

FEDERAL CIRCUIT SUMMARIES FOR WEEK ENDING AUGUST 30, 2019**WAG Acquisition, LLC v. WebPower, Inc., No. 2018-1617 (August 26, 2019) (nonprecedential); Patent No. 8,122,141****Key point:**

- The context in which the term is used in the claim, including the term's relationship to other limitations, showed that the PTAB's construction of "rate" was erroneous.

Facts/Background: WebPower sought *inter partes* review of claims 1-22 of the '141 patent, which is owned by WAG Acquisition. The '141 patent describes a solution to the problem of streaming playback interruptions due to poor connection quality, degradation of bandwidth, or congestion. The solution involves maintaining a server-side buffer and a user-side buffer, with the server-side buffer storing certain amount of media data elements for transmission to the user. If a user buffer is not full, data can be transmitted from the server more rapidly than it is played out by the user system. Thus, the user's buffer is built up while the audio is playing, and can be restored if diminished by data transmission interruptions. WebPower argued this more rapid rate of transmission was taught by the Carmel reference. The Carmel reference discloses streaming media from a server to multiple client computers over the internet. Carmel divides the media into slices, each slice containing a segment of the media. To recover lag caused by interruptions, Carmel discloses the client can open additional links with the server "to increase the overall data rate." In response, WAG argued the rate taught by the Carmel reference was the overall rate of transmission of the multiple links, not the rate of transmission of each data element over an individual link required by claim 10. Siding with WebPower, the Board found that nothing in the claims limited the rate to the rate over an individual link. The Board concluded Carmel's disclosure of an overall transmission rate across multiple links that was faster than the playback rate was sufficient to disclose the claimed rate. Based on this interpretation of rate, the Board concluded the Carmel reference anticipated claim 10. This appeal followed.

Holding: Vacated and remanded. The Federal Circuit stated the plain language of the claim required the server "to send media data elements to the user system responsive to said requests, at a rate more rapid than the [play back] rate." An earlier limitation in the claim provided the antecedent basis for "said requests" and identified "said requests" as requests to send one or more media data elements. Therefore, the Federal Circuit construed the rate to mean the rate at which requested media data elements are sent, not the overall rate sent over multiple links. The Federal Circuit noted the terms "individual link" and "multiple links" are not used in the '141 patent. Rather, the '141 patent consistently referred to the rate at which each requested data element is transmitted. The Federal Circuit remanded to the Board to determine whether the Carmel reference taught the properly construed "rate."

Guangdong Alison Hi-Tech Co. v. Int’l Trade Comm’n, No. 2018-2042 (August 27, 2019) (precedential); Patent No. 7,078,359

Key points:

- Terms of degree need not be described with precise mathematical definitions.
- Examples in the specification may inform of the scope of the invention with reasonable certainty without details of the examples being directly read into the claims.

Facts/Background: The ‘359 patent is owned by Aspen Aerogels, Inc. (Aspen) and directed to an aerogel composite that uses a “lofty fibrous structure” or “lofty batting” as a fibrous material in an aerogel composite having improved flexibility. Independent claim 1 recites “A composite article ... comprising a lofty fibrous batting sheet and a continuous aerogel through said batting.” Aspen filed a complaint with the ITC that Guangdong Alison Hi-Tech Co. (Guangdong) products infringed several patents including the ‘359 patent. Guangdong challenged validity of the ‘359 claims for indefiniteness and as anticipated and/or obvious in view of *Ramamurthi*. The specification distinguishes the composites of *Ramamurthi* as having greater stiffness and thermal conductivity.

The ALJ initially determined that the claims were not invalid and were infringed, as the specification explicitly defined “lofty batting” as well as various terms of the definition. For example, the lofty batting is considered “sufficiently resilient” if “after compression for a few seconds it will return to at least 70% of its original thickness.” However, the ALJ declined to limit construction of “lofty batting” to the particular example described in the specification, even at Aspen’s invitation. The Commissioner issued a final determination affirming the ALJ’s initial determination, and entered a limited exclusion order against Guangdong. Guangdong appealed.

