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Welcome to the first issue of *The Precedent*. Each year, the Federal Circuit issues between 300 and 400 opinions related to patent, trademark, and copyright law. Despite that large body of case law, only a select number of those opinions are designated by the Federal Circuit as precedential and worthy of publication in the Federal Reporter. *The Precedent* is a quarterly review of that select subset of the Federal Circuit's precedential opinions.

In Q2 of 2023, the Federal Circuit issued 25 precedential opinions regarding intellectual property issues, with the most common issue addressed being the obviousness standard for patent invalidity under 35 U.S.C. § 103. Summaries of those 25 decisions can be found below, grouped by the issues that matter most to the protection and enforcement of your intellectual property.

We hope you find this publication useful, intuitive, and informative. In the coming issues, we expect to bring you new and insightful perspectives on the Federal Circuit and its handling of intellectual property issues. As always, if you have any questions regarding how these decisions may impact your intellectual property portfolio or litigation strategy, please contact your Vorys attorney.

Patent Eligibility under § 101

Section 101 of the Patent Act provides: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor." The Federal Circuit has long held that § 101 contains an implicit exception, namely that laws of nature, natural phenomena, and abstract ideas—such as mathematical formulas and algorithms, mental processes, etc.—are not patentable.

Sanderling Mgmt. v. Snap Inc., 65 F.4th 698 (Fed. Cir. 2023)

Overview: The Federal Circuit affirmed a district court's grant of a motion to dismiss, based on a finding of ineligible subject matter under §101.

Issue: Whether the subject matter of the claims in question, which related to a method of distributing a digital image processing function across a network to mobile devices, was eligible subject matter under *Alice*.

Holding: The Federal Circuit affirmed the district court's findings that the claims were ineligible subject matter under the *Alice* test.

Background and Reasoning: Sanderling owns U.S. Patent Nos. 9,355,412 (the "412 Patent"), 9,639,866 (the "866 Patent"), and 10,108,986 (the "986 Patent"). Each patent shares the title "Dynamic Promotional Layout Management and Distribution Rules" and is directed to a method of using distribution rules to load digital image branding functions to users when certain conditions are met.

Sanderling filed an infringement suit against Snap in the Northern District of Illinois alleging that Snap had infringed every claim of the three patents. On Snap's motion to transfer and dismiss the complaint for failure to state a claim, the case was transferred and the Central District of California granted the motion to dismiss with prejudice. Sanderling appealed the decision.

The district court entered its determination of ineligible subject matter after utilizing the *Alice* test. The Federal Circuit performed the same analysis. For the first step of the *Alice* analysis, the Federal Circuit notes that "step one analysis for computer-related inventions requires us to 'ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea.'" The Federal Circuit found that the claims of the patents are not directed to a specific improvement of a computer but merely use the computer as a tool that is capable of distributing information when a specific condition is met. The Federal Circuit found that even though the distributed information was special, "distribution of information is an abstract idea." Accordingly, the Federal Circuit determined that under step one of the *Alice* test, the claims are directed to ineligible subject matter.

The Federal Circuit then responded to Sanderling's allegation that the district court erred by not construing claim terms prior to finding ineligible subject matter. The Federal Circuit disagreed, noting that "if claims are directed to ineligible (or eligible) subject matter under all plausible constructions, then the court need not engage in claim construction before resolving a Section 101 motion." Here, Sanderling failed to submit proposed claim constructions or explain why constructions would make any difference.

In step two of the *Alice* analysis, the Federal Circuit "look[ed] to see whether there are any 'additional features' in the claims that constitute an 'inventive concept.'" The Federal Circuit found no such inventiveness. The Federal Circuit pointed out that "if a claim's only 'inventive concept' is the application of an abstract idea using conventional and well-understood techniques, the claim has not been transformed into a patent-eligible application of an abstract idea." With respect to the claims in question, the Federal Circuit found the distribution rule of the asserted patent to be only an "application of the abstract idea using common computer components." As a result, the Federal Circuit affirmed the district court's finding that the elements of the representative claim did not establish an inventive concept.

Sequoia Tech., LLC v. Dell, Inc., 66 F.4th 1317 (Fed. Cir. 2023)

Overview: The Federal Circuit examined the fundamentals of claim interpretation and the use of extrinsic evidence in a matter involving a claim construction that excludes transitory signals as ineligible under §101.

Issues:

1. Whether the patent is claiming ineligible subject matter under §101, making the patent invalid.
2. Whether, dependent upon claim construction, the accused products are infringing the patent in question.

Holdings:

1. The Federal Circuit found the term “computer-readable recording medium storing instructions” to not encompass transitory media and reversed the district court’s judgment that certain claims were ineligible under §101.
2. The Federal Circuit affirmed the district court’s claim construction of the terms “disk partition” and “logical volume” and thus affirmed the judgment that the accused products were not infringing upon the patent in question.

Background and Reasoning: Sequoia, an exclusive licensee of U.S. Patent No. 6,718,436 (“’436 Patent”), complained that Red Hat, Inc. (“Red Hat”) was “making or sell[ing] products or services incorporating the accused products.” Red Hat sued, seeking a declaratory judgment of non-infringement and invalidity of the ’436 Patent. Sequoia responded with a counterclaim for infringement.

The district court found a “computer-readable recording medium” to be a transitory medium and, therefore, ineligible subject matter under §101. The Federal Circuit disagreed. In its review, the Federal Circuit looked first to the words of independent claim 8, wherein the preamble recites “a computer-readable recording medium storing instruction.” The Federal Circuit reasoned that a “person of ordinary skill would not understand transitory signals . . . to *record or store instructions in memory systems*.” The Federal Circuit articulated that “transitory signals, by their very nature, are fleeting and do not persist over time.” The Federal Circuit also held that other elements in the claim were directed at hardware, such as “a physical storage space” and “storing metadata to the disk partitions.” The Federal Circuit further noted that every example of media disclosed in the ’436 Patent specification involves hardware.

Accordingly, the Federal Circuit found that the district court erred in its claim construction and thus reversed the holding that certain claims are directed to ineligible subject matter under §101.

The Federal Circuit’s decision relied solely on the intrinsic evidence. The Federal Circuit emphasized that claims should be construed in the context of the entire patent. Red Hat provided extrinsic evidence (expert testimony) that the Federal Circuit found to be inconsistent with the “intrinsic evidence and also based on different express definitions of computer-readable recording memory (CRM).” The Federal Circuit emphasized that inventors may be their own lexicographers and, as such, the claims must be read in the context of the entire patent. Further, the Federal Circuit noted that “a court should discount any expert testimony ‘that is clearly at odds with the claim construction mandated by . . . the written record of the patent.’”

In contrast, the Federal Court affirmed the district court's construction of the claim terms "disk partitions," "logical volumes," and "used or not used." The Federal Circuit, once again, first construed the claim based on the language of the claim itself. It then looked to the specification and the preferred embodiments of the patent for confirmation. In so doing, the Federal Circuit stressed, on the one hand, that it was "mindful to not limit claims to a preferred embodiment," but emphasized, on the other, that "claim construction exclud[ing] a preferred embodiment is rarely, if ever correct."

As a result, the Federal Circuit affirmed the district court's claim interpretation and judgment of non-infringement on the part of Red Hat.

Invalidity and § 102 Anticipation Defenses

In general, a patent is invalid as anticipated under 35 U.S.C. § 102 where a single prior art reference contains an enabling disclosure of each element of the claim(s) of the later-filed patent. As the Federal Circuit has previously stated, a prior art reference anticipates a patent's claims when the four corners of the prior art reference describe every element of the claimed invention, expressly or inherently, such that a person of skill in the art could practice the invention without undue experimentation.

Arbutus Biopharma Corp., v. Modernatx, Inc., 65 F.4th 656 (Fed. Cir. 2023)

Overview: The case on appeal from the PTAB concerns inherent anticipation based on a prior reference and its incorporated references that naturally result in the challenged claims and disclose claimed composition ranges.

Issue: Whether the claims of the patent in question are invalid as inherently anticipated or as incorporated by reference.

Holding: The Federal Circuit affirmed the PTAB's findings that all the claims of the patent in question were invalid as anticipated.

Background and Reasoning: Moderna Therapeutics ("Moderna") filed a petition for *inter partes* review ("IPR") challenging various claims of a patent owned by Arbutus Biopharma Corporation ("Arbutus"), U.S. Patent No. 9,404,127 (the "'127 Patent"). The PTAB instituted IPR and found each of the claims of the '127 Patent to be invalid as anticipated by U.S. Patent No. 8,058,069 (the "'069 Patent"). Arbutus appealed the decision.

The PTAB found that the '069 Patent anticipated every claim of the '127 Patent because both patents incorporated by reference U.S. Patent Publication No. 2007/0042031 (the "'031 Publication") and U.S. Patent Publication No. 2004/0142025 (the "'025 Publication").

In its analysis, the Federal Circuit acknowledged that a claim is anticipated "if each and every element as set forth in the claim is found, either expressly or inherently, in a single prior art reference." The Federal Circuit went on to say that, only an enabling disclosure is required, and a reduction to practice is not necessary to support a finding of anticipation. The Federal Circuit focused on the "natural result[ing] flow from a prior art's explicit disclosure.

More specifically, the Federal Circuit narrowed its analysis to three elements specific to the facts of the case. First, the Federal Circuit assessed whether the Morphology Limitation of claim 1 was met or inherently anticipated. The Federal Circuit affirmed the PTAB's finding that the compositions for the formulations between the '127 and '069 Patents were "the same or essentially the same" and thus, anticipated.

Next, the Federal Circuit assessed whether the disclosure of the processes in the '127 were the same as those disclosed in the '069 Patent. The Federal Circuit noted that the '069 Patent states the "[the] processes . . . for carrying out these direct dilution processes . . . are described in detail [in the '031 publication]." The Federal Circuit further noted that the "'127 patent . . . continually references 'the Direct Dilution Method' and incorporates the '031 publication to provide details for carrying out this process." Accordingly, the Federal Circuit determined that substantial evidence supported the PTAB's finding that the '069 and '127 Patents disclose the same processes by incorporating by reference the '031 Publication.

Lastly, the Federal Circuit assessed whether the similar disclosures in the '069 and '127 Patents would "naturally result" in the claim 1 limitation of the '127 Patent. The Federal Circuit noted that the critical question was "whether [the '069 Patent] sufficiently describes and enables one or more embodiments . . . that necessarily include or result in the subject matter of the limitation." In its analysis, the Federal Circuit rejected the argument that the limitation was only a probability and determined the limited number of variables—*i.e.*, formulations and processes—that a person having ordinary skill in the art would (if following the disclosures) produce a composition of the same limitation (in this case, a morphological property). Accordingly, the Federal Circuit found that because of the similarities between the '069 and '127 processes and methodologies, the limitation of claim 1 would "naturally flow."

Based on its three part analysis, the Federal Circuit affirmed the PTAB's finding that claim 1 of the '127 and its dependent claims were invalid as anticipated.

The Federal Circuit also found the remaining disputed claims pertaining to compositional ranges were also anticipated. More particularly, it found the compositional ranges disclosed in the claims of the '127 Patent to be encompassed by broader ranges disclosed in patents and publications that were all incorporated by reference in the '069 Patent.

Accordingly, the Federal Circuit affirmed the PTAB's findings that all claims in the '127 Patent were invalid as anticipated.

UCB, Inc. v. Actavis Labs, UT, Inc., 65 F.4th 679 (Fed. Cir. 2023)

Overview: This case addresses the validity of drug patents under Hatch-Waxman proceedings.

Issues:

1. Whether the district court erred in applying the "at once envisage" test from the *Kennametal* line of cases in carrying out the anticipation analysis.
2. Whether the district court erred in holding the accused claims as invalid for obviousness.

Holdings:

1. The Federal Circuit affirmed the district court's findings that the claims were invalid for obviousness. More specifically, the Federal Circuit found the district court findings of overlapping ranges, teaching away, unexpected results, and commercial success not to be clearly erroneous.
2. The Federal Circuit found that the district court erred in applying *Kennametal* to consider whether a person skilled in the art would "at once envisage" the claimed arrangement or combination, rather than applying precedent on overlapping ranges, which requires considering the criticality of the claimed range. The Federal Circuit held that the disclosure of a range is not a disclosure of the endpoints of the range or other discrete points within the range.

Background and Reasoning: The technology at issue relates to a transdermal therapeutic system ("TTS"), which delivers drugs through the patient's skin. In 2007, UCB invented and marketed Neupro ("original Neupro"), which was covered by several UCB patents, including U.S. Patent Nos. 6,884,434 and 7,413,747 (the "Muller Patents"), directed to transdermal patches of rotigotine, a drug used to treat Parkinson's disease. Original Neupro contains a dispersion of amorphous rotigotine and polyvinylpyrrolidone ("PVP"). The Muller Patents teach a TTS with a rotigotine to PVP weight ratio of 9:1.5 to 9:5.

