 in lost profits and \$4,840,320 in reasonable royalties, totaling to approximately \$15.6 million. Kaz motioned for a judgment as a matter of law with respect to invalidity, noninfringement and for a new trial on damages. The District Court denied all of those motions, but granted Kaz’s summary judgment motion of no willful infringement. Subsequently, Kaz appealed the denials of its motions and Exergen cross-appealed the grant of summary judgment of no willful infringement.

The Federal Circuit first analyzed the patent eligibility of the patents-at-issue, determining that the asserted claims of the patents-at-issue are patent eligible. Even though the asserted claims utilize a natural law to achieve their purpose, the asserted claims disclosed additional limitations that transform “the underlying natural laws into inventive methods and useful devices that noninvasively and accurately detect human body temperature.” The inventive step in these patents was in the device’s ability to scan differential surface temperature to find an injury or a hot spot. Additionally, the device applied a newly calculated coefficient for translating measurements taken at the forehead to read core body temperature. The Federal Circuit, taking the trial testimony and evidence into account, found these methods to be novel, and thus satisfied the second step of the Mayo/Alice analysis.

FEDERAL CIRCUIT

***Exergen Corporation v. Kaz USA, Inc.
(Cont'd.)***

The Federal Circuit then determined that Kaz did not infringe claims 7, 14, and 17 of the '685 Patent. The '685 Patent disclosed a method of detecting temperature by laterally scanning a detector across the forehead to compute the temperature of a region of the body existing beneath the forehead. Kaz argued that the jury's verdict of direct infringement of the '685 Patent is not supported by substantial evidence because Kaz's accused devices calculated an oral-equivalent temperature, not the temperature of the body beneath the forehead. The Federal Circuit agreed with Kaz, providing that the '685 Patent and Kaz's accused devices compute temperatures of different areas of the head. The Federal Circuit concluded that the jury's determination of infringement of the '685 Patent was not supported by substantial evidence. In the opinion's next section and as a result of the finding of noninfringement, the Federal Circuit vacated and remanded the damage reward to the District Court to lower the amount of damages.

The Federal Circuit also answered Exergen's arguments for enhanced damages, finding no error in the District Court's grant of summary judgment of no willfulness. Since Kaz's invalidity contentions were not objectively reasonable, the District Court did not have to provide a Seagate analysis of the subjective prong. Additionally, the Federal Circuit could not clearly find error in the District Court's consideration of the Read factors. Based on these findings, the Federal Circuit affirmed the District Court's denial of enhanced damages.

In all, the Federal Circuit affirmed the District Court's decision on § 101 patent eligibility, reversed the denial of judgment as a matter of law on infringement of the '685 Patent, vacated judgment on damages, remanded that judgment to recalculate damages, and affirmed the denial of enhanced damages. This case is a part of the slew of § 101 patent eligible cases that the Federal Circuit has released this year. Although there may be more confusion as to what is eligible, at least there is another example of what is eligible and another showing of the §101 analysis provided by the Federal Circuit.

FEDERAL CIRCUIT

Intellectual Ventures I LLC v. Symantec Corp.

On March 15, 2018, the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”) found once again one of Intellectual Ventures’ patents to be patent ineligible under 35 U.S.C. § 101 in *Intellectual Ventures I LLC v. Symantec Corp.*

Intellectual Ventures I LLC (“IV”) sued Symantec Corp. (“Symantec”), alleging infringement of U.S. Patent No. 5,537,533 (“the ‘533 Patent”). The ‘533 Patent’s claims disclosed a backup computer process with an additional spoof packet to speed up the transaction between the servers and the computer. A District Court invalidated the ‘533 Patent via a grant of summary judgment of patent ineligibility under 35 U.S.C. § 101. The District Court also granted a summary judgment motion of noninfringement of the ‘533 Patent. IV appealed.

