



2017 Fall NEWSLETTER

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SUPREME COURT

SAS Institute, Inc. v. Matal

On May 22, 2017, the U.S. Supreme Court (“Supreme Court”) granted certiorari in *SAS Institute, Inc. v. Matal*. The question before the Supreme Court is whether the U.S. Patent and Trademark Office (“PTO”) Patent Trial and Appeal Board (“PTAB”), when issuing a final written decision to an inter partes review, may issue a final written decision on the patentability of only some of the claims challenged by the petitioner rather than all claims challenged by the petitioner.

This case stems from an IPR petition filed by SAS Institute, Inc. (“SAS”). The IPR petition challenges the patentability of ComplementSoft Inc.’s (“ComplementSoft”) U.S. Patent No. 7,110,936 (“the ‘936 patent”), which discloses a development environment comprising a set of software tools allowing users to develop, edit, and debug software for a particular programming language or set of programming language. After instituting the IPR proceeding on some of the ‘936 patent claims challenged in SAS’s petition, the PTAB found all of the instituted claims, except for claim 4, unpatentable in view of the prior art.

SAS appealed the PTAB’s decision to the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”), arguing that the PTAB misconstrued a claim term and that the PTAB erred by not addressing in the final written decision claims SAS petitioned against, but that the PTAB did not institute as part of the proceeding. SAS argued that the text of the final written decision statutory subsection, 35 U.S.C. § 318(a), compels the PTAB to address every petition-challenged claim. Rejecting SAS’s arguments, the Federal Circuit agreed with the Board on all of the challenged constructions and determined that the PTAB did not need to address in its final written decision claims it did not institute. Referring to the second issue, the Federal Circuit found it “significant that § 318(a) describes ‘claims challenged by the petitioner,’ whereas the institution decision statutory subsection, 35 U.S.C. § 314, describes ‘claims challenged in the petition.’” *SAS Institute, Inc. v. ComplementSoft, LLC.*, 825 F.3d 1341, 1352 (Fed. Cir. 2016). The Federal Circuit reasoned its holding based on the facts that there is “no statutory requirement that the Board’s final decision address every claim raised in a petition for inter partes review” and that “§ 318(a) does not foreclose the claim-by-claim approach the [PTAB] adopted ... in this case.” *Id.*

SAS then filed a petition for certiorari to the Supreme Court on that exact issue: whether 35 U.S.C. § 318(a) requires the PTAB to issue a final written decision as to every claim or some of the claims challenged by the petitioner.

SUPREME COURT

SAS Institute, Inc. v. Matal (cont'd.)

ComplementSoft and the U.S. government both filed a brief in opposition, providing that § 318(a) does not require the PTAB to issue a final written decision as to every claim challenged by the petitioner. Notable reasons are: (1) the AIA forecloses judicial review of petitioner's challenge to the PTAB's decision not to institute review of certain claims, (2) that the statutory provision is ambiguous and the PTAB's interpretation enjoys "Chevron" deference, under which courts defer to an administrative agency's interpretation of a statute when the interpretation is reasonable or permissible, and (3) that an interpretation to issue a final written decision on some of the claims challenged by the petitioner will result in fairer and more efficient IPR proceedings.

The Supreme Court granted certiorari to this issue. If the Supreme Court reverses the Federal Circuit's decision on this issue, the PTAB will be required to issue an opinion on every claim challenged by the petitioner. This can lead way to SAS and other unsuccessful petitioners to get their non-instituted claims to the Federal Circuit and have those claims appealed.



U.S. Supreme Court

Federal Circuit

Visual Memory, LLC v. NVIDIA Corporation

On August 15, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Visual Memory, LLC v. NVIDIA Corp.*, holding that a patent’s claims that are directed to an improvement to computer memory systems is not directed to an abstract idea and thus patent-eligible subject matter.

Visual Memory, LLC (“Visual Memory”) owned U.S. Patent No. 5,953,740 (“the ‘740 patent”) and sued NVIDIA Corporation (“NVIDIA”) for infringement of the ‘740 patent. The ‘740 patent is directed to a computer memory system with a three-tiered memory hierarchy, composing of: (1) a low-cost low-speed memory for bulk storage, (2) a medium-speed memory that serves as the main memory, and (3) an expensive, high-speed memory that acts as a processor cache memory. The ‘740 patent discloses a memory hierarchy that “alleviates the limitations imposed by the cache’s size” and further “allows code and non-code data to be transferred from the main memory to the cache during operation to ensure that the currently executing program has quick access to the required data.” Claim 1 of the ‘740 patent recites the following:

A computer memory system connectable to a processor and having one or more programmable operational characteristics, said characteristics being defined through configuration by said computer based on the type of said processor, wherein said system is connectable to said processor by a bus, said system comprising:

a main memory connected to said bus; and

a cache connected to said bus;

wherein a programmable operational characteristic of said system determines a type of data stored by said cache.

After Visual Memory filed suit, NVIDIA filed a motion to dismiss for failure to state a claim pursuant to Federal Rule of Civil Procedure 12(b)(6). The U.S. District Court granted NVIDIA’s motion and held that the claims of the ‘740 patent were invalid under 35 U.S.C. § 101, because the claims were directed to an abstract idea. The district court reasoned that the ‘740 patent discloses a conventional method of storing data and contains no inventive concept.