UCB recalled original Neupro from U.S. markets in April 2008 after discovering that a new crystalline form of rotigotine ("Form II") occurred when rotigotine was stored at room temperature. The FDA approved a new version of Neupro ("reformulated Neupro"), which employs a weight ratio of 9:4 rotigotine to PVP.

In 2018, UCB filed the patent application that matured into the patent-in-suit, U.S. Patent No. 10,130,589 (the "'589 Patent"). The '589 Patent is directed to a method of stabilizing rotigotine by "providing a solid dispersion comprising [PVP] and a non-crystalline form of rotigotine free base." The '589 Patent discloses and claims a TTS having a range of rotigotine to PVP ratios by weight of about 9:4 to about 9:6. Thus, the range of ratios disclosed in the Muller Patents and the '589 Patent overlap from about 9:4 to 9:5, and includes the 9:4 ratio used in reformulated Neupro.

In 2013, under Hatch-Waxman, Actavis submitted an Abbreviated New Drug Application (ANDA) to the FDA for approval of a generic version of a transdermal rotigotine patch. As a result, in 2014, UCB filed suit against Actavis for infringement of the '434 Muller Patent and U.S. Patent No. 8,232,414. UCB filed a second lawsuit against Actavis, in 2019, asserting the '589 Patent and accusing the same ANDA of infringement. Actavis defended on the basis of invalidity. The district court applied the "at once envisage" framework articulated in *Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780 F.3d 1376, 1381 (Fed. Cir. 2015), and found that the Muller Patents anticipate all asserted claims in the '589 Patent. The district court also held the asserted claims obvious in view of multiple prior art references, including the Muller Patents. UCB appealed the district court's anticipation and obviousness determinations.

Upon review, the Federal Circuit determined that the district court erred in applying the "at once envisage" test in determining whether claims at issue were anticipated. Instead, the district court should have applied the traditional framework for analyzing overlapping ranges where anticipation is found if the prior art discloses a point within the claimed range. In applying the traditional framework, anticipation may be found in a range claim "only if it describes the claimed range with sufficient specificity such that a reasonable fact finder could conclude that there is no reasonable difference in how the invention operates over the ranges." In other words, a court must evaluate whether the patentee has established that the

claimed range is critical to the operability of the claimed invention. Instead, the district court looked to the *Kennametal* “at once envisage” line of cases to identify discrete points in the Muller Patents’ range and analyzed those discrete points as a point-within-a-range case, not an overlapping range case. Thus, the district court found that because a person of ordinary skill in the art would immediately envisage the 9:4 and 9:5 weight ratios of rotigotine to PVP from the range disclosed by the Muller Patents, the ‘589 claims’ recitation of a weight range from “about 9:4 to about 9:6” was anticipated.

Consequently, the Federal Circuit concluded that the district court erred by ignoring the established case law regarding overlapping ranges, requiring consideration of the criticality of the claimed range.

In review of the district court’s finding of prima facie obviousness, the Federal Circuit found that a presumption of obviousness applies “[w]here a claimed range overlaps with a range disclosed in the prior art.” The Federal Circuit affirmed the district court’s finding that a prima facie case of obviousness was established because it is undisputed that the range claimed in the ‘589 Patent overlaps with the ranges taught by the Muller Patents.

In its appeal, UCB argued that a different prior art reference—U.S. Patent App. Pub. No. 2009/0299304 (“Tang”)—was actually the closest prior art because, unlike the Muller Patents, Tang addresses the issue of stability. The district court properly rejected UCB’s argument that Form II changed the state of the art and therefore rendered all pre-Form II prior art, including the Muller Patents, irrelevant. Ultimately, the similarities in Form I and Form II, and the fact that the original Neupro was still used in the U.S. under a compassionate use program, led the Federal Circuit to the conclusion that pre-Form II art was not rendered unusable due to instability. The Federal Circuit held that the claimed range and the range in the Muller Patents are not “patentably distinct.” Further, the Federal Circuit affirmed the district court findings that (1) Tang does not disclose working examples with rotigotine; (2) Tang does not disclose the Tg of rotigotine; and (3) the Muller Patents are the closest prior art because, unlike Tang, they disclose and claim a TTS with a range of ratios including 9:4 to 9:5. Consequently, the Federal Circuit held that the district court did not err in finding that the Muller Patents were the closest prior art.

The Federal Circuit found no clear error in the district court’s finding that the presumption of obviousness was not overcome based on the prior art teaching away from the claimed range. A reference teaches away “when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken.” The Federal Circuit reiterated its precedent that “teaching that a composition may be optimal or standard does not criticize, discredit, or otherwise discourage investigation into other compositions.” As a result, the Federal Circuit found that the district court did not err in holding that Tang does not teach away from the ‘589 Patent because Tang merely expresses a preference for a higher PVP percentage, and it does not dissuade a skilled artisan from investigating the claimed range of 9:4 to 9:6 weight ratio of rotigotine to PVP.

The Federal Circuit also found no clear error in the district court’s finding that the claimed range did not produce new and unexpected results. In the opinion, the Federal Circuit iterates that to be probative, evidence of unexpected results must establish that there is a difference between the results obtained and those of the closest prior art, and that the difference would not have been expected by one of ordinary skill in the art at the time of the invention. Importantly, the Federal Circuit acknowledged that “[a] difference of degree is not as persuasive as a difference in kind.”

Here, the district court properly found that the claimed range did not produce new and unexpected results because the difference in stability between the claimed range and prior art is one of degree that does not produce new properties. The Federal Circuit found that the district court did not err in relying on the known effects of PVP and expert testimony and properly found that a person of ordinary skill would expect that increasing the concentration of PVP in a TTS would increase the stability of the amorphous drug.

Finally, the Federal Circuit found no clear error in the district court's finding that the evidence of commercial success was weak. The Federal Circuit reiterated its previous holding that evidence of commercial success must have a nexus, a legally and factually sufficient connection, to the claims to be given weight in an obviousness analysis. The Federal Circuit further held that where market entry by others was precluded due to blocking patents, the inference of non-obviousness of the asserted claims from evidence of commercial success may be weak.

The Federal Circuit held that the district court did not clearly err in finding that UCB was not entitled to a presumption of nexus because numerous patents covered the reformulated Neupro. Nor was the district court incorrect in its holding that any inference of non-obviousness from UCB's commercial success evidence was weak because the Muller Patents have operated as blocking patents dissuading competitors. Until the '434 Muller Patent expired, Actavis was enjoined from marketing a generic version of reformulated Neupro, and expert testimony explained that the Muller Patents would deter anyone other than UCB from developing the alleged invention in the '589 Patent. Thus, the commercial success of Neupro could not be solely attributed to the asserted claims in the '589 Patent.

Because it found no clear error on the part of the district court, the Federal Circuit affirmed the ruling that the asserted claims are invalid under a finding of obviousness.

Invalidity and § 103 Obviousness Defenses

Section 103 of the Patent Act provides: "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

Amgen Inc. v. Sandoz Inc., 66 F.4th 952 (Fed. Cir. 2023)

Overview: This case addresses obviousness under 35 U.S.C. § 103, specifically the issues of motivation to isolate a compound from a known racemic mixture; whether there was a reasonable expectation of success in doing so; and the obviousness of a dose-titration schedule. In addition, the Federal Circuit reviewed whether a provisional patent application inherently disclosed a solid form of a compound such that the patent was entitled to the earlier priority date.

Issues:

1. Did the district court err in finding that the '638 Patent was not obvious because there was neither motivation to isolate apremilast from a known racemic mixture nor a reasonable expectation of success in doing so?

2. Did the district court err in finding that the '515 provisional application provided written description support for crystalline Form B of apremilast so as to entitle the '101 Patent to the March 2002 priority date?
3. Did the district court err in finding that the dose-titration schedule of the '541 Patent was obvious at the time of invention?

Holdings:

1. The district court did not err in finding that the '638 Patent was not obvious as the district court properly relied on expert testimony and trial testimony in its findings.
2. The district court did not err in finding that the '515 provisional application provides written description for crystalline Form B of apremilast, as Amgen's expert testimony (and lack of contrary evidence from Sandoz) established that the '515 provisional application actually disclosed this form of apremilast.
3. The district court did not err in finding that the dose-titration schedule of the '541 Patent was obvious at the time of invention as it well established that varying a dose in response to side-effect occurrences was a well-known, standard medical practice.

Background and Reasoning: Amgen Inc. ("Amgen") produces apremilast, under the name Otezla®, as a treatment for psoriasis. This product is covered by U.S. Patent 7,427,638 (the "'638 Patent"), U.S. Patent 7,891,101 (the "'101 Patent"), and U.S. Patent 10,092,541 (the "'541 Patent").

Sandoz Inc. ("Sandoz") submitted an Abbreviated New Drug Application to market a generic brand of the same formulation of apremilast. Celgene Corporation then brought this suit in the United States District Court for the District of New Jersey, claiming that the generic product would infringe the '638, '101, and '541 Patents. These patents were later assigned to Amgen, and Amgen was substituted as plaintiff.

The '638 Patent

Amgen asserted infringement of claims 3 and 6 of the '638 Patent and Sandoz alleged that the '638 Patent was invalid over the '358 Patent and another reference (the "'606 Application"). The district court found that Sandoz failed to show that claims 3 and 6 would have been obvious over these references, as Sandoz failed to show why a skilled artisan would have a reason or motivation to combine the '358 Patent and the '606 Application.

The district court concluded that Sandoz "had not demonstrated that a skilled artisan would have had a reasonable expectation of success in resolving Example 12 [racemic mixture of the '358 Patent] into its individual enantiomeric components." It also looked to objective indicia (secondary considerations) and found that: (i) apremilast unexpectedly provided substantial improvement over previously known inhibitors in terms of both efficacy and tolerability; (ii) there was a long-felt need for a psoriasis treatment that was suitable for oral admission by a patient without negative repercussions; (iii) others in the field had attempted to develop other inhibitors, but several had been discontinued due to disappointing efficacy or failure to progress in the drug-development pipeline coupled with a degree of skepticism about the safety of apremilast; and (iv) Otezla® had found commercial success since its 2014 launch to 2020.

In view of the objective indicia analysis and the fact that there was not sufficient motivation or reasonable expectation of success in isolating apremilast pursuant to Example 12 of the '358 Patent, the district court found that claims 3 and 6 of the '638 Patent were not invalid as obvious.

The Federal Circuit agreed with the district court that Sandoz did not show that the '638 Patent would have been obvious over Amgen's previous patents. The district court properly relied on expert testimony to conclude that there was industry-wide skepticism of isolating stereomerically pure apremilast and that resolving a racemic mixture involves a difficult series of "trial-and-error" experiments. Trial testimony established that "using chiral chromatography to resolve the . . . racemic mixture into its enantiomers would require a skilled artisan to find an appropriate solvent system for the chiral column, of which there were many possible options at the time the invention was made."

Nor did the Federal Circuit believe that the district court erred in not holding Amgen to the statements it made in the specification regarding isolating apremilast. Sandoz's own expert conceded that the formation of chiral was not a viable method for separating the Example 12 enantiomers, contrary to the statement of the specification, which was in agreement with Amgen's expert.

Additionally, there was no clear error in the district court's finding of objective indicia of nonobviousness in the origin of pure apremilast. Expert testimony from Amgen indicated that pure apremilast showed a 20-fold difference in potency from the racemic mixture in its ability to reduce the promotion of inflammation related to symptoms associated with psoriasis. The Federal Circuit found that "a 20-fold difference, when an otherwise 2-fold difference would have been expected" may support a finding of unexpected results. But, "[t]here is no specific fold-difference that defines what may, or may not, support a finding of nonobviousness," suggesting that this type of inquiry should remain fact-specific in future cases.

Nor was there any clear error in the district court's finding of a nexus between the unexpected potency of apremilast and claims 3 and 6 of the '638 Patent. The Federal Circuit stated that this objective indicia had a nexus, or "legally and factually sufficient connection," to the invention at issue. Trial evidence established that apremilast's potency derived from the separation of apremilast from the other enantiomer, and Federal Circuit precedent provides that unexpected properties of a compound inherently have a nexus to that compound.

As to the remaining objective indicia of nonobviousness, the Federal Circuit found no error in the district court's reasoning, as expert testimony was properly credited to support a finding that the objective indicia of nonobviousness strongly weighs in favor of a finding that claims 3 and 6 of the '638 Patent would not have been obvious over the '358 Patent or the '606 application.

The '101 Patent

The '101 Patent claims priority from several earlier-filed applications, including an earlier application (the "'515 provisional application"), filed March 20, 2002. Amgen argued that claims 1 and 15 of the '101 Patent were entitled to the priority date of the '515 provisional application as Example 2 therein provided written description and enablement support for crystalline Form B of apremilast, as this was an inherent feature. Sandoz argued that these claims of the '101 Patent were only entitled to the priority date of March 27, 2008, the filing date of the application resulting in the '101 Patent, as a crystalline Form B of apremilast was neither explicitly nor inherently disclosed in the '515 provisional application.

