

2021 SUMMER NEWSLETTER



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

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U.S. SUPREME COURT

U.S. SUPREME COURT REQUIRES USPTO DIRECTOR TO HAVE DISCRETION TO REVIEW DECISIONS BY PATENT TRIAL AND APPEAL BOARD (PTAB)

By: Gene M. Garner II, Partner

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In a June 21, 2021 opinion in *United States v. Arthrex, Inc., et al., Smith & Nephew, Inc., et al. v. Arthrex, Inc., et al., and Arthrex, Inc. v Smith & Nephew, Inc., et al.*, 594 U.S. __ (2021), on Writs of Certiorari to the United States Court of Appeals for the Federal Circuit, the United States Supreme Court (“the Court”) held that the “unreviewable authority wielded by” Administrative Patent Judges (APJs) during inter partes review at the United States Patent and Trademark Office (USPTO) Patent Trial and Appeal Board (PTAB) is “incompatible with their appointment by the Secretary of Commerce to an inferior office”.

That is, APJs are appointed by the Secretary of Commerce yet hold the final authority within the Executive Branch to determine validity of an existing U.S. patent. Prior to the instant decision, there was no mechanism in place to review PTAB inter partes review decisions by a “principal officer” of the Executive Branch appointed by the President and confirmed by the Senate. Therefore, the Court concluded that the such lack of review within the Executive Branch of inter partes review decisions by APJs at the PTAB is inconsistent with the Appointments Clause of the Constitution.

In turning to a solution, the Court concluded that “a tailored approach is the appropriate one” and decided to leave the majority of the statute (35 USC §6) which created the PTAB in place. In doing so, the Court held that the portion of the statute (35 USC §6(c)) that determines the membership of the PTAB “is unenforceable as applied to the Director” of the USPTO “insofar as it prevents the Director from reviewing the decisions of the PTAB on his own”.

The Court relied on its prior decision in *Edmond v. United States*, 520 U.S. 651, to reach its conclusion that “the exercise of executive power by inferior officers must at some level be subject to the direction and supervision of an officer nominated by the President and confirmed by the Senate. The Constitution therefore forbids the enforcement of statutory restrictions on the Director that insulate the decisions of APJs from his direction and supervision”. The Court also asserted that what matters is that the Director has the discretion to review decisions rendered by the APJs rather than review every decision of the PTAB.

Lastly, the Court vacated the judgment of the United States Court of Appeals for the Federal Circuit and remanded the cases for further proceedings consistent with the Court’s opinion.



U.S. SUPREME COURT

DOCTRINE OF ASSIGNOR ESTOPPEL LIMITED TO REPRESENTATIONS MADE IN ASSIGNING A PATENT

By: Gene M. Garner II, Partner

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In a June 29, 2021 opinion in *Minerva Surgical, Inc., v. Hologic, Inc., et al.*, 594 U.S. __ (2021), on Writs of Certiorari to the United States Court of Appeals for the Federal Circuit (Federal Circuit), the United States Supreme Court (“the Court”) upheld the patent-law doctrine of “assignor estoppel” which “limits an inventor’s ability to assign a patent to another for value and later contend in litigation that the patent is invalid” but limited the application of the doctrine to “when, and only when, the assignor’s claim of invalidity contradicts explicit or implicit representations he made in assigning the patent”.

The Court relied on its prior decision in *Westinghouse Elec. & Mfg. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924) in which the “Court approved the ‘well settled’ patent-law doctrine of ‘assignor estoppel’”, and further asserted that “assignor-estoppel” is “rooted in an idea of fair dealing.”

More specifically, the Court held that assignor estoppel is “well grounded in centuries-old fairness principles”. However the Court asserted that there are proper limits on the doctrine. The Court asserted that “[T]he equitable basis of assignor estoppel defines its scope: The doctrine applies only when an inventor says one thing (explicitly or implicitly) in assigning a patent and the opposite in litigating against the patent’s owner”.