Visual Memory appealed the district court’s decision to the Federal Circuit. Reviewing the determination de novo, the Federal Circuit reversed and remanded the district court decision, holding that the claims of the ‘740 patent were not directed to an abstract idea. Citing to *Thales* and *Enfish*, the Federal Circuit has to determine with specificity what the claims are directed to and “ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea.” *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1347 (Fed. Cir. 2017) and *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016).

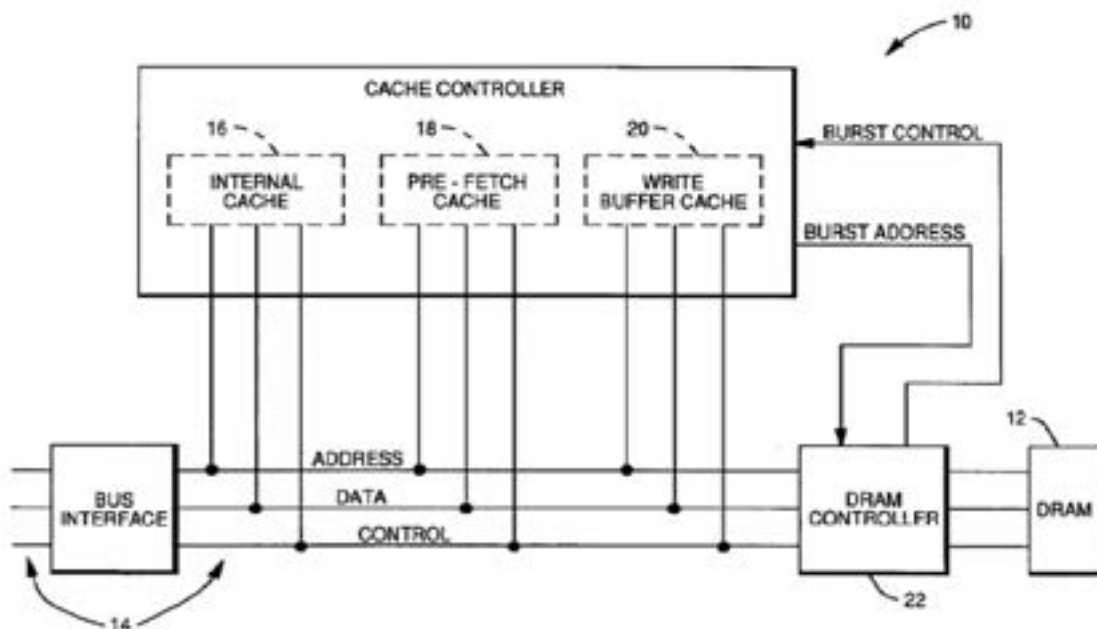
Federal Circuit

**Visual Memory, LLC v. NVIDIA Corporation
(Cont'd.)**

NVIDIA argued that the claims were directed to “a desired result or outcome in the context of generic computer components and functionality.” However; the Federal Circuit rejected that argument, stating that the claims “require[] a memory system with a memory and a cache memory, where the memory system is configured by a computer to store a type of data in the cache memory based on the type of processor connected to the memory system.”

In other words, the Federal Circuit concluded that the '740 patent's claims disclosed a technological improvement to a computer memory system. The Federal Circuit also provided that the claims and specification were specific to an improvement in the computer capabilities and the advantages offered by the technological improvement.

Therefore, the Federal Circuit held that the claims of the '740 patent were not directed to an abstract idea. Because the '740 patent was directed to an improvement in the functioning of a computer, the '740 patent contained eligible subject matter under 35 U.S.C. §101.



Federal Circuit

NFC Technology, LLC v. Matal

On September 20, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *NFC Technology, LLC v. Matal*, reversing the decision of the U.S. Patent and Trademark Office (“PTO”) Patent Trial and Appeal Board (“PTAB”) that U.S. Patent No. 6,700,551 (“the ‘551 patent”) was unpatentable for obviousness.

NFC Technology, LLC (“NFC”) owned the ‘551 patent, which disclosed a near-field communication device. HTC Corp. (“HTC”) petitioned for an inter partes review (“IPR”) of the ‘551 patent, alleging that claims 1-3 and 5 were unpatentable as being obvious over Sears’ U.S. Patent 6,122,492 (“the ‘492 patent”). The PTAB instituted review. Subsequently, NFC responded by saying that the inventor of the ‘551 patent, Charrat, had reduced the invention to practice before the ‘492 patent’s priority date, which was February 8, 1999. NFC asserted that Charrat had reduced the invention to practice “on or before November 1998,” presenting notes and diagrams that antedated the priority date of the ‘492 patent. It is also noted that NFC commissioned Concept Electronics (“CE”), a chip fabrication company, to generate printed circuit board layouts for the invention.

In its final written decision, the PTAB determined that NFC had not adequately demonstrated that Charrat had reduced the invention to practice before Sears’ priority date. The PTAB provided that it was CE, not Charrat, that reduced the invention to practice, because CE had physically created the prototype. The PTAB also determined that there was not enough evidence establishing what was communicated to CE and that the prototyping of the invention did not inure to NFC’s benefit. Thus, the PTAB found that Charrat’s testimony relating to conception was not sufficiently corroborated, and that therefore NFC’s invention had not antedated Sears’ priority date. In all, the PTAB concluded that each challenged claims of the ‘551 patent was unpatentable as being obvious.

NFC appealed the PTAB’s analysis on the NFC inurement issue to the Federal Circuit, arguing that: (1) the PTAB should not have addressed the inurement issue at all because it was not raised by the parties, (2) the PTAB erred by evaluating the evidence using interference standards for determining priority of invention, and (3) NFC provided sufficient evidence corroborating Charrat’s conception to establish inurement.