The district court held that claims 1 and 15 of the '101 Patent were entitled to the priority date of the '515 provisional application, as the parties did not dispute that Example 2 disclosed a synthetic chemical procedure for preparing apremilast. It credited Amgen's expert, who testified that Example 2 inherently produces crystalline Form B.

The Federal Circuit agreed with Amgen that the district court did not clearly err in finding claims 1 and 15 of the '101 Patent entitled to the March 2002 priority date (i.e., the filing date of the '515 provisional application). Sandoz provided no evidence that Example 2 could have produced a crystalline form other than Form B. As to the inherency of crystalline Form B of apremilast, the Federal Circuit did not need to reach this issue as the testimony of Amgen's expert established that crystalline Form B of apremilast is disclosed by the provisional application. Thus, the '515 provisional application provided a written description of apremilast crystalline Form B sufficient to entitle it to the March 2002 priority date.

The '541 Patent

Amgen asserted infringement of claims 2, 19, and 21 of the '541 Patent, and Sandoz alleged that these claims were obvious over references to Papp, Schett, and Pathan. The district court found that these claims would have been obvious to a skilled artisan in view of these references, namely, to titrate apremilast for a patient presented with psoriasis to ameliorate side effects.

Sandoz appealed the district court's holding that two claims of Amgen Inc.'s '638 Patent and two claims of the '101 Patent had not been shown to be obvious. Amgen cross appealed the district court's holding that multiple claims of its '541 Patent were, in fact, obvious.

The Federal Circuit found that the district court did not err when it held that the '541 Patent would have been obvious over prior art because it was "well within a skilled artisan's ability," and even part of routine procedure, to titrate a dose of apremilast for a patient with psoriasis. It is well established that "varying a dose in response to the occurrence of side effects is a well-known, standard medical practice that may well lead to a finding of obviousness."

Bot M8 LLC v. Sony Interactive Ent. LLC, 66 F.4th 1380 (Fed. Cir. 2023)

Overview: This case relates to whether a patent owner was harmed by the Patent Trial and Appeal Board's ("Board") claim construction of independent claims, and whether substantial evidence supported the Board's obviousness conclusion under 35 U.S.C. § 103 with respect to the dependent claims.

Issues:

1. Did the Board improperly construe the '540 Patent's independent claims?
2. Did the Board err in its conclusion that a POSITA would not have been motivated to combine the prior art references to render the dependent claims obvious?

Holdings:

1. Given the disclosures made by the prior art, "there would have been no occasion for the Board to apply a construction that permits" Bot M8's interpretation of the independent claim, and thus "any error in

the Board's suggestion that claim 1 permits as much was harmless."

2. The Board did not err as substantial evidence supported the Board's conclusion that the prior art references provide the motivation for a POSITA to combine the references to render the dependent claims obvious.

Background and Reasoning: Sony Interactive Entertainment LLC ("Sony") petitioned for an *inter partes* review ("IPR") of U.S. Patent No. 8,078,540 (the "'540 Patent") assigned to Bot M8 LLC ("Bot M8"), which concerns a gaming machine that authenticates certain data and that has both a motherboard and a different board. The Board found the '540 Patent's claims unpatentable. Bot M8 appealed to the Federal Circuit alleging that the Board's claim construction of writing portions of a game program to a motherboard before authenticating the game program was in error (not simply a harmless error), and that the Board's obviousness analysis was improper, as a person of ordinary skill in the art (a "POSITA") would not have been motivated to combine the references to yield the invention of the dependent claims.

Bot M8 argued before the Federal Circuit that the Board's improper construction of claim 1 resulted in an inappropriate finding that prior art had already disclosed the independent claims of the '540 Patent. Bot M8 further argued "that claim 1 further precludes writing any data – game program or not – to the motherboard before authenticating the game." In the alternative, Bot M8 contended that "claim 1 at least precludes writing any *portion* of the game program to the motherboard before authenticating the game program." It is through this alternative argument that the Board, according to Bot M8, applied a contrary construction "that permitted portions of the game to be written to the motherboard" before authentication.

Assuming Bot M8's assertion was correct, the Federal Circuit nevertheless affirmed the Board's finding regarding the independent claims. The burden was placed on Bot M8, as the party challenging the Board's decision, to "demonstrate the harmfulness of the alleged error." According to the Federal Circuit, Bot M8 failed to show that the Board relied upon "a construction that permits writing portions of the game program to the motherboard before authenticating the game program" when making its determination. In fact, the Federal Circuit stated that the Board, having found "that both Johnson and Morrow '952 disclose writing only *non*-game-program data to the motherboard before authenticating the game program," would not have needed to rely upon an erroneous construction of claim 1 to conclude that prior art had previously disclosed the independent claims of the '540 Patent. Therefore, any error in the Board's construction was harmless, and the independent claims are unpatentable.

As to the second issue, the Federal Circuit was not persuaded by Bot M8, as Sony's expert provided an explanation as to why Martinek itself supplies a motivation, and the Board properly credited Sony's expert. Bot M8 failed to explain why a factfinder could not have found as the Board did, when given Sony's expert's explanation and the references themselves. The Federal Circuit stated that "substantial evidence supports the fact findings underpinning the Board's obviousness determination.

Sanofi–Aventis Deutschland GmbH v. Mylan Pharms. Inc., 66 F.4th 1373 (Fed. Cir. 2023)

Overview: This case addresses a patent challenger’s burden to establish obviousness by showing that a prior art reference is analogous to the challenged patent.

Issue: Can a petitioner meet its burden to establish obviousness by relying on a prior reference alleged to be analogous to another prior art reference rather than the challenged patent?

Holding: A patent challenger cannot meet its burden to establish obviousness when it fails to allege that a prior art reference is analogous to the challenged patent.

Background and Reasoning: Sanofi-Aventis Deutschland GmbH (“Sanofi”) owns U.S. Patent No. RE47,614 (the “’614 Patent”). The ’614 Patent aims to provide a drug delivery device with improved “operability with respect to dosage control and/or improved reproducibility of the dosage in connection with different cartridges.” Mylan Pharmaceuticals Inc. (“Mylan”) petitioned the Patent Trial and Appeal Board (“Board”) for *inter partes* review (IPR) of the ’614 Patent, arguing that the ’614 Patent’s claims were obvious based on a combination of three prior art references.

In its response, Sanofi stated that Mylan’s submitted prior art—de Gennes—was not analogous art to the ’614 Patent, arguing that de Gennes relates to cars and not drug delivery devices or medical devices, nor is de Gennes reasonably pertinent to the problem being solved by the ’614 Patent. Mylan argued that Sanofi had a “faulty understanding of controlling law” and that Burren’s suggestion “provides the pertinent problem in this case.” That is, Mylan argued that Burren addresses a similar problem as de Gennes, and thus de Gennes is analogous prior art to the ’614 Patent. The Board agreed with Mylan and found the ’614 Patent invalid for obviousness.

The Federal Circuit uses two tests to determine whether prior art is analogous to a patent: “(1) whether the art is from the same field of endeavor, regardless of the problem addressed and, (2) if the reference is not within the field of the inventor’s endeavor, whether the reference still is reasonably pertinent to the particular problem with which the inventor is involved.” The petitioner must employ one of these tests to show that a prior art reference is analogous to the challenged patent. “In evaluating whether a reference is analogous, [the Federal Circuit has] consistently held that a patent challenged must compare the reference to the challenged patent.”

The Federal Circuit found that Mylan failed to explain how de Gennes was analogous to the ’614 Patent. Instead, the Federal Circuit noted that Mylan alleged that de Gennes was analogous to another prior art reference, Burren, as Burren solves a similar problem as de Gennes. The Federal Circuit found this allegation insufficient, reasoning that “[e]ven if a reference is analogous to one problem considered in another reference, it does not necessarily follow that the reference would be analogous to the problems of the challenged patent.” Mylan needed to show that de Gennes was analogous to the ’614 Patent. Thus, the Federal Circuit reversed and concluded that the Board’s finding—that de Gennes constituted analogous art—was not supported by substantial evidence.

Yita LLC v. MacNeil IP LLC, 69 F.4th 1356 (Fed. Cir. 2023)

Overview: This case relates to the weight certain secondary considerations have on a tribunal's analysis of obviousness.

Issue: Did the Board err in its obviousness analysis by giving weight to secondary considerations that rest exclusively on a single feature, and requiring that the single feature be well-known in the art?

Holding: Secondary considerations exclusively related to a single feature known in the prior art have no bearing on the obviousness analysis; the known feature need not be well-known, it merely needs to be known in the prior art.

Background and Reasoning: MacNeil IP LLC (“MacNeil”) holds U.S. Patent Nos. 8,382,186 (“the ‘186 Patent”) and 8,833,834 (“the ‘834 Patent”), which relate to polymer sheet, thermoformed vehicle floor trays that aim to address the problem of tray movement after installation. They accomplish this through scans of the foot well and thermoforming the tray to closely conform to the well’s walls. Yita filed *inter partes* reviews (IPRs) challenging claims of the ‘186 and ‘834 Patents with the Patent Trial and Appeal Board (“Board”), IPR2020-01139 (the “‘1139 IPR”) against the ‘186 Patent and IPR2020-01142 (the “‘1142 IPR”) against the ‘834 Patent.

In the ‘1139 IPR, the Board found challenged claims 1-7 of the ‘186 Patent unpatentable for obviousness. The Board held that “a relevant artisan would have been motivated to combine, and had a reasonable expectation of success in combining, the teachings of three prior-art references.” Within that finding, the Board found that a French patent (Rabbe) disclosed a close conformance limitation of the ‘186 Patent. The Board rejected Yita’s obviousness challenge in favor of MacNeil’s secondary considerations indicative of non-obviousness argument.

To accord substantial weight to secondary consideration, there has to be a nexus between the evidence and the patented invention. A nexus is presumed where the patent claim is deemed coextensive with the product embodying the invention. The Board found that “WeatherTech[] vehicle trays embody the claimed invention and are coextensive with the claims” and that this coextensiveness “treated as insignificant any difference between close conformance of the tray with the foot well overall and close conformance of the tray with the walls of the foot well cited in claim 1.” The Board found a presumption of nexus, even though it also determined that “Rabbe discloses the close conformance limitation,” but was not well-known. In support of its finding, the Board relied on *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317 (Fed. Cir. 2016), stating that only a claimed invention as a whole can serve as a nexus for objective evidence, and that proof of nexus is not limited to those situations where objective evidence is tied to supposedly new features. The Board found that the evidence of each secondary consideration—commercial success, long-felt but unsolved need, and industry praise—was “due to the close conforming vehicle floor tray,” appearing to have already concluded or dismissed the fact that this limitation was not “well-known.” Giving substantial weight to the secondary considerations, the Board held that claims 1-7 of the ‘186 Patent are not unpatentable.

Yita appealed the Board’s decision arguing that the Board in ‘1139 IPR made legal errors regarding MacNeil’s secondary consideration evidence in rejecting the obviousness challenge of the claims of the ‘186 Patent.

The Federal Circuit found that the Board was mistaken that the close conformance limitation from *Rabbe* required it be well-known. Rather, if the prior art teaches a feature and a relevant artisan would be motivated to use the feature in combination with other prior art references, as the Board here found, a secondary consideration related exclusively to that feature does not undermine the inference that the claimed invention would have been obvious just because the feature was not *well* known.

Because the Board found MacNeil's secondary evidence related entirely to the close conformance feature (an exclusive feature that was known in the art), and because substantial evidence supported that finding on review, the Federal Circuit held that there was an insufficient nexus and the secondary consideration evidence was not relevant to obviousness. The coextensiveness of the marketed floor tray with the claimed invention did not change the Federal Circuit's holding, since coextensiveness speaks to the entitlement to a presumption of nexus, rather than the conclusion on the nexus issue. Because only the secondary considerations worked in MacNeil's favor on the issue of nonobviousness, the Federal Circuit reversed the Board's decision.

Invalidity and the Trio of *Medtronic* Decisions

Medtronic, Inc. v. Teleflex Innovations S.A.R.L., 68 F.4th 1298; 69 F.4th 1341; 70 F.4th 1331 (Fed. Cir. 2023)

Overview: These three decisions cover a broad range of issues relating to pre-AIA challenges to patent validity, namely anticipation under § 102 and obviousness under § 103.

Issues:

1. Whether the *Medtronic's* patent ("Itou") qualifies as prior art under pre-AIA §102(e), resulting in the unpatentability of the first set of challenged patents.
2. Whether *Medtronic* carried its burden to show that the second set of challenged patents would have been unpatentable as obvious.
3. Whether there was sufficient circumstantial evidence of copying with respect to the third set of challenged patents, such that it precluded *Medtronic* from establishing that those same claims were unpatentable as obvious.