Skimming through the § 101 analysis, the Federal Circuit found no error in the District Court’s finding of patent ineligibility of the ‘533 Patent. The Federal Circuit provided that “[t]he District Court correctly found that the claims were directed to the abstract idea of backing up data, and that the claim limitations lacked an inventive concept as they invoke conventional computer components that do not function in combination in an inventive manner.”

The Federal Circuit then determined that the District Court did not err in granting summary judgment of noninfringement. The Federal Circuit reasoned that even though the District Court adopted IV’s claim construction of “substantially concurrent,” “no reasonable jury” could find Symantec’s accused product and IV’s invention disclosed in the ‘533 Patent to perform the same steps.

One wonders if the Federal Circuit has an implicit bias towards IV, and if so, why would the Federal Circuit even provide an opinion in cases with IV as one of the parties. Providing substantial §101 analysis in previous cases this past year, the Federal Circuit is being selective about when it is providing such analysis. Even when the matter is about an abstract idea with a minutia of improvement as perhaps in this case, the Federal Circuit should be opining a full § 101 analysis. Nonetheless, the Federal Circuit gave nothing but the bare bones of an opinion in this case.

FEDERAL CIRCUIT

DDS Technology Management, Inc. v. Apple Inc.

On March 23, 2018, the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”) held in *DDS Technology Management, Inc. v. Apple Inc.* that the Patent Trial and Appeal Board (“the PTAB”) cannot find a patent unpatentable in an inter partes review proceeding if the PTAB failed to provide sufficient explanation for its finding in its final written decision.

Apple Inc. (“Apple”) filed two petitions for an inter partes review (“IPR”) of claims 1 to 4 and 6 to 7 of U.S. Patent No. 6,128,290 (“the ‘290 Patent”), owned by DDS Technology Management, Inc. (“DDS”). The ‘290 Patent discloses a data network for bidirectional wireless data communications between a server and a plurality of personal devices, all operating in a “low duty cycle pulsed mode of operation.” This critical limitation substantially reduces power consumption and facilitates the rejection of interfering signals. The PTAB instituted the first IPR to determine whether claims 1 to 4 were obvious over U.S. Patent No. 5,241,542 (“the ‘542 Patent”), which is directed to power conservation in wireless communication, and U.S. Patent No. 4,887,266 (“the ‘266 Patent”), which is directed to bidirectional wireless data communication. The PTAB instituted the second IPR on the grounds that claims 6 and 7 were obvious over U.S. Patent No. 5,696,903. DDS later disclaimed claims 6 and 7 of the ‘290 Patent.

The PTAB issued its final written decisions in both IPRs and found that claims 1-4, 9, and 10 were invalid as being obvious over the ‘542 Patent in view of the ‘266 Patent. But DDS argued that neither references disclosed the limitation “said server ... transmitter[] being energized in low duty cycle RF bursts.” The PTAB construed the limitation “energized in low duty RF bursts” as “energized, in short periods of intense RF transmission activity on an otherwise quiet data channel, only to the extent required to satisfy the data transmission needs over the course of a communication cycle,” and concluded that “a person of ordinary creativity” would not find it “uniquely challenging or difficult” to add that missing limitation to a server transmitter.

FEDERAL CIRCUIT

***DDS Technology Management, Inc. v. Apple Inc.
(Cont'd.)***

The Federal Circuit rejected the PTAB's conclusion, providing that the PTAB failed to provide sufficient explanation for its obviousness finding. The Federal Circuit first provided the standard in applying "common sense" in an obviousness analysis, citing to *Arendi S.A.R.L. v. Apple, Inc.*, 832 F.3d 1355. In applying "common sense" in an obviousness analysis, common sense is invoked 1) to provide a known motivation to combine, 2) to fill in a missing limitation only when "the limitation in question was unusually simple and the technology particularly straightforward," and 3) not when it is "used as a wholesale substitute for reasoned analysis and evidentiary support, especially when dealing with a limitation missing from the prior art references specified." The Federal Circuit then determined that the PTAB's final written decision did not satisfy the standard set forth in *Arendi*, reasoning that the PTAB simply stated that a person of ordinary creativity would have incorporated the missing limitation into a server transmitter. The Federal Circuit also found Apple's expert's "conclusory statements and unspecific expert testimony" to be insufficient to support the PTAB's finding, providing that even though servers and personal devices have similar transmission hardware, that argument cannot "close these gaps without additional, reasoned analysis."