The Federal Circuit reversed the PTAB’s determination of obviousness and remanded the case back to the PTAB. The PTAB erred in determining that NFC had failed to show that certain third-party prototyping activity predating a cited reference did not inure to NFC’s benefit. The Federal Circuit provided that the PTAB improperly relied on *Woodland Trust*, 148 F.3d 1368 (Fed. Cir. 1998) and discounted certain evidence establishing conception and inurement. There was no evidence that points to CE doing anything other than fabricating the prototype. As the PTAB had not determined whether CE’s prototype had reduced the claims of the ‘551 patent to practice, the Federal Circuit remanded this case back to the PTAB for that determination.

Federal Circuit***Intellectual Ventures I LLC v. Motorola Mobility LLC***

On September 13, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Intellectual Ventures I LLC v. Motorola Mobility LLC*, affirming the U.S. district court’s judgment in part, reversing in part, and remanding for further proceedings on the asserted claims of one of the patents-at-issue.

The patents-at-issue, U.S. Patent No. 7,810,144 (“the ‘144 patent”) and U.S. Patent No. 7,120,462 (“the ‘462 patent”) were owned by Intellectual Ventures I LLC and Intellectual Ventures II LLC (hereinafter, collectively “IV”). IV brought suit against Motorola Mobility LLC (“Motorola”) in the District Court of Delaware, alleging infringement of claim 41 of the ‘144 patent and claims 1, 10, 11, and 13 of the ‘462 patent. The ‘144 patent described a file transfer system for direct transfer between computers and the ‘462 patent disclosed a laptop computer formed by docking a smartphone into a “shell” having a larger display and keyboard.

In the span of three trials at the district court level, the jury found that Motorola had directly infringed on the asserted claims of both the patents-at-issue and had failed to prove the asserted claims invalid as being obvious. Additionally, the district court denied Motorola’s motions for judgment as a matter of law, challenging the jury verdicts of infringement and no invalidity.

Motorola appealed the district court’s decision to the Federal Circuit, arguing that the district court erred in denying Motorola’s motions for judgment as a matter of law that: (1) claim 41 of the ‘144 patent was invalid for lack of written description, (2) claim 41 of the ‘144 patent was invalid as being obvious, (3) Motorola’s infringement upon claim 41 of the ‘144 patent, and (4) claim 1, 10, 11, and 13 of the ‘462 patent were invalid as being obvious.

On the first issue, Motorola argued that claim 41 of the ‘144 patent disclosed the use of “long-term or permanent storage” in the process of transferring files. Motorola inferred from the specification of the ‘144 patent, which described a file transfer system that “enables direct transfer of electronic files between ... without intermediate storage of files on an intervening computer,” that the invention did not employ “long-term” or “permanent storage.” ‘144 patent, col. 10 l. 63 – col. 11 l. 1. The Federal Circuit found Motorola’s first argument to be unpersuasive, because the failure of the ‘144 patent specification to describe such an embodiment “presents no written description problem”.

Federal Circuit***Intellectual Ventures I LLC v. Motorola
Mobility LLC (Cont'd.)***

On the second issue, Motorola argued that claim 41 of the '144 patent was invalid as being obvious over the teachings of U.S. patent No. 5,379,340 ("the '340 patent") and U.S. Patent No. 5,553,145 ("the '145 patent"), contending that the "irrespective of user action" limitation in the claim 41 of the '144 patent was taught by the '340 patent. However, the Federal Circuit believed that the district court was correct in finding that "[t]he 'Receive' mode disclosed in [the '340 patent] and the 'irrespective of user action' limitation are not the same." 176 F. Supp. 3d at 427. Thus, the Federal Circuit found that the district court correctly denied Motorola's motion for a judgment on invalidity as a matter of law.

On the third issue, the Federal Circuit questioned whether there was substantial evidence of Motorola directly infringing the '144 patent under 35 U.S.C. §271(a). Rejecting IV's reading of *Centillion Data Systems, LLC v. Qwest Communications International, Inc.*, the Federal Circuit stated that "[i]n an analysis of a system claim under *Centillion*, proof of an infringing 'use' of the claimed system under §271(a) requires the patentee to demonstrate that the direct infringer obtained 'benefit' from each and every element of the claimed system." Applying the correct standard under *Centillion*, the Federal Circuit found no evidence that supported an inference that Motorola's customers ever received the delivery reports, as stated in the '144 patent. As a result, the Federal Circuit held that the district court should have granted a judgment as a matter of law to find Motorola innocent of patent infringement.

On the fourth and final issue, Motorola contended that it was entitled to judgment as a matter of law that the asserted claims in the '462 patent were obvious over a combination of U.S. Patent No. 5,436,857 ("the '857 patent") and U.S. Patent No. 7,549,007 ("the '007 patent"). The asserted claims of the '462 patent disclosed a "portable processing device" comprising a detachable handset unit" and a "portable docking display unit" that was "fully operable only when the detachable handset is docked thereto." '462 patent, co. 6 ll. 2-20. The '857 patent teaches a module that is functional when plugged into a base unit; however, it does not disclose use of a cellular phone. The '007 patent teaches a portable computer using a portable telephone as its modem. What was at issue was whether there was sufficient motivation to modify the "portable telephone" in the '007 patent to control the "base unit" in the '857 patent. Since Motorola's expert did little in explaining his reasoning why there is a motivation to combine the two references, the Federal Circuit found that there is substantial evidence that supports the finding that there was no motivation to combine the two references. Thus, the Federal Circuit held that the district court correctly denied Motorola's motion with respect to invalidity of the '462 Patent.