Holdings:

1. *Itou* does not qualify as prior art to the first set of challenged patents under pre-AIA § 102(e) and, therefore, *Medtronic* failed to demonstrate that those patents were unpatentable.
2. The Board correctly determined that *Medtronic* did not carry its burden to show that the second set of challenged patents would have been unpatentable as obvious.
3. There was more than sufficient circumstantial evidence of copying to find that *Medtronic* failed to carry its burden to show that third set of challenged patents was unpatentable as obvious.

Background and Reasoning: Vascular Solutions, Inc. ("VSI"), now owned by Teleflex Innovations S.A.R.L. ("Teleflex"), developed a device aimed at providing back up support to catheters by guiding extension catheters and thereby reducing the likelihood of a catheter dislodging from a coronary artery's opening.

VSI began development of the device in early 2005, and filed for numerous patents thereafter, which are the subject of this trio of cases. Medtronic Inc., and Medtronic Vascular, Inc. (collectively, “Medtronic”) have U.S Patent No. 7,736,355 (“Itou”) filed on September 23, 2005 (the “Critical Date”). In regard to Itou, Medtronic filed thirteen petitions for inter partes review (“IPR”) alleging unpatentability of Teleflex’s patents. Eleven of the petitions were instituted by the Patent Trial and Appeal Board (the “Board”) and five were combined to be the subject of the appeal.

Issue 1: Does Itou qualify as prior art under pre-AIA § 102(e)?

In determining whether or not Itou qualified as prior art, the Federal Circuit first inquired into whether the invention described in Medtronic’s Itou pre-dates the invention by VSI. In its analysis, the Federal Circuit determined that Teleflex may antedate a prior art patent with a showing of conception of the invention prior to the Critical Date. Similarly, the Federal Circuit determined that Teleflex may enjoy an earlier date of invention if able to show that the product in question was functional prior to the Critical Date or that Teleflex was engaging in a continuous meticulous effort in reducing the invention to practice (“constructive reduction to practice”) until Medtronic’s effective filing date.

To establish actual reduction to practice before the Critical Date, Teleflex had to show that: (1) VSI constructed an embodiment or performed a procedure that met the limitations of the invention; and (2) the invention worked for its intended purpose.

First, Medtronic argued that the designated purpose was read too broadly and should have included more particularity in its purpose. The Federal Circuit disagreed. A court determines the intended purpose of the invention by looking to the patent itself and extrinsic evidence, so long as it does not contradict the patent. Based on the patent itself, which was titled, “Coaxial Guide Catheter for Interventional Cardiology Procedures,” and the expert and inventor testimony, the Federal Circuit concluded that Teleflex was entitled to a broad interpretation of the invention’s intended purpose.

Second, Medtronic argued that there was a complete lack of evidence indicating that Teleflex’s invention functioned properly to manifest its designated purpose. Medtronic’s argument amounted to a request for the Federal Circuit to reweigh the evidence, which the Federal Circuit was unwilling to do. In this particular case, the Federal Circuit found the importance to be whether an inventor or artisan would be able to observe the tests and understand that they indicate the prototype would be more effective than a guide catheter alone.

Third, Medtronic argued that Teleflex’s evidence of reduction to practice was not sufficiently validated. In order to determine whether the evidence of reduction to practice was sufficiently validated a court can rely on an inventor’s testimony of reduction to practice. However, such testimony must also be corroborated with independent evidence. In its analysis, a court may turn to documentary evidence and non-inventor testimony to support an inventor’s credibility. The VSI inventors testified that the invention not only functioned, but functioned as anticipated. That testimony was supported by the testimony of a technician, who testified that he worked on the prototype in early 2005, and watched the inventors perform testing on the prototype numerous times. Further, VSI’s Vice President of Clinical Affairs testified that a working prototype of the invention was created prior to August, 24, 2005.

Accordingly, the Federal Circuit affirmed the Board's decision that Itou did not qualify as prior art to the challenged patents.

Issue 2: Did Medtronic sufficiently establish that certain challenged patents were unpatentable as obvious?

Before the Board, Medtronic argued that certain claims would have been obvious over a patent referred to as Ressemann in view of another patent referred to as Takahashi. In doing so, Medtronic argued that a person of skill in the art would have been motivated to modify Ressemann and incorporate aspects from Takahashi into Ressemann. However, the Board disagreed, finding that the modification Medtronic proposed would have eviscerated Ressemann's entire purpose. Accordingly, the Board found that a person skilled in the art would not have been so motivated and, therefore, Medtronic had failed to carry its burden to prove that the challenged patents were unpatentable as obvious.

On appeal, Medtronic argued that it was legal error for the Board to focus on the detrimental effects of the modification it proposed with respect to Ressemann. The Federal Circuit disagreed. First, the Federal Circuit noted that Medtronic's appeal, although framed as a legal challenge, was really premised on an assertion of fact, namely the Board's finding regarding Ressemann's intended purpose. Second, the Federal Circuit disagreed with Medtronic's argument that Ressemann disclosed ways in which the invention could be used outside its intended purpose. Specifically, the Federal Circuit highlighted that the Board found that Ressemann teaches against using the invention in the manner Medtronic advocated because doing so would undermine Ressemann's goal, which was the same goal of the challenged claims—namely, safety. Accordingly, the Federal Circuit found that the Board reasonably recognized that modifying a device in a manner that would undermine a purpose it shares with the challenged claims counsels against a motivation to make such modifications.

Therefore, the Federal Circuit affirmed the Board's decision that Medtronic had failed to carry its burden of proving that the challenged patents were unpatentable as obvious.

Issue 3: Was there sufficient circumstantial evidence of copying?

Before the Board, Medtronic argued that the third set of challenged patents were unpatentable as obvious in light of two prior art references. In addition to other arguments, Teleflex introduced evidence of objective indicia of nonobviousness tied to the invention claimed by the third set of patents, including evidence that the commercial embodiment of the invention was successful, solved a long-felt but unsolved need, garnered industry praise, and was copied by competitors, including Medtronic. The Board ultimately decided that the issue of obviousness was a close case, but the objective evidence of nonobviousness overcame any doubts. Accordingly, the Board found that Medtronic had failed to establish that the third set of challenged patents were unpatentable as obvious.

On appeal, among other findings related to the Board's finding based on Teleflex's objective evidence of nonobviousness, Medtronic challenged the Board's finding that it had copied the commercial embodiment of Teleflex's invention when Medtronic developed its commercial product. Specifically, Medtronic argued that the Board's reliance on Medtronic's access to Teleflex's product and the substantial similarity between Medtronic's product and Teleflex's product to infer copying was legal error.

The Federal Circuit disagreed. First, the Federal Circuit recognized that “copying by a competitor is a relevant consideration in the objective indicia analysis.” Second, the Federal Circuit noted that “copying must be supported by ‘actual evidence of copying efforts as opposed to mere allegations regarding similarities between the accused product and a patent.’” However, contrary to Medtronic’s argument, circumstantial evidence—such as access and similarity to a patented product—is sufficient to establish copying.

Because there was more than sufficient evidence to find that Medtronic had access to Teleflex’s patented product, there were substantial similarities between Medtronic and Teleflex’s products, and these factual findings were legally sufficient to support the Board’s finding that Medtronic copied Teleflex’s patented product, the Federal Circuit affirmed the Board’s decision.

Invalidity and § 112 Enablement Defenses

Section 112(a) of the Patent Act provides that a patent’s specification must “contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable a person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same.” As the Supreme Court has recently advised, enablement requires inventors to enable—i.e., disclose—the full scope of the claimed invention without unreasonable experimentation.

FS.Com Inc. v. ITC, 65 F.4th 1373 (Fed. Cir. 2023)

Overview: This case involves a discussion regarding open-ended claims, as well as claim construction, within the context of a ruling by the International Trade Commission (“ITC”) that the accused party violated 19 U.S.C. § 1337 (Section 337).

Issue: Whether the challenged claims with open-ended claim limitations are adequately enabled. More, specifically, whether one skilled in the art, as it pertains to the case, would understand the upper limit of an open-ended claim.

Holding: The Federal Circuit affirmed the International Trade Commission’s finding that the claims were enabled and valid. The Federal Circuit agreed open-ended “at least” claim limitations had an inherent upper limit enabled by the specification. It further agreed the claim term “a front opening” was properly construed by the ITC to encompass one or more openings and not just a single opening.

Background and Reasoning: Corning Optical Illusions (“Corning”), patent owner, filed a complaint with the International Trade Commission (“Commission”) alleging FS.com Inc. (“FS”) violated Section 337 by importing high-density fiber optic equipment. Corning’s patents in question include U.S. Patent Nos. 9,020,320 (the “’320 Patent”), 10,444,456 (the “’456 Patent”) and 10,120,153 (the “’153 Patent”).

The Administrative Law Judge (“ALJ”) found that FS induced infringement of claims in each of the three Corning patents. In addition, the ALJ found that FS directly infringed on multiple claims of the ‘206 Patent. The ITC accepted the entirety of the ALJ’s findings. FS argued that the claims in the ‘320 and ‘456 Patents were invalid due to a lack of enablement because they contain open-ended limitations utilizing the term “at least.” More specifically, FS argued that because the claims recite “a fiber optic connection of **at least** ninety-eight (98) fiber optic connections per U space” or “a fiber optic connection of **at least** one hundred

forty-four (144) fiber optic connections per U space,” and thus comprise an open-ended density range, they are not enabled.

In its analysis, the Federal Circuit reviewed the two-part test for enablement adopted from *Andersen Corp. v. Fiber Composites, LLC*, 474 F. 3d 1361 (Fed.Circ.2007). Under *Andersen Corp.*, open-ended claims are not inherently improper, but rather their suitability depends upon the disclosure, the specific facts of the invention and the prior art. *Andersen Corp.* provides a two part test for enabling open-ended claims, namely, they “may be supported [1] if there is an inherent, albeit not precisely known, upper limit and [2] the specification enables one of skill in the art to approach that limit.”

The Federal Circuit agreed with the ITC that a skilled artisan would be able to glean, based upon the language of the claims at issue, that there was an inherent upper limit and more precisely that the upper limit was a maximum fiber optic connection density (at the time of the disclosure) of about 144 connections per U space. The Federal Circuit noted the finding was supported by substantial evidence including the shared description between the ‘320 and ‘456 Patents as well as expert testimony confirming the same.

Accordingly, the Federal Circuit affirmed the ITC’s ruling of enablement.

FS further argued non-infringement on the basis of claim construction. In particular, FS argued that that “a front opening” is limited to a single front opening, and as a result, their modules with multiple front openings do not directly infringe on claims in the ‘206 Patent. However, the Federal Circuit noted, the terms “a” or “an” in patent claims means “one or more” absent clear evidence that the patentee intended “a” or “an” to mean “one.” Also the ‘206 Patent itself was found to show embodiments with one or more front openings and a subdivided front opening.

Consequently, the Federal Circuit found FS’s arguments to be unavailing and affirmed the ITC’s construction of the claims.

Patent Litigation and Exceptional Cases

United Cannabis Corp v. Pure Hemp Collective Inc. 66 F.4th 1362 (Fed. Cir. 2023)

Overview: This case addresses whether the district court properly denied the defendant attorney fees under 35 U.S.C. § 285.

Issues:

1. Did the district court err in failing to find Pure Hemp as the prevailing party in the litigation?
2. Did the district court abuse its discretion in finding the case unexceptional, either because of inequitable conduct or a conflict of interest?

Holdings:

1. Yes. But, the error was harmless because the case was not exceptional.

2. No. Both theories of exceptionality fail. Pure Hemp voluntarily dismissed its counterclaims and waived its rights to further evidentiary hearings. Pure Hemp also failed to state a legal basis for its conflict of interest theory. Finally, the limited evidentiary record did not support either of its contentions.

Background and Reasoning: United Cannabis Corporation (“UCANN”) sued Pure Hemp for infringement of the ‘911 Patent. Pure Hemp counterclaimed that the ‘911 Patent was invalid and that UCANN engaged in inequitable conduct during the prosecution of the ‘911 Patent.

UCANN later filed for bankruptcy. After the bankruptcy petition was dismissed, the parties stipulated to the dismissal of all claims and counterclaims in the infringement litigation. The stipulation said nothing about the attorney fees, which, under 35 U.S.C. § 285, may be available to the prevailing party in exceptional cases.