Because the PTAB relied on "ordinary creativity" "as a wholesale substitute for reasoned analysis and evidentiary support" to fill in "a limitation missing from the prior art references specified" without "a reasoned explanation that avoids conclusory generalizations," the Federal Circuit found the PTAB's analysis in its decision to be insufficient. On that finding, the Federal Circuit reversed the PTAB's finding of unpatentability.

FEDERAL CIRCUIT

Knowles Electronic LLC v. Iancu

On April 6, 2018, the United States Court of Appeal for the Federal Circuit (“the Federal Circuit”) affirmed the Patent Trial and Appeal Board’s (“PTAB”) inter partes reexamination determination of anticipation and obviousness in *Knowles Electronic LLC v. Iancu*.

During an inter partes reexamination (“IPRx”) proceeding, an examiner found claims 1-2, 5-6, 9, 11-12, 15-16, and 19 of U.S. Patent No. 8,018,049 (“the ‘049 Patent”) anticipated, and claims 21-23 and 25-26 of the ‘049 Patent obvious over U.S. Patent No. 6,594,369 in view of U.S. Patent No. 6,327,604. The ‘049 Patent is owned by Knowles Electronic LLC (“Knowles”) and disclosed a silicon condenser microphone apparatus, comprising “packages” that are processed “in panel form” and that can be separated later into individual units. Construing “package” as “a structure consisting of a semiconductor device, a first-level interconnect system, a wiring structure, a second-level interconnection platform, and an enclosure that protects the system and provides the mechanical platform for the sublevel,” the PTAB affirmed the examiner’s findings. Subsequently, Knowles appealed, arguing that 1) the PTAB improperly construed “package” and 2) the PTAB improperly relied on a new ground of rejection.