Federal Circuit***Aqua Products, Inc. v. Matal***

On October 4, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued five different opinions in an en banc proceeding, *Aqua Products, Inc. v. Matal*, holding that the U.S. Patent and Trademark Office (“PTO”) Patent Trial and Appeal Board (“PTAB”) is barred from placing the burden of persuasion on the patent owners to establish the patentability of amended claims in inter partes review (“IPR”) proceedings.

This case stems from a motion-to-amend practice before the PTAB. In 2013, Zodiac Pool Systems, Inc. (“Zodiac”) filed a petition for an IPR proceeding on claims 1-14, 16, and 19-21 of U.S. patent No. 8,273,183 (“the ‘183 patent”), which was assigned to Aqua Products, Inc. (“Aqua”). The PTAB instituted the IPR of the ‘183 patent. During the proceeding, Aqua moved to substitute claims 1, 8, and 20 of the ‘183 patent. In its final written decision, the PTAB denied Aqua’s motion to amend, concluding that Aqua had failed to prove the substitute claims were patentable. Aqua Products appealed the PTAB’s denial of its motion to amend.

On appeal, the Federal Circuit upheld the PTAB’s decision of placing on the patent owner the burden of showing that the proposed amendments would overcome the teachings of the prior art, concluding that the PTAB did not err in holding the substitute claims were unpatentable. Subsequently, Aqua sought an en banc rehearing to challenge the burden-of-persuasion assignment regarding substitute claims as impermissible under 35 U.S.C. § 316(e). The Federal Circuit then vacated the prior panel’s decision and granted Aqua’s petition for en banc rehearing. The en banc panel of the Federal Circuit proposed answering two questions: (1) When the patent owner moves to amend its claims, is the patent owner required to prove the patentability of the amended claims? and (2) When the petitioner does not challenge the patentability of the proposed amended claims or when the PTAB thinks the challenge is inadequate, may the PTAB sua sponte raise patentability challenges to such claims? If so, where would the burden of persuasion, or a burden of production, lie?

In a 6-5 decision, the en banc panel of the Federal Circuit ultimately decided to vacate the PTAB’s denial of Aqua’s motion to amend and remanded back to the PTAB for the PTAB to issue a new final written decision assessing the patentability of Aqua’s substitute claims without placing the burden of persuasion of patentability on Aqua. Not one opinion is joined by a majority of the judges sitting en banc, though five of the eleven judges supported Judge O’Malley’s opinion. The judges of the Federal Circuit disagreed on whether 35 U.S.C. § 316 was ambiguous with respect to the issue of the appropriate burden of proof and whether the PTO’s interpretation of the statute was entitled to deference.

Federal Circuit***Aqua Products, Inc. v. Matal (Cont'd.)***

The leading opinion, provided by Judge O'Malley and joined by Judge Newman, Lourie, Moore, and Wallach, stated that 35 U.S.C. § 316(e) was ambiguous to the allocation of the burden of persuasion. Judge O'Malley began her analysis by pointing out that "Congress explicitly placed the burden of persuasion to prove propositions of unpatentability on the petitioner for all claims, including amended claims" in 35 U.S.C. "§ 316(e), the overall statutory scheme for IPRs set forth in the AIA, and its legislative history." Judge O'Malley then claimed that the PTAB erred in claiming that "§316(d)(1) unambiguously places the burden on the patent owner to prove the patentability of any proposed amended claim," reasoning that the statute only required the patent owner to satisfy the "statutory criteria in § 316(d)(1) (a)-(b) and § 316(d)(3) and ... any reasonable procedural obligations ... before the amendment is entered into the IPR." Arguing that the §316(e) "applies to all claims in an IPR – whether existing or proposed to be amended," Judge O'Malley contended that the PTO did not promulgate any rulemaking governing the burden of persuasion, so no judicial deference was necessary. Thus, the leading opinion concluded that the burden of persuasion for the amended claims belongs to the petitioner, not the patent owner.

Judge Moore's concurring opinion, joined by Judge Newman and O'Malley, contended that § 316(e) is unambiguous in its allocation of the burden of persuasion for motions to propose substitute claims in IPR as well. However, Judge Moore went further to hold that the PTAB decisions that are precedential or informative are not entitled to judicial deference, because such decisions are not subject to the same requirements as notice and comment rulemaking through regulation.

In the third opinion, Judge Reyna reasoned that § 316(e) is ambiguous as to who bears the burden of persuasion on a motion to amend claims in IPR proceedings. He continued his discussion by asserting that the Chevron deference doctrine is not necessary, because the PTO "does not possess the statutory authority to issue through adjudication a substantive rule that creates and allocates a burden of persuasion." Arguing that the Federal Circuit should have applied the "ordinary default rules of evidence" on the allocation of the burden of persuasion, Judge Reyna held that "the patent owner does not bear the burden of persuasion on the patentability of its proposed amended claims." Chief Judge Prost and Judge Chen, Taranto, and Hughes, joined Judge Reyna's dissenting conclusion; however, they did not agree with Judge Reyna's analysis on not owing Chevron deference to the PTO.

In the fourth opinion authored by Judge Taranto and joined by Chief Judge Prost and Judge Chen and Hughes, the dissenting opinion asserted that § 316(e) is ambiguous as to who bears the burden of persuasion on a motion to amend claims in IPR proceedings, arguing that the statute should be interpreted by the PTO under the Chevron deference doctrine.