After the parties agreed to dismiss the claims, Pure Hemp moved for attorney fees and sanctions against UCANN under both 28 U.S.C. § 1927 and the court’s inherent authority. Supporting its request for fees, Pure Hemp cited to (1) UCANN’s alleged inequitable conduct during the prosecution of the ‘911 Patent and (2) UCANN’s counsel’s purported conflict of interest. In its first argument, Pure Hemp contended that UCANN’s prosecution counsel copied text from a prior art reference—Patent Publication No. 2004/0033280 (“Whittle”)—but did not disclose the reference to the PTO. In its second argument, Pure Hemp claimed that UCANN’s litigation counsel took conflicting positions in its representation with UCANN and GW Pharma (the owner of Whittle).

The district court denied the motion, and Pure Hemp appealed, arguing that the case was exceptional.

At the Federal Circuit, Pure Hemp successfully defended UCANN’s patent infringement claims. UCANN did not contest that Pure Hemp was the prevailing party. Accordingly, for Pure Hemp to be awarded attorney fees under § 285, it needed to establish the case as exceptional.

As it did before the district court, Pure Hemp argued that UCANN’s inequitable conduct and conflict of interest justified a finding that this case was exceptional. The Federal Circuit found both arguments to be unpersuasive.

Inequitable Conduct

Proof of inequitable conduct requires a showing, by clear and convincing evidence, that the patent applicant both (1) misrepresented or omitted information material to patentability, and (2) did so with the specific intent to mislead or deceive the Patent and Trademark Office.

The district court made no evidentiary findings and was not required to do so. Pure Hemp and UCANN voluntarily dismissed the case before evidence was shared on the record, and Pure Hemp made no request for further evidentiary proceedings. Furthermore, the limited evidentiary record showed genuine disputes as to both material misrepresentation and specific intent. Accordingly, Pure Hemp did not meet its evidentiary burden.

Conflict of Interest

Pure Hemp argued that the case was exceptional because UCANN's attorney had a sanctionable conflict of interest. However, Pure Hemp failed to cite the legal basis—Rule 1.7 of the Model Rules of Professional Conduct—and in doing so, waived its argument.

In addition, the evidence did not support Pure Hemp's contention that UCANN's attorneys did anything in its representation of UCANN that was directly adverse to either of its clients, nor was there evidence supporting Pure Hemp's contention that the two patents prosecuted by UCANN's attorneys were identical.

OneSubsea IP UK Ltd. v. FMC Techs., Inc., 68 F.4th 1285 (Fed. Cir. 2023)

Overview: This case addresses (i) the appropriate standard of review applied to a denied motion for attorney fees, and (ii) what facts are insufficient to constitute an “exceptional” patent case and thus support the denial of a prevailing party's motion for attorney fees, under 35 U.S.C. § 285.

Issues:

1. Should the district court's decision to deny a prevailing party's motion for reasonable attorney fees in a patent case be reviewed de novo, instead of under the usual abuse-of-discretion standard of review?
2. Did the district court abuse its discretion when it denied the prevailing party's motion for reasonable attorney fees, under 35 U.S.C. § 285?

Holding: The Federal Circuit found against FMC on both of the issues it raised on appeal.

Background and Reasoning: In the underlying suit, OneSubsea IP UK Limited, OneSubsea UK Limited, Cameron International Corporation, and OneSubsea LCC (together “OSS”) sued FMC, alleging that FMC infringed OSS patents. The OSS patents at issue claim a method of subsea recovery of fluids from an oil or gas well that “diverts” fluid from one flowpath to another. The district court issued a Markman Order, stating that “divert” means “forc[ing] a fluid's direction on a current flowpath to a different flowpath.” Thereafter, FMC moved for summary judgment, arguing that its subsea system did not meet the district court's construction of “divert” and thus did not infringe OSS patents. In opposition, OSS presented an expert report to support its argument that a genuine issue of material fact existed as to whether FMC's subsea system forces a fluid's direction to change (*i.e.*, diverts). Prior to the district court's decision on the summary judgment motion, FMC apprised the district court that the PTAB had instituted inter partes review of many of the OSS patents at issue. Accordingly, the district court ordered a stay of its proceedings and refused to rule on FMC's summary judgment motion because the record was “unclear” as to “whether FMC's dispositive motion would be granted.” The inter partes proceedings continued and many claims were invalidated. None of the claims at issue in those proceedings were asserted in this case.

After three years, the district court reopened the case, and FMC renewed its motion for summary judgment. In opposition, OSS presented a new expert report that repeated the positions in the first expert report, but violated the parties' agreed-upon construction of a term. Accordingly, FMC moved to exclude the second expert report. Thereafter, the district court granted both FMC's motion to exclude OSS's expert report and motion for summary judgment. Without the expert's opinion, OSS failed to raise a genuine issue of material fact as to whether FMC's subsea system “diverts” fluids. Following this dispositive ruling, FMC filed a motion for reasonable attorney fees, under 35 U.S.C. § 285. After briefing on this motion concluded, the case was reassigned to a different judge because the original judge retired. Neither party

objected to this change. The district court then denied FMC's motion for attorney fees, and FMC appealed.

On appeal, FMC argued that the Federal Circuit should apply de novo review to the district court's decision to deny its motion for attorney fees. FMC argued that the successor judge did not preside throughout the life of the case and thus should not have been given discretion to determine the motion's merit.

The Federal Circuit held that district court's decision to deny FMC's motion for reasonable attorney fees should not be reviewed de novo, but instead, the usual abuse-of-discretion standard of review applies.

The Federal Circuit noted that while the judge to whom the case was reassigned did not "live with the case" for its entire life, a successor judge generally receives the same deferential review that an original judge would receive. The facts of this case gave the Federal Circuit "no reason" to heighten its standard of review beyond abuse-of-discretion. The Federal Circuit went on to observe that when the credibility of witnesses' factual assertions is material to a case, the abuse-of-discretion standard of review might not be appropriate because a successor judge may not accurately glean witness credibility merely from reviewing the transcripts. Here, however, while the original judge presided over this case, no issue turned on witness credibility. As such, the Federal Circuit held that the successor judge could reasonably glean the truth of witnesses' factual assertions by reviewing the record.

The Federal Circuit held that district court did not abuse its discretion in denying FMC's motion for reasonable attorney fees because it did not clearly err in finding that this was not an exceptional case.

Under 35 U.S.C. § 285, a court "in exceptional cases may award reasonable attorney fees to the prevailing party." A patent case is "exceptional" if it "stands out from others" regarding 1) "the substantive strength of a party's litigating position" or 2) "the unreasonable manner in which the case was litigated." FMC argued on appeal that the case was exceptional because (1) OSS's claims were baseless because it continued to pursue the litigation after the district court provided a construction of a claim term that rendered its infringement theory unwinnable and because (2) OSS further pursued litigation in bad faith. The Federal Circuit rejected both arguments.

First, the Federal Circuit held that OSS's claims were not clearly baseless and that this was not an exceptional case. After the Markman Order, the district court observed that it could not yet rule on FMC's motion for summary judgment because the record was "unclear" as to "whether FMC's dispositive motion would be granted." Thus, by allowing the case to proceed, the district court effectively determined that OSS's claims had at least some merit. And the district court's three-year stay had no bearing on the ultimate merits of OSS's claims.

The Federal Circuit further held that even though OSS's second expert report was inadmissible, OSS did not fail to present evidence to support the patent infringement claims. OSS presented two expert reports to support its opposition to FMC's summary judgment motions. The Federal Circuit determined that just because the second expert erred in using a term correctly, OSS did not fail to produce evidence. Thus, OSS's claims were not clearly baseless.

Second, the Federal Circuit held that OSS did not pursue litigation in bad faith, and thus the case was not exceptional. Due to the three-year stay order and substantive complications, the Federal Circuit determined that OSS did not unreasonably delay the case by dropping and raising claims late in the

litigation. Further, the Federal Circuit held that OSS had no obligation to change its strategy or theory of the case after the inter partes proceedings because those proceedings invalidated claims in different patents. Thus, OSS did not unreasonably prolong the litigation.

The Federal Circuit affirmed the district court's "carefully reviewed" rejection of FMC's assertion that OSS litigated in bad faith. Most notably, the Federal Circuit noted that a patent case does not rise to the level of "exceptional" merely because "industry competitors zealously" advocate for their respective cases and the litigation exhausts resources and time.

Patent Litigation Generally

Ironburg Inventions Ltd. v. Valve Corp., 64 F.4th 1274 (Fed. Cir. 2023)

Overview: This case addresses a number of topics, including (1) indefiniteness of claim terms; (2) effects of *inter partes* review (IPR) estoppel with respect to non-instituted invalidity grounds and third-party submitted invalidity grounds (i.e., non-petitioned grounds); and (3) enhanced damages.

Issues:

1. Did the district court err in concluding the two claim terms: "elongate member" and "substantially the full distance between the top edge and the bottom edge" were not indefinite?
2. Did the district court err in estopping Valve under 35 U.S.C. § 315(e)(2) from raising non-instituted grounds that it had raised in an IPR petition to the Patent Office?
3. Did the district court err in estopping Valve under 35 U.S.C. § 315(e)(2) from raising non-petitioned grounds by placing the burden of proof on Valve to show that it could not have reasonably raised the non-petitioned grounds in its petition?
4. Did the district court abuse its discretion in declining to award Ironburg enhanced damages for Valve's willful infringement?

Holdings:

1. The district court did not err in finding that the claim term "elongate member" was not indefinite as the specification instructed a person having ordinary skill in the art (POSITA) as to its characteristics with respect to the controller. Nor did the district court err in finding that the claim term "substantially the full distance between the top edge and the bottom edge" was not indefinite as the specification reasonably informed a POSITA as where to measure, and the parties had agreed as to how to measure the distance.
2. The district court did not err in estopping Valve under 35 U.S.C. § 315(e)(2) from raising non-instituted grounds that it had raised in a petition to the Board.
3. The district court erred in estopping Valve under 35 U.S.C. § 315(e)(2) from raising non-petitioned grounds as the burden of proof lay with Ironburg (the Patent Owner) to prove by a preponderance of evidence that a skilled searcher exercising reasonable diligence would have identified an invalidity ground.

4. The district court did not abuse its discretion in declining to award Ironburg enhanced damages for willful infringement as the district court considered the overall circumstances of the case and there was nothing unreasonable in the district court's findings.

Background and Reasoning: Ironburg Inventions Ltd. ("Ironburg") owns U.S. Patent No. 8,641,525 ("the '525 Patent") directed to "a hand held controller for a video game console" with a back control as described in the specification as "inherently resilient" and that "is elongate in shape and substantially extend[s] in a direction from the top edge to bottom edge of the controller." Ironburg accused a PC gaming controller from Valve Corp. ("Valve") as infringing certain claims of the '525 Patent. Ironburg sued Valve in the Northern District of Georgia, in response to which Valve filed a petition to institute an *inter partes* review (IPR) of the '525 Patent, which was partially instituted by the Patent and Trial Appeal Board ("Board"). The Board issued a Final Written Opinion canceling a number of the '525 Patent's claims.

Prior to trial, Ironburg moved for an order applying IPR estoppel pursuant to 35 U.S.C. § 315(e)(2) to the non-instituted grounds from the IPR and the invalidity grounds Valve discovered based on a third party's IPR petition that was filed after Valve's own IPR petition (the "non-petitioned grounds"). The district court granted the estoppel motion in full. The case went to trial and the jury returned a verdict that Valve willfully infringed the '525 Patent. Valve appealed.

Indefiniteness

The Federal Circuit agreed with the district court that neither of the challenged terms is indefinite.

As to the term "elongate member," the parties and district court agreed that an elongate shape must be longer than it is wide. Consistent with the district court, the Federal Circuit found support for this term in the specification, which instructs a POSITA that the "elongate member" on the back of the controller must substantially extend from the top to bottom edge of the controller so it can accommodate varying user hand sizes.

Additionally, with respect to the phrase "substantially the full distance between the top edge and the bottom edge," the Federal Circuit found that the specification of the '525 Patent provides guidance that reasonably informs a POSITA that the "full distance" is the entirety of the length of the controller. The Federal Circuit found further that term "substantially" informs a POSITA with reasonable certainty as to the scope of the claims, given that the purpose of the shape is to accommodate users of different hand sizes.

Lastly, the Federal Circuit was not persuaded that the claims were indefinite under *Dow Chem. Co. v. Nova Chems. Corp. (Can.)*, 803 F.3d 620 (Fed. Cir. 2015). In *Dow*, the claims were found indefinite because three different methods existed for measuring a slope, whereas the parties herein "agreed on and used the same measurement methodology." Valve also asserted that it disputed where to apply the agreed-upon measuring technique and that this dispute rendered the claim indefinite. However, disputes between parties as to the proper application of a test methodology is an infringement issue, not an indefiniteness issue. Reasonable disputes over infringement do not make a patent claim indefinite.

Inter Partes Review Estoppel

The Federal Circuit affirmed the district court on the non-instituted grounds that were contained in Valve's petition, as they were raised during the IPR process. Thus, Valve was estopped under the estoppel statute, 35 U.S.C. § 315(e)(2), from raising these grounds again in district court.