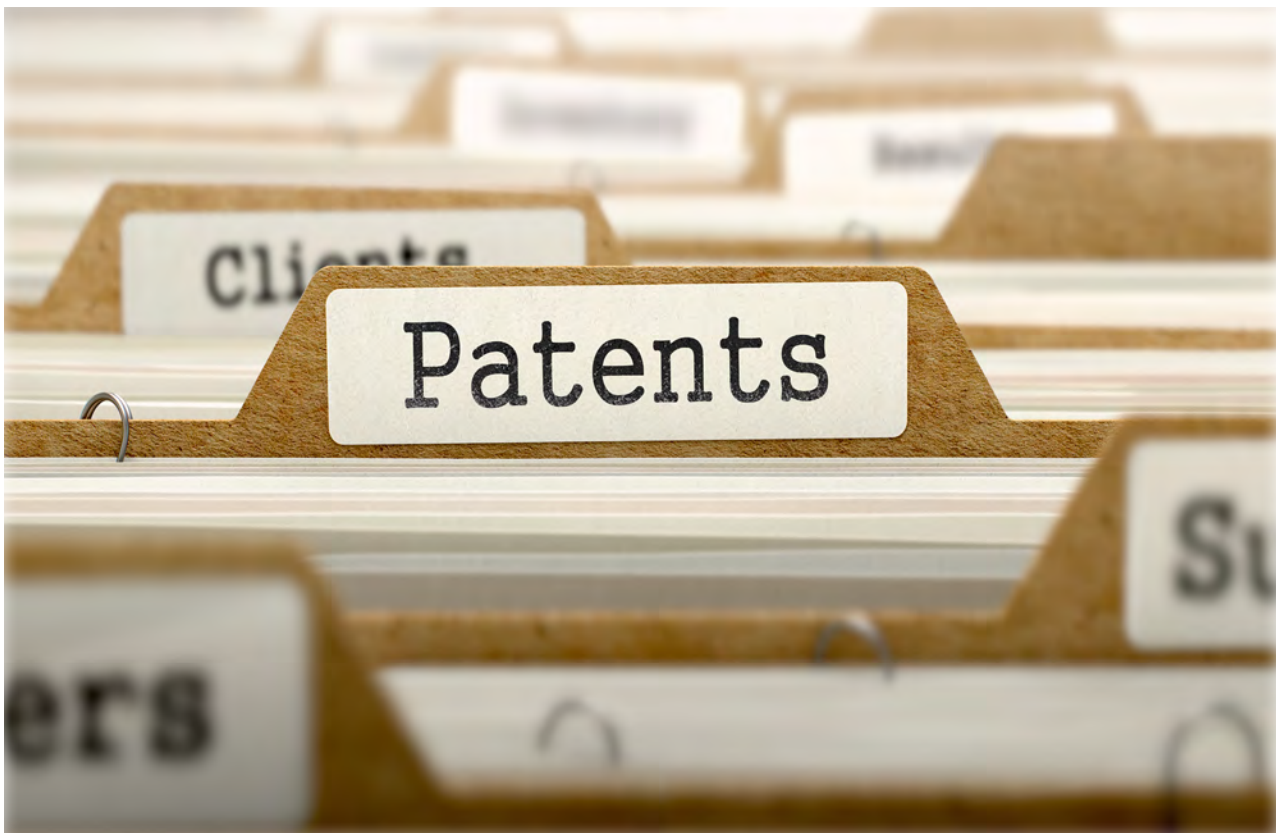
The Federal Circuit first addressed that it did have jurisdiction, even when the third-party requester, Analog Devices, declined to defend the judgment in its favor. The Federal Circuit also provided that the Director of the United States Patent and Trademark Office has an unconditional statutory “right to intervene in an appeal from a [PTAB] decision.” 35 U.S.C. § 143.

The Federal Circuit then determined that the PTAB did not err in its claim construction of “package.” Knowles argued that the PTAB “failed to resolve critical claim construction disputes regarding the meaning of the term ‘package,’” and asked the Federal Circuit to adopt the definition of “package” construed in *MEM Technology Berhad v. International Trade Commission*, 447 F. App’x 142 (Fed. Cir. 2011), “a second-level connection with a mounting mechanism.” Analyzing the specification, the Federal Circuit found that the specification described an embodiment where the package was not mounted, which read outside of Knowles’s proffered construction. The Federal Circuit then analyzed the PTAB’s reasons for considering its claim construction. The Federal Circuit found that the PTAB properly adopted a construction “nearly identical” to that interpretation “adopted by the Federal Circuit in *MEMS Technology*.” The Federal Circuit then considered the extrinsic evidence and found that the PTAB’s interpretation of the extrinsic evidence was reasonable.

FEDERAL CIRCUIT

Knowles Electronic LLC v. Iancu (Cont'd.)

Finally, the Federal Circuit determined that the PTAB did not rely on a new ground of rejection in its motivation to combine analysis. The Federal Circuit provided that even though the PTAB used “slightly different verbiage” than the Examiner, the same basic reasons applied. Furthermore, Knowles had a fair opportunity to respond to this rejection, “which is the ‘ultimate criterion’ for finding no new rejection,” when Knowles responded in its appeal to the PTAB that the Examiner’s rejection was incorrect. Based on these two determinations, the Federal Circuit affirmed the PTAB’s findings of unpatentability.