Federal Circuit***Aqua Products, Inc. v. Matal (Cont'd.)***

Judge Hughes, joined by Judge Chen, provided the fifth and last opinion. In this dissenting opinion, Judge Hughes joined Judge Taranto's opinion; however, he provided that the issue is discussed under PTO's regulation, 37 C.F.R. § 42.20(c). Since the § 316(e) needs interpretation from a regulation, Auer deference is owed, and not Chevron deference.

Through this case, it is determined that the burden of persuasion to show the patentability of all proposed and challenged claims in IPR proceedings belongs to the petitioner, and not to the patent owner. This is a big win for patent owners as it may be easier for them to amend claims around prior art during IPR proceedings and thus maintain their patents.

More importantly, however, this case sheds light upon the judges' differing opinions on the Federal Circuit's approach to statutory interpretations and the amount of administrative deference afforded to the PTO. This opinion gives patent litigators an idea on how they should strategize their arguments based on the panel they encounter during appeal when faced with a statutory interpretation issue.



Federal Circuit

In Re Cray, 871 F.3d 1355

In *In Re Cray*, the U.S. Court of Appeals for the Federal Circuit (“the Federal Circuit”) held that the U.S. District Court of Eastern District of Texas (“the District Court”) erred in its analysis of the new patent venue statute and incorrectly refused direct transfer of this case to the U.S. District Court of Western District of Wisconsin pursuant to 28 U.S.C. § 1406(a).

Raytheon Company (“Raytheon”) sued Cray Inc. (“Cray”) for infringing patents pertaining to advanced supercomputers. Subsequently, Cray moved to transfer venue, because: (1) Cray was incorporated in Washington State, (2) Cray maintained facilities in Bloomington, MN, Chippewa Falls, WI, Pleasanton, and San Jose, CA, and Austin and Houston, TX (which are not in the Eastern District of Texas), and (3) Cray only had two employees who worked remotely from their homes in the Eastern District of Texas. Cray argued that the transfer was proper under the recent Supreme Court decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, because Cray had not “maintained a regular and established place of business within [the Eastern District of Texas].”

The District Court, however, compared the instant facts to the facts in *In re Cordis Corp*, 769 F.2d 733 (Fed. Cir. 1985), providing that the facts between the two cases were similar and thus rejected Cray’s motion to transfer. *In Cordis*, the District Court found that Cordis had committed acts of infringement within Minnesota as a result of its continuous solicitation of sales by its resident representatives, coupled with its demonstrations and technical consultations concerning pacemakers. The Minnesota employees of Cordis stored its “literature, documents and products” and provided clients with company inventory. The District Court also added a four factor test to evaluate whether a defendant maintained a regular and established place of business in the district “in the modern era”: (1) physical presence, (2) defendant’s representations, (3) benefits received from presence in the district; and (4) targeted interactions within the district.

The Federal Circuit found that “the District Court misunderstood the scope and effect of our decision in *Cordis*, and its misplaced reliance on that precedent led the court to deny the motion to transfer, which we find to have been an abuse of discretion.” Recognizing that the world has changed since 1985 when the *Cordis* decision issued, the Federal Circuit noted that the “[b]usiness can be conducted virtually” and corporations do not need a physical location to operate. Moreover, the Federal Circuit found that the instant facts and the facts in *Cordis* to be different. Here, Cray’s employees in the Eastern District of Texas did not maintain Cray products at their homes, nor did they maintain product literature at their homes because it was available online. Cray had never paid the employees for the use of their homes to operate its business, or publicly advertised or otherwise indicated that their home residences were Cray places of business. Additionally, all expense reimbursements and administrative support for Cray’s employees were provided from outside the Eastern District of Texas.

Federal Circuit***In Re Cray, 871 F.3d 1355 (Cont'd.)***

Rejecting the four factor test provided by Judge Gilstrap in the Eastern District of Texas, the Federal Circuit provided its own test to determine venue: (1) there must be a geographical location in the district from which the business of the defendant is carried out, (2) the place “must be a regular and established place of business,” and (3) “the regular and established place of business” must be a place established or ratified by the defendant rather than by the employee on his or her own. Relevant considerations also include: (1) whether the defendant owns or leases the place or exercises other attributes of possession or control over the place and (2) whether the defendant conditioned employment on an employee’s continued residence in the district or the storing of materials at a place in the district so that they can be distributed or sold from that place.

Taking all the facts into consideration, the Federal Circuit vacated the district court’s order denying Cray’s motion to transfer and directed the district court to grant the motion and transfer the case to an appropriate venue to be determined by the district court on remand.



Federal Circuit

In Re Stepan Co.

On August 25, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *In re Stepan Co.*, holding that the U.S. Patent and Trademark Office (“PTO”) Patent Trial and Appeal Board (“PTAB”) did not fully support the finding that a person of ordinary skill in the art (“PHOSITA”) would have a reasonable expectation that the combination would be a success.