However, the Federal Circuit held that the district court erred in its decision to estop Valve from asserting non-petitioned grounds (of which it learned from a later third-party petition) because the district court "improperly placed the burden of proof on Valve, to show that it could not 'reasonably . . . have raised' the Non-Petitioned Grounds in its petition, when instead the burden of proof rests with Ironburg to prove that these were grounds Valve 'reasonably could have raised' during the IPR." "[T]he burden of proving, by a preponderance of the evidence, that a skilled searcher exercising reasonable diligence would have identified an invalidity ground rests on the patent holder, as the party asserting and seeking to benefit from the affirmative defense of IPR estoppel."

Enhanced Damages

The district court did not abuse its discretion in denying Ironburg's enhanced damages request. Enhanced damages are appropriate in cases of egregious misconduct, like willful misbehavior, and courts should look at the overall facts of the case; willful misconduct does not necessitate enhanced damages. In this case, the district court did not abuse its discretion in consideration of the totality of the circumstances in denying enhanced damages, and the Federal Circuit affirmed on the district court on this issue.

Salazar v. AT&T Mobility LLC, 64 F.4th 1311 (Fed. Cir. 2023)

Overview: This case addresses a district court's claim construction of the articles "a" and "said" within the asserted claims of U.S. Patent No. 5,802,467 (the "'467 Patent").

Issue: Whether the district court correctly construed claim 1 of the '467 Patent to require one microprocessor that is capable of performing the recited "generating," "creating," "retrieving," and "generating" functions.

Holding: The district court's construction of the term "a microprocessor," read in the context of the full claim, correctly required at least one microprocessor capable of performing the recited functions. Therefore, the district court's judgment of noninfringement was affirmed.

Background and Reasoning: Joe Salazar owns the '467 Patent, which describes technology for wireless and wired communications, including command, control, and sensing for two-way communication of sound, voice, and data signals with any appliance capable of transmitting and/or receiving such signals. The Federal Circuit focused its analysis on claim 1 of the '467 Patent, as reproduced below:

A communications, command, control and sensing system for communicating with a plurality of external devices comprising:

a microprocessor for generating a plurality of control signals used to operate said system, said microprocessor creating a plurality of reprogrammable communication protocols, for transmission to said external devices wherein each communication protocol includes a command code set that defines the signals that are employed to communicate with each one

of said external devices;

a memory device coupled to said microprocessor configured to store a plurality of parameter sets *retrieved by said microprocessor* so as to recreate a desired command code set, such that the memory space required to store said parameters is smaller than the memory space required to store said command code sets;

a user interface coupled to said microprocessor for sending a plurality of signals corresponding to user selections to said microprocessor and displaying a plurality of menu selections available for the user's choice, *said microprocessor generating* a communication protocol in response to said user selections; and an infra-red frequency transceiver coupled to said microprocessor for transmitting to said external devices and receiving from said external devices, infra-red frequency signals in accordance with said communications protocols.

Emphasis added.

Mr. Salazar appealed the district court's judgment of noninfringement, challenging the district court's claim construction. The district court found that the term "a microprocessor" refers to a single microprocessor that is capable of performing all of the later recited "generating," "creating," and "retrieving" functions.

At issue in the appeal was the proper construction of the articles "a" and "said." The indefinite article "a" means "'one or more' in open-ended claims containing the transitional phrase 'comprising.'" An exception to the general rule that "a" means more than one arises only where the language of the claims themselves, the specification, or the prosecution history necessitates a departure from the rule. Additionally, the use of the term "said" indicates that this portion of the claim limitation is a reference back to the previously claimed term.

The Federal Circuit relied on its prior precedent in *Convolve*, which similarly dealt with a claim element introduced with the indefinite article "a" and further defined by certain recited characteristics. The Federal Circuit reasoned that where a claim recited "a processor" in the preamble before recitation of "comprising," and the claim body used the definite article "the" to refer to the "processor," this reference back to the "a processor" recited in the preamble supports a conclusion that the recited user interface is "operatively working with" the same processor to perform all the recited steps.

Furthermore, in the case of *In re Varma v. IBM Corp.*, the Federal Circuit dealt with claim language that introduced a claim element using an indefinite article and further defined the element with subsequently recited functionality. While this structure may allow for more than a single instance of the claim element, it may nonetheless require that a single instance of the element be capable of performing all the recited functionality.

Like the claim language in *Convolve* and *Varma*, the claim language here—"a microprocessor"—coupled with the subsequent limitations referring back to "said microprocessor"—suggests that at least one microprocessor must be capable of performing each of the claimed functions. Accordingly, the Federal Circuit affirmed the judgement of noninfringement.

Healthier Choices Mgmt. Corp. v. Philip Morris USA, Inc., 65 F.4th 667 (Fed. Cir. 2023)

Overview: This case addresses the threshold a plaintiff must meet to successfully plead a claim of patent infringement. More specifically, the Federal Circuit examined inconsistencies between a plaintiff's complaint and an exhibit attached to the complaint, as well as the extent to which a plaintiff must disavow these inconsistencies to survive a motion to dismiss under Eleventh Circuit law.

Issue: Did the plaintiff's complaint, which included an exhibit that contradicted the pleadings in the complaint, sufficiently disavow the exhibit's contradictory content to survive a motion to dismiss for failure to state a claim of patent infringement?

Holding: Under Eleventh Circuit law, the complaint sufficiently disavowed the exhibit's contradictory content to survive a motion to dismiss for failure to state a claim of patent infringement.

Background and Reasoning: Healthier Choices Management Corp. ("HCM") sued Philip Morris USA, Inc. and Philip Morris Products S.A. (collectively, "Philip Morris"), alleging that Philip Morris infringed at least one claim of HCM's patent through Philip Morris's IQOS system, a system that heats tobacco-filled sticks called "HeatSticks." The patent is directed to an electronic nicotine-delivery device. Several of the patent's claims require that the electronic nicotine-delivery system at least partially combust the tobacco in the electronic nicotine-delivery system. Whether HCM properly stated a claim on which relief can be granted hinged on whether HCM properly alleged that Philip Morris's IQOS system initiated a combustion reaction.

Attached as an exhibit to HCM's original complaint was a Modified Risk Tobacco Product Application (MRTPA) that Philip Morris filed with the FDA to permit Philip Morris to sell the IQOS system as a Modified Risk Tobacco Product. The MRTPA included statements that the IQOS system does not initiate a combustion reaction and that the IQOS is a "heat-not-burn" system. Under Eleventh Circuit law, the contents of an exhibit attached to a complaint control when there is a conflict between the complaint and the exhibit, unless the plaintiff successfully disavows any such conflicting contents in the exhibit. Philip Morris filed a motion to dismiss for failure to state a claim, arguing that the MRTPA attached to HCM's complaint demonstrated the IQOS does not initiate a combustion reaction and, thus, that HCM's complaint did not properly state a claim of infringement.

The district court agreed with Philip Morris and dismissed HCM's complaint. It also denied HCM's motion for leave to amend the complaint, finding that HCM's proposed amended complaint included with the motion also did not properly state a claim of infringement. Moreover, the district court awarded attorney's fees to Philip Morris under 35 U.S.C. § 285. On appeal, HCM asked the Federal Circuit to reverse the district court's dismissal of HCM's complaint and its denial of the motion for leave to amend, as well as to vacate the district court's award of attorney's fees to Philip Morris.

The Federal Circuit stated that it applies regional circuit law when reviewing motions to dismiss for failure to state a claim under Rule 12(b)(6). Here, the relevant regional circuit law was that of the Eleventh Circuit. Interpreting Eleventh Circuit law, the Federal Circuit stated, "if a plaintiff's complaint contains only a conclusory allegation that is directly contradicted by more concrete statements in an attachment to the complaint, the statements in the attachment will control." However, "a plaintiff can sufficiently disavow statements in attachments to a complaint where the complaint makes a specific contention contradicting

those statements.”

The Federal Circuit found that HCM's original complaint recited sufficient allegations to raise a plausible case of infringement. The allegations sufficiently disavowed the statements in the MRTPA exhibit that indicated that the IQOS system was combustion-less. The allegations were neither general nor conclusory and instead explained in detail why Philip Morris's characterization of the IQOS system as combustion-less in the MRTPA was incorrect. The original complaint alleged, for example, that Philip Morris's own testing data discovered the presence of two combustion markers, indicating that at least some combustion occurs in the IQOS system.

Because the original complaint not only directly acknowledged the MRPTA's statement indicating that the IQOS system was combustion-less, but also pointed to data specifically contradicting that statement, HCM's complaint was sufficiently specific and targeted to disavow the contradictory statements in the MRTPA exhibit. As a result, the Federal Circuit held that HCM's original complaint stated a valid claim of patent infringement, and reversed the district court's dismissal of the original complaint. Because the Federal Circuit reversed the district court's dismissal of HCM's complaint, the Federal Circuit also vacated the district court's award of attorney's fees to Philip Morris.

HIP, Inc. v. Hormel Foods Corp., 66 F.4th 1346 (Fed. Cir. 2023)

Overview: This case addresses whether joint inventor status was properly granted when the alleged joint inventor's contribution appeared only once in the patent specification.

Issue: Did the district court err when it granted joint inventor status to a party whose alleged contribution appeared only once in the patent specification?

Holding: The district court erred in holding that David Howard of HIP, Inc. was a joint inventor because the concept Howard allegedly contributed was insignificant when measured against the dimension of the full invention.

Background and Reasoning: Hormel Foods Corporation (“Hormel”) patented a two-step method to precook bacon and meat pieces. The first step involved preheating the meat in a microwave oven, infrared oven, or with hot air. The second step involved cooking the meat at a higher temperature. Hormel began the project to improve its microwave cooking process for precooked bacon in 2005. At the relevant time, appellee HIP, Inc. (“HIP”) was known as Unitherm Food Systems, Inc. (“Unitherm”), a company that produced food safety and thermal processing equipment.

In July 2007, Hormel met with David Howard of Unitherm to discuss the products and processes that Hormel was developing and Unitherm's cooking equipment. The parties eventually entered into a joint agreement to develop an oven to be used in a two-step cooking process, and Hormel soon began to test the preheating function of different ovens. At some point during this testing, Unitherm's spiral test oven malfunctioned, and Hormel moved the test oven to Hormel's research and development facility to continue testing.

In August 2011, Hormel filed a non-provisional patent application for the two-step cooking process and did not list David Howard or HIP as an inventor. HIP then sued Homel, claiming that Howard was the sole inventor or a joint inventor of the patent. HIP argued that it was during Hormel's testing in December 2007 that Howard shared the concept of preheating with an infrared oven. The United States District Court for the District of Delaware held that Howard was a joint inventor due to "his contribution of the infrared preheating in claim 5." The district court reasoned that Howard's contribution was significant because claim 5, which named infrared preheating as a preheating option, was different from claim 1, which did not mention infrared preheating.

Hormel appealed, arguing that the district court erred in finding that Howard was a joint inventor because the alleged contribution of preheating with an infrared oven was well known and part of the state of the art and because it was not significant when measured against the scope of the full invention.

The Federal Circuit reasoned that to qualify as a joint inventor, a person must make a significant contribution to the invention as claimed. Thus, HIP had to prove by clear and convincing evidence that Howard met the three-part test established in *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1349 (Fed. Cir. 1998), in which a joint inventor must have:

1. contributed in some significant manner to the conception of the invention;
2. made a contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention; and
3. [done] more than merely explain to the real inventors well-known concepts and/or the current state of the art.

The Federal Circuit found that Howard was not a joint inventor under the second *Pannu* factor because Howard did not make a contribution significant in quality to the invention as a whole. Instead, the Federal Circuit reasoned that Howard's contribution of preheating meat pieces using an infrared oven was insignificant because it was mentioned only once in the patent specification. Moreover, it was mentioned as an alternative preheating method in a list of three preheating options. In contrast, preheating meat pieces with a microwave oven was mentioned at least eight times in the specification, claims, and examples. Thus, the Federal Circuit determined that, compared to the microwave oven and "measured against the dimension of the full invention," the infrared oven was insignificant to the invention. Having ruled on the second factor of the *Pannu* test, the Federal Circuit refrained from addressing Hormel's arguments regarding the other two factors.

***Blue Gentian, LLC v. Tristar Prods., Inc.*, 70 F.4th 1351 (Fed. Cir. 2023)**

Overview: This case addresses whether a district court properly ordered a correction of inventorship on patents asserted under 35 U.S.C. §256.

Issues:

1. Did the district court make the correct determination in awarding inventorship credit to Ragner without claim construction?

2. Did the district court correctly determine that Ragner was a significant contributor to the inventions claimed in the patents?

Holdings:

1. Yes, the district court acted correctly by making its inventorship determination without engaging in claim construction.
2. Yes, the district court correctly determined that Ragner was a significant contributor to the patents in question.