Again relying on *Westinghouse Elec. & Mfg. v. Formica Insulation Co.*, the Court asserted that the doctrine of assignor estoppel may estop an inventor from claiming that a patent the inventor assigned is invalid but does not limit the assignor’s ability to use prior art to support a narrow interpretation of the claims while conceding their validity. The *Westinghouse* Court relied on the principles from real property law of “estoppel by deed” which prevented a landowner from conveying land then later arguing that the landowner who conveyed the land lacked good title to the land at the time of sale.

In the instant case, inventor Csaba Truckai founded and assigned his interests in a patent application and any future continuation applications related to a device called the NovaSure System to a company Novacept, Inc. Eventually, respondent Hologic, Inc. acquired all patent rights in the NovaSure System. Subsequently, Truckai founded another company Minerva Surgical, Inc., developed an improved device called the Minerva Endometrial Ablation System, filed a patent application, and was granted a patent.

In the meantime, Hologic filed a continuation application requesting to add claims to its patent for the NovaSure System, including one claim which encompassed applicator heads of the Minerva Endometrial Ablation System. The Hologic continuation application subsequently issued as a patent.

Hologic then sued Minerva for patent infringement of Hologic’s continuation application. Minerva contends that its device does not infringe and, moreover, that the scope of Hologic’s broader patent claim added in Hologic’s continuation application is invalid as being overly broad in view of the continuation application’s specification.

U.S. SUPREME COURT

**DOCTRINE OF ASSIGNOR ESTOPPEL LIMITED TO REPRESENTATIONS
MADE IN ASSIGNING A PATENT (*cont.*)**

The instant Court asserted that contradiction creates unfairness and “[W]hen an assignor warrants that a patent is valid, his later denial of validity breaches norms of equitable dealing”.

The instant Court also asserted that one example of non-contradiction is when the assignment occurs before an inventor can possibly make a warranty of validity as to specific patent claims.

In the instant case, Hologic’s new claim was added in Hologic’s continuation application subsequent to assignment by inventor Truckai, but such issue was not considered by lower courts including the Federal Circuit. Hologic contends that the new claim matched a prior claim that Truckai had assigned.

The Court therefore remanded the case to the Federal Circuit to resolve the issue of whether the new claim expanded on the old or matched a prior claim that Truckai had assigned, and asserted that “[R]esolution of that issue will determine whether Truckai’s representations in making the assignment conflict with his later invalidity defense – and so will determine whether assignor estoppel applies.”



U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PROSECUTION LACHES IS A DEFENSE AVAILABLE TO THE PATENT AND TRADEMARK OFFICE

By: Gene M. Garner II, Partner

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In a June 1, 2021 opinion in *Gilbert P. Hyatt v. Andrew Hirshfeld, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent Office*, Case: 18-2390, the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) held that prosecution laches is a defense available to the Patent and Trademark Office (“PTO”) in an action to obtain a patent under 35 U.S.C. §145.

Inventor Hyatt had brought an action in the U.S. District Court for the District of Columbia seeking issuance of patents by the PTO on four pending applications.

The PTO filed a motion to dismiss and argued that Hyatt had engaged in a “pattern of delay in prosecuting his nearly 400 patent applications from 1969 through the present day”.

The issue before the Federal Circuit was whether the PTO could raise the equitable defense of laches in response to Hyatt’s action to issue patents by the PTO.

The Federal Circuit reviewed both Hyatt’s and the PTO’s actions related to the prosecution of Hyatt’s nearly 400 patent applications, even though Hyatt had brought an action seeking issuance of only four patent applications filed during the so-called “GATT Bubble”. The “GATT Bubble” refers to the large number of patent applications filings in the spring of 1995 leading up to June 8, 1995 when changes in U.S. patent laws to publish pending patent applications and to measure the term of a U.S. patent as 20 years from the earliest non-provisional U.S. filing date became effective.

The instant case involves four of Hyatt’s patent applications related to computer technologies filed during the “GATT Bubble” and claim priority to applications filed in the 1970s and 1980s (12 – 25 years earlier). Hyatt’s GATT Bubble applications eventually contained an average of 300 claims per application.