Stepan Company (“Stepan”) appealed a decision from the PTAB affirming the examiner’s rejection of claims 1–31 of U.S. patent application No. 12/456,567 (“the ‘567 application”). The ‘567 application generally related to herbicidal formulations containing glyphosate salt with a surfactant system. Surfactants can enhance glyphosate’s effectiveness as an herbicide by providing better adherence to leaves. The specification explained that because glyphosate salt is created at about 75°C, it is advantageous to formulate glyphosate with a surfactant system exhibiting a high cloud point to “obviate the necessity of waiting for the temperature of the glyphosate salt reaction product to cool down.” Independent claim 1 recites:

An ultra-high load, aqueous glyphosate salt-containing concentrate comprising: water; glyphosate salt in solution in the water in an amount greater than about 39 weight percent of acid equivalent, based on the weight of the concentrate, said glyphosate salt being selected from the group consisting of the isopropylamine salt of glyphosate, the potassium salt of glyphosate, mixtures of the isopropylamine salt and the potassium salt of glyphosate and mixtures of the potassium salt and the ammonium salt of glyphosate; a surfactant system in an amount ranging from about 1 to about 20 weight percent, based on the weight of the concentrate, comprising: from about 10 to about 60 weight percent, based on the weight of the surfactant system, of one or more dialkoxylated alkylamines; from about 5 to about 30 weight percent, based on the weight of the surfactant system, of one or more water miscible solubilizers; and from about 30 to about 75 weight percent, based on the weight of the surfactant system, of one or more amine oxides; said concentrate having a cloud point above at least 70° C. or no cloud point when the concentrate is heated to its boiling point.

The examiner rejected claim 1 for obviousness over Pallas (U.S. Patent Pub. No. 2003/0087764), which disclosed similar features; however, Pallas did not teach a cloud point above 70°C. The Examiner found that achieving this cloud point would be a matter of “optimizing the formulation” because Pallas taught the ideal cloud point should be above 60°C. On reexamination, the Board adopted the examiner’s findings in support of rejection and agreed with the examiner’s conclusion that claims 1–31 would have been obvious.

Federal Circuit***In Re Stepan Co. (Cont'd.)***

The Federal Circuit vacated the PTAB's decision that claims 1–31 of the '567 application would have been obvious and remanded the case back to the PTAB, because the PTAB failed to adequately articulate its reasoning in its opinion, erroneously rejected relevant evidence of non-obviousness, and improperly shifted to Stepan the burden of proving patentability. The Federal Circuit first explained that the examiner (and the PTAB by adopting the examiner's same reasoning) had failed to sufficiently explain why it would have been "routine optimization" to select and adjust the claimed surfactants and achieve a cloud point above at least 70°C. Furthermore, the Federal Circuit pointed to the examiner's argument that the evidence in the record was sufficient to establish a motivation to combine references with a reasonable expectation of success. Finding that argument to be insufficient, the Federal Circuit then turned to the PTAB's incorrect shifting of the burden of proving patentability to Stepan. Because the PTAB did not establish a prima facie obviousness case, the PTAB erred in determining that the scope of Stepan's claims were entirely within the scope of the prior art disclosure. Although there were some obvious overlaps between Stepan's application and the cited prior art, Stepan's claims were not fully disclosed by the cited prior art. The Federal Circuit held that the PTO Examiner and the PTAB have the burden of finding each and every element of the claims in the cited prior art.

To conclude, PTO examiners may state during prosecution that it would be obvious to optimize a specific range or a claimed feature. However, if the examiners have not explained why a POSITA would optimize the specific range or feature, the examiners have not stated a prima facie case of obviousness.

USPTO

USPTO New Fees Effective January 16, 2018

On November 14, 2017, the United States Patent and Trademark Office (“USPTO”) released a new set of filing fees, as shown through this link: https://www.uspto.gov/sites/default/files/documents/Table_of_Patent_Fees_-_Current_Final_Rule_and_Unit%20Cost.pdf

Notable fee changes include:

- Application Filing Fee: \$300 (up from \$280)
- Provisional Application Filing Fee: \$280 (up from \$260)
- Utility Search Fee: \$660 (up from \$600)
- Utility Examination Fee: \$760 (up from \$720)
- Total Application Fee (Filing + Search + Examination): \$1720 (up from \$1600)
- Reissue Examination Fee: \$2200 (up from \$2160)
- Extra independent claims: \$460/claim (up from \$420/claim)
- Extra dependent claims: \$100/claim (up from \$80/claim)
- Request for Continued Examination (RCE) Fee – 1st Request: \$1300 (up from \$1200)
- RCE Fee – 2nd/Subsequent Requests: \$1900 (up from \$1700)
- Submission of an Information Disclosure Statement Fee: \$240 (up from \$180)
- Certificate of Correction Fee: \$150 (up from \$100)
- Inter Partes Review Request Fee: \$15,500 (up from \$9,000)
- Inter Partes Review Post-Institution Fee: \$15,000 (up from \$14,000)

The USPTO also implemented a new fee to encourage timely filing of sequence listings in international applications as another way to facilitate the effective administration of the patent system. When an applicant does not provide a sequence listing in searchable format with the international application or provides a defective sequence listing, the United States, acting as International Searching Authority (ISA/US) or as International Preliminary Examining Authority (IPEA/US), must issue an invitation to the applicant to provide the missing or corrected sequence listing. This “Late Furnishing Fee for Providing a Sequence Listing in Response to an Invitation under PCT Rule 13ter” is \$300.

These USPTO fee changes go into effect January 16, 2018.

USPTO**After-Final Consideration 2.0 and QPIDS Pilot Programs Extended**

On September 28, 2017, the United States Patent and Trademark Office (“USPTO”) announced that the After-Final Consideration Pilot 2.0 (“AFCP 2.0”) program and the Quick Path IDS (“QPIDS”) pilot program have been extended to September 30, 2018. As provided in its announcement, the USPTO implemented these programs to shorten the patent prosecution process while increasing collaboration and communication between examiners and patent applicants.