Background and Reasoning: Blue Gentian sued Tristar for infringement of several patents related to expandable hose technology. Michael Berardi was the sole named inventor on each of the patents. Tristar counterclaimed to correct inventorship, arguing that a nonparty, Gary Ragner, should have been named co-inventor.

At the center of the dispute is a meeting that took place on August 23, 2011, where Ragner, Berardi, and others met to discuss investing in an expandable hose prototype designed by Ragner. During the meeting, a document describing the manufacturing process was discussed and the prototype was demonstrated to those present. Following the demonstration, Berardi asked whether he could replace the wire spring Ragner used with elastic in the hose, to which Ragner answered that it is possible and was tested in previous prototypes. Following the meeting, Berardi went home and developed a prototype using elastic material that subsequently resulted in the filing of a patent in November of 2011, with Berardi listed as the sole inventor. Additional patents owned by Blue Gentian followed. Blue Gentian then sued Tristar, the licensee of patents owned by Ragner, for patent infringement of Berardi's patents, as well as the additional patents owned by Blue Gentian. Tristar then countersued to correct the inventorship of Blue Gentian's patents. The district court ruled in favor of Tristar, arguing that Ragner significantly contributed in the development of the patents in question, and therefore needs to be added as a co-inventor on Blue Gentian's patents. Blue Gentian then appealed to the Federal Circuit.

The Federal Circuit first emphasized a district court's right to order a correction of inventorship when an inventor is erroneously left off of a patent. The Federal Circuit held that "all inventors, even those who contribute to only one claim or one aspect of the claim must be listed on that patent." The names originally written on the patent are assumed to be correct. Therefore, to make a change, the party seeking the correction of inventorship has the burden of proof to demonstrate by clear and convincing evidence that a joint inventor was omitted and needs to be included on the patent. When attempting to prove joint inventorship, the testimony of the alleged joint inventor is not enough. Corroborating evidence must be presented to convince the district court of joint inventorship. Further, the district court emphasized that the joint inventor determination is fact specific, therefore there is no bright-line rule that prevails in each case. Thus, joint inventor determinations must be made on a case-by-case basis. Because the fact finding process already took place in the district court, the Federal Circuit only looks to determine whether or not there was a clearly erroneous finding of fact by the district court.

Regarding the design and utility patents more specifically, the Federal Circuit held that the inventorship standard is the same for design patents and utility patents. As such, the design and utility patents in this case and others require the same analysis. Expanding upon their analysis, the Federal Circuit went on to hold that individuals can be joint inventors even if they do not work on the invention together or at the

same time, and even if they put in different levels of contribution or contribute to the project in a different manner. Co-inventors need only collaborate with each other in some capacity when creating the invention. It is sufficient that the collaboration with another result in an improvement upon the conceived idea.

Here, Blue Gentian was unable to demonstrate clearly erroneous findings of fact by the district court. As such, the Federal Circuit upheld the district court's findings that Ragner conveyed three key elements to the expandable hose: "(1) the inner and outer tubes attached only at the ends, (2) a fabric outer tube, and (3) an elastic inner tube that can provide force to retract the hose without a metal spring." Further, Ragner showed Berardi confidential information about the hose prototypes, and discussed alternative strategies for building the hose. Berardi then took in that information and built the prototype that led to the patents in question. Even though Ragner did not develop the final expandable hose prototype, his collaborative efforts entitled him to be a co-inventor. Since Ragner developed key components of the hose and collaborated with Berardi on the prototype that ultimately became the patents in question, the Federal Circuit held that district court correctly awarded co-inventor status to Ragner, and therefore affirmed the judgment of the district court.

Parus Holdings, Inc. v. Google LLC, 70 F.4th 1365 (Fed. Cir. 2023)

Overview: This case addresses the standard for what does and does not qualify as prior art for purpose of challenging the validity of pre-AIA patents.

Issues:

1. Did the Board err in holding that WO 01/050453 to Kovatch ("Kovatch") qualified as prior art when the Board declined to consider Parus Holdings, Inc.'s ("Parus") arguments and evidence regarding antedating?
2. Did the Board err in holding that the challenged claims lack written description support and, therefore, are not entitled to their earlier priority date?

Holdings:

1. The Board did not err by declining to consider Parus's arguments and evidence regarding antedating and, therefore, did not err by finding that Kovatch was prior art to the challenged patents.
2. The Board did not err in holding that the challenged claims lack written description support and, therefore, are not entitled to their earlier priority date.

Background and Reasoning: A collection of technology companies ("Appellees") filed two separate *inter partes* review ("IPR") petitions with the Patent Trial and Appeal Board ("Board") against two of Parus's patents. Those patents are directed to an interactive voice system that allows a user to request information from a voice web browser. Both of the challenged Parus patents are continuation of and claim priority from an application filed on February 4, 2000, which eventually published as U.S. Published Patent Application 2000/0047262 ("Kurganov-262"). The Appellees asserted the Parus's patents were obvious, in part based Kovatch and Kurganov-262. Parus argued to the Board that neither Kovatch nor Kurganov-262 was prior art to its patents. The Board ultimately concluded that both Kovatch and Kurganov-262 were prior art to Parus's patents and held the challenged claims unpatentable as obvious under pre-AIA § 103. Parus appealed.

Kovatch and Antedating

As Parus's challenged patents are governed by the pre-AIA standard, the dispute concerning Kovatch centered on whether or not Parus had reduced the claimed invention to practice prior to Kovatch's earliest priority date. Before the Board, Parus submitted 40 exhibits, totaling more than 1,300 pages, as well as a claim chart. However, Parus minimally cited this evidence and provided no meaningful explanation of its contents to the Board. Rather, it incorporated this material by reference in its briefing in contravention of 37 C.F.R. § 42.6(a)(3), which prohibits the same. Accordingly, the Board declined to consider this evidence.

The Federal Circuit found none of Parus's arguments persuasive. The Federal Circuit upheld and enforced the Board's authority to promulgate rules and regulations that apply to proceedings before the Board, as well as the Board's authority to enforce the same against litigants who fail to follow them. As it relates to incorporating thousands of pages of evidence by reference, the Federal Circuit warned that the "burden of production cannot be met without some combination of citing the relevant record evidence with specificity and explaining the significance of the produced material in briefs." Accordingly, the Federal Circuit upheld the Board's determination that Kovatch was prior art to Parus's patents.

Kurganov-262 and Failure to Provide a Written Description for Later-Filed Claims

For Parus's challenged patents to be entitled to the earlier filing date of Kurganov-262, each patent application in the chain between the challenged patents and Kurganov-262 must comply with the written description requirement of § 112. In essence, each application in the chain must reasonably convey to a person of skill in the art that the inventor possessed the later-claimed subject matter as of the earlier filing date. The Board found that the claim limitations in the challenged patents relating to "a computing device 'configured to periodically search via one or more networks to identify new web sites and to add new websites'" were not supported by the earlier specification. Therefore, the challenged patents were not entitled to the earlier priority date of Kurganov-262, which was not prior art to the challenged patents.

The Federal Circuit found that Parus's argument on appeal amounted to a request for the Federal Circuit to reweigh the evidence, which the Federal Circuit was unwilling to do. Rather, the Federal Circuit determined the Board's determination was supported by substantial evidence and that it gave more credit to one expert witness than the other is not grounds for reversal.

Medytox, Inc. v. Galderma S.A., 71 F.4th 990 (Fed. Cir. 2023)

Overview: This case involves an appeal by a patentee stemming from a post-grant review proceeding before the Patent Trial and Appeal Board ("Board"), which issued a final written decision finding that the substitute claims were unpatentable new subject matter and not enabled.

Issues:

1. Did the Board err by construing one of the claim terms as requiring a range, rather than a threshold?
2. Did the Board err in finding that the full scope of the substitute claims was not enabled?

Holdings:

1. No, the Board correctly construed the disputed claim term as a range, rather than a threshold.
2. No, the Board correctly concluded that the substitute claims were not enabled because they failed to allow a skilled artisan to achieve the full scope of the claimed invention.

Background and Reasoning: Galderma S.A. (“Galderma”) filed a petition with the Board requesting post-grant review of certain claims of Medytox, Inc.’s (“Medytox”) U.S. Patent No. 10,143,728 (the “’728 Patent”), which is directed to the use of an animal-protein-free botulinum toxin composition. The Board granted Galderma’s petition and Medytox filed an initial and then a revised non-contingent motion to amend, which sought to cancel the original claims of the ’728 Patent and substitute new claims. Galderma opposed Medytox’s revised non-contingent motion to amend, challenging the substituted claims’ use of the term “50% or greater,” the “responder rate limitation,” arguing that it was not enabled by the specification.

The Board issued its final written decision, holding, among other things, that the “responder rate limitation” was a range, not a minimum threshold, and that the full scope of the claim—*i.e.*, a range between 50-100%—was not enabled because a skilled artisan would not have been able to achieve the full range of responder rates based on the guidance in the specification without undue experimentation. Accordingly, the Board denied Medytox’s revised non-contingent motion to amend and Medytox appealed.

The Federal Circuit began its analysis with Medytox’s argument that the Board erred in construing the “responder rate limitation” of “50% or greater” as a range, rather than as a minimum threshold one must meet. Based on the parties’ responses to questioning during oral argument, the Federal Circuit concluded that whether the “responder rate limitation” was construed to be a range or whether it was construed to be a minimum threshold was a distinction without meaning. Specifically, it was undisputed that the “responder rate limitation” has an inherent upper limit of 100%. Medytox also conceded that any responder rate above 50% was “essentially the same,” meaning that responder rate of 95% would fall within the scope of the claims regardless of whether the limitation was construed as a threshold or a range. Accordingly, finding there to be no substantive difference between a range or a threshold, the Federal Circuit affirmed the Board’s construction of the “responder rate limitation.”

Next, the Federal Circuit turned its attention to the Board’s finding that the full scope of Medytox’s amended claims was not enabled. Medytox argued on appeal that the specification did not need to include a working example of every possible embodiment to be enabled. While the Federal Circuit recognized that its precedent does not require that a specification disclose every possible working example, the specification’s disclosure of only three possible rates above 50% was insufficient. In so doing, the Federal Circuit reiterated the Supreme Court’s recent warning to patentees in *Amgen Inc. v. Sanofi*: “[t]he more one claims, the more one must enable.” The three examples provided in Medytox’s specification (rates of 52%, 61%, and 62%) failed to enable a skilled artisan to achieve the full range (50-100%) of responder rates claimed by the patent. Accordingly, the Federal Circuit affirmed the Board’s finding that the ’728 Patent’s amended claims were not enabled.

Copyright and the Federal Circuit

SAS Institute, Inc. v. World Programming, 64 F.4th 1319 (Fed. Cir. 2023)

Overview: This case examined the copyrightability of a software program's "nonliteral elements" using the abstraction-filtration-comparison test.

Issue: Did the district court err in its application of the abstraction-filtration-comparison test to determine whether copyright protection extends to the nonliteral elements of the plaintiff's system?

Holding: The Federal Circuit found the district court's application of the abstraction-filtration-comparison test consistent with established precedent. Presenting a valid copyright registration does not automatically extend copyright protection to *all* computer software elements. Evidence of registration only creates a rebuttable presumption of copyrightability. If the defendant successfully establishes that the allegedly infringed elements are unprotected, the burden shifts to the plaintiff to identify the specific elements entitled to copyright protection. Because the plaintiff failed to demonstrate that individual elements of its software could survive the abstraction-filtration-comparison analysis, the Federal Circuit affirmed the district court's judgment and dismissed the case.

Background and Reasoning: The case came as an appeal of dismissal on summary judgment by SAS Institute, Inc. ("SAS"). SAS filed suit against World Programming Limited ("WPL") in the United States District Court for the Eastern District of Texas, alleging, among other claims unrelated to the appeal, copyright infringement of the SAS software's "nonliteral elements." Nonliteral elements are elements not written in code, such as the "program architecture, structure, sequence and organization, operational modules, and user interface." Generally, copyright protection includes a computer program's literal elements, such as the source and object codes. Copyright protection may also extend to a program's nonliteral elements.

WPL created a competitor to SAS's software, using the same SAS language and allowing users to run similar analytical tasks like the SAS program. SAS did not contend that WPL copied SAS's codes or other literal elements. Rather, SAS centered its claim on the software's nonliteral elements, alleging that WPL copied its input and output formats. As such, the issue focused on whether copyright protection extended to the nonliteral elements of SAS's system. After both parties moved for summary judgment, the district court held a "copyrightability hearing" that allowed both parties to argue the issue of copyrightability with supplemental briefing. Excluding the opinion of SAS's expert, the district court ruled in favor of WPL. Applying the abstraction-filtration-comparison test, the district court held that SAS failed to establish the copyrightability of its software's nonliteral elements and dismissed the suit with prejudice.