The PTO created an art unit specifically to examine Hyatt’s applications and issued 11 notifications to Hyatt called “Requirements”, each Requirement corresponding to a set of applications that shared a common specification belonging to one of the GATT Bubble applications’ 11 parent applications.

Moreover, the PTO’s position was that the number of pending claims (115,000 total claims, including 45,000 independent claims, across all applications), the claim of priority to numerous applications, the lengths of the specifications, and the large amount of repetition and redundancy of claims across applications posed a “significant hurdle to processing the applications” by the PTO. The PTO estimated that it would take 532 years of examiner time at the then-current rate to process Hyatt’s applications”. Therefore, the Patent and Trademark Office instructed Hyatt to (i) select no more than 600 total claims to pursue for each of the 11 specifications, (ii) identify the priority date and support for that date with respect to each chosen claim, and (iii) submit a clean copy of the claims.

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PROSECUTION LACHES IS A DEFENSE AVAILABLE TO THE PATENT AND TRADEMARK OFFICE (*cont.*)

The Federal Circuit relied on *Cancer Research*, 625 F.3d at 728 to assert that “[T]he doctrine of prosecution laches is an equitable affirmative defense”, and that “[P]rosecution laches ‘may render a patent unenforceable when it has issued only after an unreasonable and unexplained delay in prosecution that constitutes an egregious misuse of the statutory patent system under a totality of the circumstances’”. The Federal Circuit further asserted that the laches defense originates from two Supreme Court cases in the early 1900’s, *Woodbridge v. United States*, 263 U.S. 50 (1923), and *Webster Elec. Co. v. Splitdorf Elec. Co.*, 264 U.S. 463 (1924).

The Federal Circuit also provided examples in *Symbol Techs., Inc. v. Lemelson Me., Educ. & Research Found., LP*, 422 F.3d 1378, 1385 (Fed. Cir. 2005) (“*Symbol Technologies II*”) of “reasonable delay: (i) filing a divisional application in response to a restriction requirement, even if the filing occurs immediately before issuance of the parent application, (ii) refiling an application to present new evidence of an invention’s unexpected advantages, and (iii) refiling an application ‘to add subject matter in order to attempt to support broader claims as the development of an invention progresses’”, and unreasonable delays such as “repetitive refilings that demonstrate unjustifiable prosecution delay, for example ‘refiling an application solely containing previously-allowed claims for the business purposed of delaying their issuance’”.

Moreover, the Federal Circuit asserted that in *Cancer Research Technology Ltd. v. Barr Laboratories, Inc.*, 625 F.3d 724 (Fed. Cir. 2010), the Federal Circuit held that “prosecution laches requires proving two elements: (a) that the patentee’s delay in prosecution was unreasonable and inexcusable under the totality of circumstances, and (b) that the accused infringer suffered prejudice attributable to the delay.”

While the Federal Circuit took into account delay in examining the Hyatt applications, in considering the totality of the circumstances, the Federal Circuit asserted that the district court failed to consider Hyatt’s “pattern of rewriting or shifting claims midway through prosecution in applications other than the four at issue in this case because that claim shifting ‘long postdate[d] the close of prosecution’ of the four applications”, Hyatt’s pattern of prosecuting other applications not before the Court, the administrative burden placed on the PTO to examine Hyatt’s applications, and Hyatt’s filing of four claims already lost in interference proceedings.

Moreover, the Federal Circuit asserted that in the context of laches, the Federal Circuit has previously held that a delay of more than six years raises a “presumption that it is unreasonable, inexcusable, and prejudicial.” *Wanlass v. Gen. Elec. Co.*, 148 F.3d 1334, 1337 (Fed. Cir. 1998), and “that presumption shifts the burden to the patentee to prove that ‘either the patentee’s delay was reasonable or excusable under the circumstances or the defendant suffered neither economic nor evidentiary prejudice’”.

In the instant case, the Federal Circuit held that, “in the context of a §145 action, the PTO must generally prove intervening rights to establish prejudice, but an unreasonable and unexplained prosecution delay of six years or more raises a presumption of prejudice, including intervening rights”. The Federal Circuit concluded that “the PTO’s demonstration of an unreasonable and unexplained delay by Hyatt, which exceeds six years by any measure, shifts the burden to Hyatt to prove lack of prejudice”.