The AFCP 2.0 program, a quicker alternative to a Request for Continued Examination (“RCE”), is a pilot program to allow patent applicants to continue prosecution after patent examiners have issued final office actions. After receiving the final office action, a patent applicant may file a response under 37 C.F.R. § 1.116, which includes a request for consider under the pilot program (Form PTO/SB/434) and an amendment to at least one independent claim that does not broaden the scope of the independent claim in any aspect. Afterwards, the examiner will determine whether the response can be fully considered under AFCP 2.0. This includes determining whether any additional search is required and can be completed within the allotted time, in order to determine whether the application can be allowed. The option to request an interview with the examiner is available to a patent applicant irrespective of whether the submission was considered under AFCP 2.0.

If the examiner determines that the AFCP 2.0 Request complies with the requirements listed under 37 C.F.R. § 1.116 and the examiner can complete any additional search within the allotted time, the examiner will provide an advisory action saying that the examiner will continue examination on that patent application. Results may vary between an RCE, an abandonment of the application, or an appeal of the Examiner’s Final Office Action. If the AFCP 2.0 Request does not comply with the requirements, the examiner may provide an advisory action stating that the request is not eligible.

The QPIDS pilot program eliminates the requirement for processing of a RCE with an Information Disclosure Statement (“IDS”) filed after payment of the issue fee in order for the IDS to be considered by the examiner. Where the examiner determines that no item of information in the IDS necessitates reopening prosecution, the USPTO will issue a corrected notice of allowability.

Extending both USPTO pilot programs through the next USPTO fiscal year signifies that the pilot programs have been successful. This is good news for both the USPTO and patent applicants as these programs function to move the patent prosecution process more quickly and efficiently.

**USPTO*****Andrei Iancu As The New Director Of The United States Patent and Trademark Office***

On August 25, 2017, the Trump administration announced Andrei Iancu to be the next Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (“USPTO”).

Previous to this announcement, Andrei Iancu was a managing partner at Irell & Manella LLP, practicing full time with the firm’s litigation and intellectual property practice groups. He also practiced other fields of intellectual property, which included patent and trademark prosecution, due diligence, and licensing. He worked in the technological fields including genetic testing, the Internet, medical devices, therapeutics, telephony, TV broadcasting, video game systems and computer peripherals. Additionally, he co-taught “Patent Intensive” at UCLA School of Law with a fellow partner from Irell & Manella, Alan Heinrich.

Representing high-profiled clients like TiVo and Ariosa Diagnostics, Iancu has been recognized many times for his legal work, being listed by Intellectual Asset Management (“IAM”) as California’s top patent litigators in its annual IAM Patent 1000 report. Los Angeles Business Journal also named him as Lawyer of the Year in 2016. His name was also highlighted by the Los Angeles-San Francisco Daily Journal, Managing Intellectual Property, and The Best Lawyers in America.

Before his legal career, Iancu worked as an engineer at Hughes Aircraft Company. He received his Bachelor of Science degree in Aerospace Engineering and Master of Science degree in Mechanical Engineering, both from UCLA. He also received his J.D. from UCLA School of Law in 1996.

USPTO

Ex Parte McAward, Appeal No. 2015-006416

On August 25, 2017, the United States Patent and Trademark Office (USPTO) released a precedential opinion in *Ex Parte McAward*, holding that the Patent Trial and Appeal Board (“the PTAB”) will continue to use the standard from *In Re Packard*, 751 F.3d 1307 (Fed. Cir. 2014), rather than *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014), when evaluating the definiteness of patent claims during pre-issuance examination.

This appeal stems from a Patent Examiner’s Final Action for U.S. patent application 13/435,655 (“the ‘655 application”) that was filed by James Gerard McAward et al. (hereinafter, “McAward”). The ‘655 application disclosed a water detector that is “configured to be reliably installed by an untrained installer or a homeowner and to not require the services of a plumber or electrician to perform installation, thereby permitting widespread and cost effective adoption.”

In the Final Action, the Examiner rejected claims 1-20 under 35 U.S.C. § 112, second paragraph, as indefinite and claims 1-7 and 10-20 under 35 U.S.C. § 103(a) as unpatentable over U.S. Patent No. 7,549,435 B2 (“the ‘435 patent”) and U.S. Patent No. 7,403,839 B1 (“the ‘839 patent”). During prosecution, the Examiner found that the “configured” limitation, under the broadest reasonable interpretation when read in light of the specification, was “vague and unclear.” In addition, the Examiner concluded that “a person having ordinary skill in the art would not be able to discern the metes and bounds of the claimed limitation in this claim language.” The Examiner also found the claims of the ‘655 application to be obvious in view of the combined teachings of the ‘435 patent and the ‘839 patent. McAward appealed the Examiner’s decision to the PTAB.

The PTAB affirmed all the findings by the Examiner, concluding that the “claim suffers from vagueness and ambiguity” and rejected McAward’s attempts to provide clarity to the claim language. The PTAB used “the approach for assessing indefiniteness approved by the Federal Circuit in [*In re Packard*, 751 F.3d at 1310, 1314], i.e., ‘[a] claim is indefinite when it contains words or phrases whose meaning is unclear,’ and “claims are required to be cast in clear – as opposed to ambiguous, vague, indefinite – terms.” The PTAB’s reasoning for using this standard, rather than the standard in *Nautilus*, is because “[t]he lower threshold makes good sense during patent examination because the patent record is in development and not fixed, the Office construes claims broadly during that period, and an applicant may freely amend claims.”