In determining a copyright protection's scope for computer programs, the analysis often involves identifying and separating the protected input and output formats from those that are not protected. The abstraction-filtration-comparison analysis employs a three-step process to determine whether the nonliteral elements of a work are copyrightable. In the abstraction step, a court breaks down a copyrighted work into various sub-elements to individually determine the copyrightability of such elements. In the filtration step, a court removes any sub-elements not eligible for copyright protection. Finally, in the comparison step, a court compares the remaining elements to the defendant's software for infringement determination.

The issue on appeal focused on the question of copyrightability using the filtration step. Because the Fifth Circuit contained no clear framework regarding the filtration analysis, the Federal Circuit turned to the Eleventh Circuit. Notably, the Eleventh Circuit applies a burden-shifting framework for the filtration step. Under the framework, the plaintiff must first satisfy the initial burden of copyrightability. For example, the copyright holder may present valid copyright registrations as evidence of copyright protection. Once satisfied, the burden shifts to the defendant to identify and substantiate why the work lacks copyright protection. If successful, the burden shifts back to the plaintiff to establish what precise portions of the work are protected by copyright law.

SAS met its initial burden by presenting valid copyright registration for its system. WPL, in turn, demonstrated that at least a substantial portion of the SAS system's nonliteral elements were not protected by copyright. Particularly, WPL highlighted how the nonliteral elements within the SAS system were identical to an earlier version found in the public domain. Because materials available in the public domain are not protected by copyright law, WPL successfully shifted the burden back to SAS to establish the copyrightability of the SAS system's nonliteral elements. However, SAS failed to engage with the filtration analysis by relying solely on its copyright registration as evidence of copyrightability and arguing that the SAS system's creativity merits protection. Without any other evidence, the Federal Circuit ruled in favor of WPL and affirmed the district court's ruling.

Trademarks and TTAB Prosecution

Bertini v. Apple Inc., 63 F.4th 1373 (Fed. Cir. 2023)

Overview: This case addresses whether the TTAB erred in dismissing an opposition to Apple's trademark application based on Apple's claim of priority, even though it could establish priority for only one of several services listed in the application.

Issues:

1. Can a trademark applicant establish priority for every good or service in its application through tacking in a single good or service listed in its application?
2. What is the appropriate standard for tacking uses on different goods or services?

Holding: The Federal Circuit reversed the TTAB's decision, holding that it erred in the standard used to determine priority. To establish priority through tacking, Apple needed to prove that tacking was available for each good and service for which it claimed priority. To prove tacking Apple needed to show that the new and old goods and services were substantially identical.

Background and Reasoning: Charles Bertini, a professional jazz musician, has used the trademark APPLE JAZZ since June 13, 1985, in connection with festivals and concerts. In the 1990's, Bertini began to use the mark APPLE JAZZ to issue and distribute sound recordings under his record label. In 2015, Apple filed a Trademark Application (Trademark Application No. 86/659,444) to register the standard character mark APPLE MUSIC for several services, including those covered by Bertini's APPLE JAZZ mark. Bertini opposed Apple's registration of APPLE MUSIC on likelihood of confusion grounds.

Apple argued that its APPLE MUSIC mark was entitled to a priority date of August 1968 because it purchased the trademark rights to the Beatles' record company Apple Corps on that date. This mark covers gramophone records featuring music and audio compact disks featuring music. Apple sought to register the mark APPLE MUSIC for fifteen broad categories of services, claiming priority by tacking onto Apple Corps' use of the APPLE mark since 1968 for gramophone records.

The TTAB found that Apple could establish priority for every good or service listed in its application because it had priority through tacking in a single good or service listed in its application. They determined that because Apple had continuously used the APPLE mark on gramophone records and other recording formats, Apple was entitled to tack its use of APPLE MUSIC since 2015 onto Apple Corps' use of APPLE since 1968. The TTAB therefore dismissed Bertini's opposition and his motion for reconsideration, and gave Apple priority over Bertini. Bertini appealed to the Federal Circuit.

The Federal Circuit determined that the TTAB had inverted the tacking standard with the standard for oppositions under 15 U.S.C. § 152(d). An opposer has the burden of proving priority for any of the goods or services listed in the trademark application. However, a trademark applicant has the burden to establish absolute priority for each good or service in the application.

Applying this standard, the Federal Circuit determined that Apple needed to prove tacking was available for each good or service for which it claims priority, whereas Bertini's only burden was to prove that he had priority of use for any service listed in Apple's application. Bertini's APPLE JAZZ mark overlapped the production and distribution of sound recordings and arranging service, as well as the arranging, conducting, and presenting live musical performances service in Apple's application. The Federal Circuit concluded that the TTAB had improperly focused on Apple's ability to tack its use of APPLE MUSIC for production and distribution of sound recordings without considering live musical performance.

Tacking requires that the new and old goods or services be substantially identical but not completely identical. Goods and services are substantially identical when the new goods or services are within the normal evolution of the previous line of goods or services. To determine whether goods are substantially identical, the Federal Circuit inquired whether consumers would expect the new goods or services to emanate from the same source as the previous goods or service. The Federal Circuit looked at the decision in *J. Wiss & Sons Co. v. W.E. Bassett* where the court determined a trademark applicant could not tack its use of TRIMLINE onto its use of QUICK-TRIM because hair cutting shears are not within the normal evolution of grass cutting shears.

Accordingly, Apple needed to prove that live musical performances and gramophone records are substantially identical enough that consumers would believe live musical performances are within the natural product evolution of Apple Corps gramophone records. The Federal Circuit concluded that the reasonable person would not conclude that gramophone records and live musical performances are within the normal product evolution of Apple Corps' gramophone records. Therefore, "Apple is not entitled to tack its use of APPLE MUSIC onto Apple Corps' 1968 use of APPLE for gramophone records."

In re Charger Ventures LLC, 64 F.4th 1375 (Fed. Cir. 2023)

Overview: This case addresses the TTAB's denial of a trademark registration based on a likelihood of confusion between the proposed mark and a similar mark within a substantially similar class of goods or services.

Issue: Whether the TTAB had substantial evidence to support their factual findings on each *DuPont* factor reviewed in its refusal to register the applicant's mark because of a likelihood of confusion with an earlier-registered mark.

Holding: Substantial evidence supported the TTAB's factual findings on each *DuPont* factor in their denial of the applicant's mark.

Background and Reasoning: Charger Ventures LLC ("Charger") filed a trademark application (No. 88,340,651) to register the mark SPARK LIVING for services related to leasing of real estate, real estate listing, and real estate services, namely, rental property management. The examining attorney refused the registration due to a likelihood of confusion with an earlier registered mark. The earlier registered mark, SPARK, was registered for "real estate services, namely, rental brokerage, leasing and management of commercial property, offices and office space." Charger amended its description of services to only cover residential real estate services. However, the registration was denied again. Charger then disclaimed the term "LIVING" and amended the description to "specifically" exclude commercial property and office space. Registration was denied a third time, and Charger appealed to the TTAB.

Based on five of the *DuPont* factors, the TTAB affirmed the refusal to register Charger's mark after finding a likelihood of confusion. Charger appealed to the Federal Circuit.

The Federal Circuit reviewed the TTAB's factual findings on each *DuPont* factor for substantial evidence. Substantial evidence means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

As to the comparison of the marks, Charger argued that the TTAB improperly dissected their mark by giving no weight to the disclaimed term "LIVING." Although the TTAB compared the marks in their entirety, it focused more on the dominant portions of the mark – SPARK – and gave less source-identifying significance to the second portion – LIVING. The Federal Circuit made clear that the TTAB must consider the disclaimed term and that while an additional word or component may technically differentiate a mark that may do little to alleviate confusion. However, because the TTAB compared the marks in their entirety, there was no error here.

As to the factor on the nature of the services described by the marks, Charger argued that its services are distinct from those offered under the SPARK mark because there is a difference between residential property services and commercial real estate services. The Federal Circuit noted that despite a distinction between residential and commercial real estate, both parties offer similar services – real estate property management and leasing services and both utilize similar trade channels to do so. Indeed, the fact that many other entities often offer both residential and commercial real estate services supports a finding of confusion.

As to whether the parties have similar consumer bases, Charger argued that the consumers of their services were different from those seeking the services offered under the SPARK mark because people buying a residential home are more likely to take their time and make educated decisions before purchasing. The Board explained. The Federal Circuit agreed with the Board that even careful or sophisticated consumers are not immune from confusion, so this distinction, to the extent it is accurate, does not negate the TTAB's determination.

As to the existence of other similar marks, Charger argued that SPARK was a weak mark because there are a significant amount of third-party uses of different variations of the mark SPARK. The Federal Circuit acknowledged that although the SPARK mark does have some level of generality and weakness, this was not enough to render the mark unprotectable. The SPARK mark carried a presumption of validity since it is registered on the principal register, and that presumption was magnified by the fact that the registrant of SPARK was not a party to the proceeding and therefore could not defend its validity.

In a final plea to the Federal Circuit, Charger argued that the TTAB failed to indicate the weight it accorded to each factor, and because of this, the analysis lacked substantial evidence. The Federal Circuit rejected this argument, holding that a TTAB decision can be upheld despite failure to indicate the weight it accords to each factor if the decision is reasonable. Looking at the record as a whole, the Federal Circuit determined there was sufficient evidence to support the TTAB's finding of a likelihood of confusion.

Spireon, Inc. v. Flex LTD, 71 F.4th 1355 (Fed. Cir. 2023)

Overview: This case addresses the TTAB's decision to sustain an opposition to a trademark registration based on priority and a likelihood of confusion between the proposed mark and a set of similar marks within a substantially similar class of goods or services.

Issue: Whether the TTAB erred in its application of the *DuPont* factors to determine the existence of a likelihood of confusion between the proposed mark and other registered marks.

Holding: The TTAB made several errors in its application of the *DuPont* factors in its likelihood of confusion analysis.

Background and Reasoning: In October 2018, Spireon filed a trademark application seeking to register the mark FL FLEX for devices for electronically tracking the locations of trailers, cargo containers, and other transportation equipment using GPS and cellular networks. After publication, Flex opposed the registration on the grounds of priority and likelihood of confusion with its registered marks FLEX, FLEX (stylized), and FLEX PULSE. Those marks were registered between April 2016 and December 2017 for various services related to supply chain and inventory management, logistics, and operation. FLEX PULSE was also registered for goods, including computers, computer software, and mobile applications related to supply chain and inventory management, logistics, and operation.

The TTAB sustained Flex's opposition, finding that there was a likelihood of confusion between Spireon's FL FLEX mark and Flex's FLEX marks. In so holding, the TTAB determined that Flex's FLEX marks were inherently distinctive under the first DuPont factor, and that there was overlap between the two entities' marks under the second, third, and thirteenth DuPont factors. The TTAB did not consider the remaining factors, for which Flex made no argument nor presented evidence. Spireon appealed.

The Federal Circuit held that the TTAB made several errors in its analysis of the DuPont factors. The TTAB's most significant error was that, in evaluating the conceptual and commercial strength of Flex's marks, it discounted relevant third-party registrations on similar goods. As to conceptual strength, the Federal Circuit held that composite third-party marks are relevant and have probative value as to whether there is a crowded field of marks in use. The TTAB therefore erred by disregarding fifteen registered marks presented by Spireon that included "FLEX". And the TTAB's justification for doing so – finding that the "FL" in Spireon's mark should be ignored – was also flawed.

As to commercial strength, the Federal Circuit held that the existence of identical third-party marks must be considered unless there is evidence of non-use in the market. The absence of evidence of use does not defeat the probative value of the third-party marks. Instead, the challenger has an affirmative burden to show non-use in order for the Board to disregard such identical marks. The TTAB therefore erred when it disregarded the three identical marks presented by Spireon without evidence of non-use in the record. Accordingly, the Federal Circuit instructed the TTAB that on remand, it should consider the fifteen similar and three identical third-party marks in its likelihood of confusion analysis and give Flex the opportunity to present evidence of non-use to rebut the probative value of the identical marks. If Flex fails to meet its burden to show non-use, the TTAB must consider the commercial strength of the Flex marks as weak to Spireon's non-identical mark.

The Federal Circuit identified two additional errors made by the TTAB that, although less significant on their own, compounded the significant evidentiary errors to warrant vacating the TTAB's decision to sustain Flex's opposition. First, the TTAB erred in analyzing conceptual strength under the first DuPont factor, rather than the appropriate sixth factor. Second, the TTAB appeared to make a typographical error by comparing Spireon's FL FLEX mark to FLEX PLUS, rather than the relevant FLEX PULSE mark. The Federal Circuit found the Board erred not only as to the scrivener's error, but also as to the comparison of the marks. As such, the Federal Circuit further instructed that on remand, the TTAB should analyze the correct mark and consider the significant differences between FL FLEX—where "flex" appears as the last word—and FLEX PULSE—where "flex" appears as the first word.

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