Also in the instant case, the Federal Circuit held that “where a patent applicant has committed a clear abuse of the PTO’s patent examination system, the applicant’s abuse and its effects meet the prejudice requirement of prosecution laches”.

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**PROSECUTION LACHES IS A DEFENSE AVAILABLE TO THE PATENT AND
TRADEMARK OFFICE (*cont.*)**

In the instant case, the Federal Circuit concluded that “the PTO has carried its burden of proving that Hyatt engaged – intentionally or not-- in a clear abuse of the PTO’s patent examination system that contributed to delay in the four applications at issue”.

The Federal Circuit retained jurisdiction over the appeal with respect to the anticipation and written description issues, but remanded to the district court for the limited purpose of affording Hyatt the opportunity to present evidence on the issue of prosecution laches, consistent with the standards set forth in the Federal Circuit’s opinion.



U.S. DISTRICT COURTS

A CLAIM RECITING AN ABSTRACT IDEA PERFORMED BY GENERIC COMPONENTS MAY NOT RECITE PATENTABLE SUBJECT MATTER

By: Sunil Chacko, Associate

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In *Zyrcuits IP LLC v. Acuity Brands*, the U.S. District Court for the District of Delaware invalidated US Patent. No. 6,667,307 under 35 USC §101 for claiming ineligible subject patent matter.

Patent 6,667,307

Patent '307 is directed to method for sending data over a communication channel. Claim 4 is reproduced below:

A spread-spectrum method improvement for sending data over a communications channel, comprising the steps of:

storing, at a transmitter, N bits of interleaved data as stored data, with N a number of bits in a symbol;

selecting, at said transmitter in response to the N bits of stored data, a chip-sequence signal from a plurality of 2^N chip-sequence signals, as an output chip-sequence signal; and

transmitting, at said transmitter, the output chip-sequence signal as a radio wave, at a carrier frequency, over said communications channel, as a spread-spectrum signal.

Relying on the two-step frame work of Alice, the court found '307 patent was invalid.

In step one of the Alice analysis the court found that claim 4 of the '307 patent was directed to the abstract idea of grouping spread-spectrum data together with a single code instead of parallel codes. The court went on to state the claim 4 was essentially directed to the manipulation of data that required "storing" specified data, "selecting" a signal based on the stored data, and "transmitting" the signal.

In step two of the Alice analysis the court asserted that the claim did not contain an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application. In fact, the court held that claim 4 simply recited an abstract idea that was executed by generic communication technology (*i.e.*, a transmitter). Relying on the Federal Circuit's reasoning in *Cellspin Soft, Inc. v. Fitbit, Inc.*, the court stated an inventive concepts reflects something more than the application of an abstract idea using well-understood, routine, and conventional activities previously known to the industry.

The court's decisions in this case serves as a reminder that when drafting claims including an abstract idea, reciting the abstract idea being performed by generic components (*e.g.*, a general purpose processor) will not suffice to transform the abstract idea into patent-eligible subject matter.



USPTO NEWS

DOCX AND USPTO!

By: Mehdi Sheikerz, Partner

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DOCX is a word processing file format based on open standards and is supported by word processing applications.

According to the USPTO, as a part of their continuous efforts to modernize and streamline their patent application systems, applicants have had the ability to file patent application-related documents in DOCX format through EFS-Web, Private PAIR, and Patent Center (USPTO's new (available in Beta) user interface for enhanced user experience). DOCX filing of the specification, claims, abstract and drawings are currently available to all EFS-Web Registered and Private PAIR users. Patent Center registered and unregistered users may file the specification, claims, abstract and drawings in DOCX format.

According to the USPTO, some DOCX benefits may be increased efficiency by eliminating the need to convert documents in to a PDF for filing, provide automated document indexing when filing, and eliminate the non-embedded font error, the most common obstacle in uploading a PDF, by uploading a file with supported fonts.

Since the documents would be filed in editable form including metadata (e.g. author information, comments), the USPTO will also be implementing automatic metadata detection and removal to support submission of only substantive information in the DOCX file.