This precedential decision from the PTAB reaffirms that the PTAB will evaluate whether a patent claim in the post-grant context is “clear” under *In re Packard* and that the *Nautilus* decision, which requires the claim to define the scope of the invention within “reasonable certainty,” does not change the PTAB’s long-standing approach to examining indefiniteness.

FIRM NEWS

***Staas & Halsey LLP Sponsored and Attended
The 2017 INTA Leadership Meeting***

This year's International Trademark Association (INTA) Leadership Meeting was held in Washington, D.C. from November 7 to November 10, 2017 at the Marriott Marquis hotel near our firm's 1201 New York Avenue office. The INTA Leadership Meeting brings together approximately 1,500 INTA committee members and leaders every November to advance the Association's trademark objectives and goals as well as to offer professional development and networking opportunities. Staas & Halsey LLP was able to sponsor the luncheons during the three days of the INTA Leadership Meeting which were well-attended and appreciated by fellow INTA trademark members.



We had the opportunity to send several of our firm trademark-experienced attorneys to the Leadership Meeting, including Mr. Alex Butterman who participated in the Enforcement Committee, Online Reference Materials Committee and the Law Firm Membership Committee. In addition to our attorneys attending the meetings and luncheons, we were able to welcome several INTA international members to our nearby office for meetings.



For more more information about our Trademark practice please contact us at: trademark@s-n-h.com or at info@s-n-h.com

FIRM NEWS

Staas & Halsey LLP Attorney's Trip to Handong Global University

Paul Daebeler, a partner at Staas & Halsey LLP (“S&H”), is an Adjunct Professor at Handong International Law School of Handong Global University in Pohang, South Korea. For the past five years including September of 2017, Professor Daebeler has been teaching a one week course Introduction to Patent Prosecution at Handong in order to educate law students on drafting U.S. patent applications, the constitutionality of U.S. intellectual property law, international treaties, basic U.S. Patent litigation theories, and the statutory requirements to obtain a patent from the U.S. Patent and Trademark Office. In addition to the one week of class room instruction, Professor Daebeler teaches the second half of his course remotely from the audio visual conference room at S&H which is used by attorneys for global continuing legal education and world-wide communication with clients.

While teaching at Handong in September, Professor Daebeler was also the keynote presenter at an Intellectual Property Forum to provide law students with information regarding global careers in Intellectual Property in private practice, corporate practice and government practice. During the Intellectual Property Forum, Professor Daebeler shared his experiences of the enforcement of intellectual property rights before the International Trade Commission and Federal District Courts as well as his intellectual property counseling responsibilities as a corporate patent attorney at Xerox, which included formulating, communicating, and implementing Xerox’s intellectual property strategy for his assigned business units. In addition, Professor Daebeler discussed the acquisition of Intellectual Property rights in the United States including patents, trademarks, copyrights, and trade secrets from the perspective of a private practitioner and a corporate practitioner in both information technology and biotechnology. Professor Daebeler also discussed important factors in negotiating intellectual property agreements and product clearance opinions for corporate attorneys.

After returning to S&H, Professor Daebeler has continued to remotely teach his course Introduction to patent prosecution and continues to communicate with professors, law students, and the intellectual property community in Asia, Europe, and the United States.



Fall in Washington, D.C.



The fall weather in September and October has been very pleasant in Washington, D.C. with blazing golden days and colorful fall leaves. During the last warm days of the year many people call it Indian Summer. Many come to the city to enjoy special legal conferences, such as the American Intellectual Property Law Association (AIPLA) and the International Trademark Association (INTA) Leadership Meeting and stopping by our office to meet with our firm attorneys. Our colleagues and clients are always welcome to visit our office.

The fall season in Washington, D.C. is a beautiful time of changing leaves, cooler temperatures, and light rain showers providing amazing views of our city.

FIRM NEWS

Celebrity Patent Inventor: Mark Twain

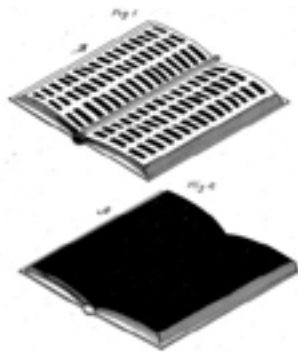


Mark Twain in 1909

The writer formerly known as Samuel Clemens loved to scrapbook, but he hated the standard scrapbooking process. So in 1872, he invented a better scrapbook. Samuel Clemens also known by his pen name Mark Twain was an American writer, lecturer, publisher, entrepreneur, and humorist. Some of his novels include Huckleberry Finn (1885), and The Adventures of Tom Sawyer (1876). He loved to scrapbook; however, he did not like the typical scrapbooking process. As a result, he invented a better scrapbook:

The nature of my invention consists in a selfpasting scrapbook. The leaves of which the Book A ... are entirely covered, on one or both sides, with mucilage or other suitable adhesive substance, while the leaves of which the book B is composed have the mucilage or adhesive substance applied only at intervals ... It is only necessary to moisten so much of the leaf as will contain the piece to be pasted in, and place such piece thereon, when it will stick to the leaf.

By 1901, apparently there were 57 different types of his new scrapbook available and it was his only invention that made him money. Mark Twain was granted U.S. Patent 140,245 on June 24, 1873.



**U.S. Patent 140,245
granted June 24,
1873**

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