PATENTS – USPTO

**Changes in §101 Examination
Procedure after *Berkheimer v. HP, Inc.***

As provided in our firm's last newsletter, the decision in *Berkheimer v. HP, Inc.* should have resulted in the United States Patent and Trademark Office ("USPTO") having to update its § 101 patent eligible guidance for examiners. Coincidentally, on April 19, 2018, the USPTO released to its Patent Examining Corp and the public, a memorandum implementing changes to the examining procedure of § 101 subject matter patent eligibility. In *Berkheimer v. HP, Inc.*, the United States Court of Appeals for the Federal Circuit held that when determining whether claim limitations are well-understood, routine, conventional raises factual questions, a summary judgment that all of the claims at issue are not patent eligible is precluded. Thus, when examiners conclude that an invention is patent-ineligible because the limitations are well-understood, routine, and conventional, "such a conclusion must be based upon a factual determination." No longer can an examiner say that a limitation is well-understood, routine, and conventional, because he or she says so.

After explaining how the *Berkheimer* decision changes the §101 analysis, the USPTO memorandum provides four different ways in which an examiner can formulate a §101 rejection when an invention's elements are not well-understood, routine, and conventional. The first way an examiner can expressly support a § 101 rejection is by citing to an express statement made in the patent's specification, or by the applicant during prosecution, that the elements are well-understood as a commercially available product, or are described in a manner that indicates that the elements are sufficiently well-known that the specification does not need to describe the elements. The second way is to cite to court decisions discussed in USPTO MPEP § 2106.05(d)(II), where courts have found the same elements to be well-understood, routine, and conventional. The USPTO third option for the examiner is to cite to a publication that demonstrates that the same elements are well-understood, routine, and conventional. A publication includes a book, manual, review article, or another source that describes the state of the art and discusses what is well-known and in common use in the relevant industry. The memorandum warns that the publication cannot merely disclose the additional element, but must demonstrate that the additional element is widely prevalent or in common use in the relevant field. In the fourth way, the USPTO memorandum provides that the examiner can rely on a statement that they are taking "official notice" that the claims are well-understood, routine, and conventional. This option "should be used only when the examiner is certain, based upon his or her personal knowledge," that the claims are well-understood, routine, and conventional. The specifics to this process are laid out in MPEP § 2144.03.

PATENTS – USPTO

**Changes in §101 Examination
Procedure after *Berkheimer v. HP, Inc.*
(Cont'd.)**

The USPTO memorandum then discusses how the examiner should evaluate the applicant's challenge to the rejection. The examiner must again re-evaluate his or her rejection. If the examiner used the fourth option to prove that an additional element is not well-understood, routine, or conventional and the applicant subsequently challenges the examiner's statement, the examiner must then use one of the first three options, or an affidavit or declaration under 38 CFR 1.104(d)(2) setting forth specific factual statements and explanation to support his or her position.

This USPTO memorandum is a significant step in the right direction for the USPTO, as it is now forcing examiners to provide more substantial analysis in their §101 rejections. The USPTO will accept public comments on this new memorandum until August 17, 2018.



**INTERNATIONAL
TRADE COMMISSION****Judge Clark Cheney has joined USITC as an
Administrative Law Judge**

On March 5, 2018, the United States International Trade Commission (“ITC”) announced that Judge Clark S. Cheney will replace Judge Theodore R. Essex on the bench of Administrative Law Judges for the ITC.

Judge Cheney graduated from the University of Utah with an electrical engineering degree. He then graduated from Georgetown University Law Center. He began his legal career as a patent examiner for the United States Patent and Trademark Office and clerked for Judge William C. Bryson at the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) after law school.

Judge Cheney also has experience working as an administrative law judge and at the ITC. Prior to the appointment, Judge Cheney served as an administrative law judge with the Federal Energy Regulatory Commission (“FERC”). Prior to being an administrative law judge for the FERC, he worked in the ITC’s Office of General Counsel. One of his most notable cases is *Suprema Inc. v. ITC*, where the Federal Circuit held that the ITC could hear patent cases involving induced infringement, even if the products do not infringe at the time they enter the country. He also previously served as an attorney advisor in the ITC’s Office of Administrative Law Judges and was detailed to the Office of the U.S. Trade Representative.