It may be advisable to confirm that DOCX documents do not include metadata before submission to the USPTO and supportable fonts including supportable mathematical equations should be confirmed.

To encourage applicant to adopt filing in DOCX, the USPTO has introduced a new non-DOCX filing surcharge of \$400 for non-DOCX filings as part of the FY2020 Final Patent Fee Rule. The non-DOCX filing surcharge is planned to be effective as of January 1, 2022.

The surcharge is being introduced for new utility non-provisional applications filed under 35 USC 111(a) for specifications, claims, and abstracts that are not filed in DOCX. Other documents and submission types may still be filed using PDF documents.

In the interim, the USPTO outreach efforts addressing customer concerns to transition to this new process includes providing free training sessions. These free USPTO training sessions provide a comprehensive overview of how to file and retrieve DOCX files in Patent Center, EFS-Web, and PAIR. Each session takes about an hour and includes time for questions, as well as an opportunity to use the Patent Center's training mode to practice DOCX filing.

You can Learn more about filing in DOCX and about upcoming one-hour training sessions at <https://www.uspto.gov/about-us/events/patents-docx-filing>.

Staas & Halsey LLP is preparing to start filing in DOCX.

If you have any question, please contact us.

S&H FIRM NEWS

Staas & Halsey LLP Has Gone Paperless![Back to Top](#)

Since about the year 2010, our firm has maintained duplicative paper and electronic “official” files for each of our client’s matters. Effective January 1, 2020, our firm discontinued maintenance and use of our “official” paper client files, and instead relies only on our electronic official client files. This change in procedure takes advantage of advances in technology to reduce costs and improve efficiency.



S&H FIRM NEWS

Continuing Uninterrupted In View of COVID-19

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Staas & Halsey LLP (S&H) continues to monitor the rapidly changing circumstances surrounding COVID-19, the illness caused by a novel coronavirus. We have taken measures to continue to provide uninterrupted service to our clients during the COVID-19 outbreak in the USA and other countries.

Beginning Monday, March 16th 2020, we implemented the S&H business continuity plan that allows our attorneys and staff to work remotely when necessary. By adopting a document management system ten years ago and going completely paperless in early 2020, the transition to remote working has been relatively smooth.

The S&H remote work system for employees uses an encrypted tunnel to provide connectivity to the S&H servers storing the S&H document and docketing management software, and access to email servers. Staas & Halsey is in compliance with the UK Data Protection Act 2018, as amended in 2019; the European Union's General Data Protection Regulation (GDPR); and the California Consumer Privacy Act (CCPA).

The above mentioned business continuity plan is anticipated to continue until further notice, and may be updated, including any updates taking into consideration recommendations of U.S. local and federal governments and the World Health Organization.

We continue to ask that communication to our firm be electronic, via e-mail, facsimile, portals, or similar means. If physical items need to be sent to Staas & Halsey LLP, please provide S&H prior notification and at least inform Docketing@s-n-h.com of any such anticipated delivery of physical items so that S&H can make arrangement for receipt of such physical items. If we normally send you packages of physical items, like paper copies of communication, please note that at times these may be delayed.

We have postponed all travel plans as a precaution based on the recommendation of the U.S. local and federal governments and the World Health Organization.

We send our best wishes and thoughts to everyone that have been affected by the COVID-19 virus and hope for a healthy tomorrow.

If you have any questions, please contact us at Docketing@s-n-h.com.

S&H FIRM NEWS



STAAS & HALSEY LLP CELEBRATES 50 YEARS in 2021

Specializing exclusively in intellectual property, Staas & Halsey LLP brings together technical and legal expertise in our commitment to provide quality legal representation.

Since 1971, we have provided clients with technical expertise and intellectual property protection.

We provide our clients with high quality and high value intellectual property protection through patent application and trademark application preparation and prosecution services before the United States Patent and Trademark Office, understand and care for our clients' concerns by developing long-term and close relationships with our clients, and provide our clients with training to understand the complexities and nuances of U.S. patent prosecution.

We thank all of our clients for being part of our journey!

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