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FIRM NEWS

45
plus
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STAAS & HALSEY LLP

ATTENDED THE 2018 INTA ANNUAL MEETING



Staas & Halsey LLP is pleased to note that Mr. William Herbert, a partner at Staas & Halsey LLP, attended the May, 2018 International Trademark Association (INTA) Annual Meeting.

The 2018 Annual Meeting was from Saturday, May 19 to Wednesday, May 23, 2018 in Seattle, Washington. For more information about our firm's attendance at INTA and our firm's trademark practice, please contact us at trademarks@s-n-h.com.

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STAAS & HALSEY LLP

LICENSING EXECUTIVE SOCIETY INTERNATIONAL (LESI) SAN DIEGO, CALIFORNIA

Staas & Halsey LLP is pleased to note that Mr. David Pitcher, a partner in Staas & Halsey LLP, attended the LESI annual conference in San Diego, California, from April 29 to May 1, 2018.

To further contact Mr. Pitcher about the LESI conference or our firm's patent licensing practice, please contact Mr. Pitcher at dpitcher@s-n-h.com

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STAAS & HALSEY LLP
LIVE WEBINAR



Staas & Halsey LLP is pleased to note that Mr. Paul Kravetz, a partner in Staas & Halsey LLP, was a panelist on the webinar hosted by The Knowledge Group, at <https://www.theknowledgegroup.org>, entitled "Artificial Intelligence and The Patent Law: Promises and Perils Event." The event was a success and many attendees rated their Satisfaction following the webinar. This live webinar was on Tuesday, March 20, 2018. To contact Mr. Kravetz, about the webinar presentation or AI technology patenting, please contact Mr. Kravetz at pkravetz@s-n-h.com.

Spring in Washington, D.C.



Nothing points to the arrival of spring in Washington D.C. quite like the full bloom of the cherry blossom trees and the National Cherry Blossom Festival. Luckily for the 1.5 million visitors, there are many ways to enjoy Washington, D.C.'s beautiful spring with many family-friendly outdoor activities that include being on the rivers or relaxing beside them. Spring is without doubt the best season of the year for many people. The weather is neither hot nor cold since the temperatures remain at moderate levels.

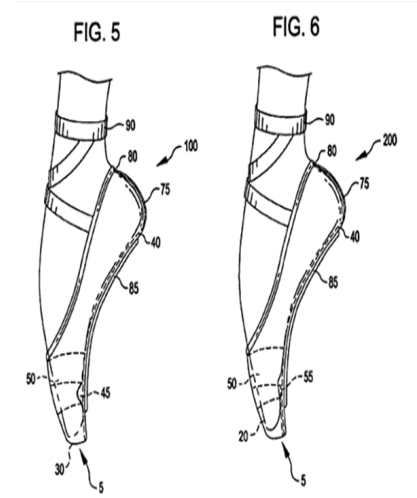
Visits to our firm's office here in Washington are most welcome during this season.

FIRM NEWS

Celebrity Patent Inventor: Bill Nye



**U.S. Patent 6895694 B2
Granted November 19, 2002**



Bill Nye, also known as the Science Guy, invented the Better Ballet Toe Shoe. Longitudinal support member, a foot encircling tubular sleeve and/or a toe ridge are included within the support structure. The materials and design of the traditional pointe shoes has not changed much for many years, which can cause the dancer discomfort and pain. Nye's design makes the force applied upon a dancer's body when dancing en pointe and gives additional support via a "toe box" located in the toe of the Toe Shoe.

Staas & Halsey LLP
1201 New York Avenue, N.W.
7th Floor
Washington, D.C. 20005
Telephone: 202.434.1500
Email: info@s-n-h.com
Fax: 202.434.1501
www.staasandhalsey.com

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