Holding: Affirmed. Guangdong argued that “lofty ... batting” is indefinite for lacking precise boundaries, as (1) there is no objective boundary between “some resilience” and “little [to no] resilience”, (2) the specification describes two independent ways to assess loftiness without indicating which to use, and (3) the resiliency term used for the indefiniteness analysis was not used to limit the claim scope.

In addition to the explicit definitions, the specification also details functional characteristics of “lofty ... batting”, and examples and metrics that inform the meaning of the term. For example, the specification includes suitable commercial products and fibrous materials, metrics for fineness and cross-sectional area of fibers, metrics for thermal conductivity, compressibility and resilience, and density of the batting, and seven examples of aerogel composites with test results. Moreover, the extrinsic evidence considered was consistent with the usage in the ‘359 patent.

Addressing argument (1), the Federal Circuit held that Guangdong seeks numerical precision beyond what is required, and the person of ordinary skill “can tell when a material has zero ... resilience without needing a mathematical definition.” Arguments (2) and (3) were deemed waived, but also failed on the merits. The Federal Circuit distinguished the claims from *Dow Chemical* and *Teva Pharmaceutical* as the methods of measurement were identified, demonstrated through examples, and Guangdong proffered no evidence of different results. Further, the examples in the specification may inform of the scope of the invention with reasonable certainty without details of the examples being directly construed into the claims.

Innovative Memory Systems v. Micron Technology, Inc., No. 2017-2472 (August 27, 2019)
(nonprecedential); Patent No. 6,901,498

Key point:

- The Federal Circuit gave patentable weight to the limitation “the correspondence” although this limitation lacked antecedent basis.

Facts/Background: This case involves an *inter partes* review filed by Micron against patent holder Innovative Memory Systems (“IMS”). The Board concluded that the challenged claims were unpatentable due to obviousness in view of several prior art, after deeming the claims to have plain and ordinary meaning. The ’498 patent relates to non-volatile memory flash memory divided into logical zones in order to reduce the size of the data structures it uses for address translation. IMS argued that the construction proposed by Micron was unreasonably broad in light of the specification. IMS had argued that the proper constructed of the phrase “wherein the correspondence of blocks to zones is adjustable by controller” means “adjusting zone boundaries such that blocks from one logical zone are shifted to another logical zone.”

Holding: Reversed in part, remanded in part, and affirmed in part. On appeal, IMS argued that the limitation “wherein the correspondence of blocks to zones is adjustable by controller” in the patent claims was not properly construed by the Board. The Federal Circuit agreed with IMS’s claim construction. The Federal Circuit gave patentable weight to the limitation “the correspondence” although this limitation lacked antecedent basis. The Federal Circuit emphasized that the limitation “the correspondence” had special meaning instead of its plain and ordinary meaning since the claim didn’t use the language “a correspondence.” Also, the Federal Circuit reasoned that the specification confirmed the special meaning to the phrase “the correspondence” since the ’498 patent discloses in every embodiment zone boundaries adjusted by transferring blocks from one logical zone organized for address translation to another logical zone organized for address translation. The Federal Circuit reversed the Board’s claim construction and remanded to the Board to determine whether the claims are nonobvious over the prior art. The Federal Circuit held that the Board’s finding that that the combinations of references disclose “a single controller” was supported by substantial evidence.

INO Therapeutics LLC v. Praxair Distribution Inc., No. 2018-1019 (August 27, 2019) (nonprecedential); Patent Nos. 8,282,966; 8,293,284; 8,795,741; 8,431,163; 8,846,112; 8,573,209; 8,776,794; 8,776,795; 9,265,911; 9,295,802

Key point:

- A negative claim limitation directed to a non-action (e.g., excluding a step) may be determined to be patent-ineligible subject matter under the *Alice/Mayo* test.

Facts/Background: Delivering nitrous oxide to treat infants was well-known in the prior art. INO Therapeutics discovered that treatment of infant patients with ventricular dysfunction could lead to pulmonary edemas. INO Therapeutics obtained method patents to exclude infant patients from treatment if the infant patients had ventricular dysfunction. INO Therapeutics also obtained apparatus patents to control the administration of the correct concentration of nitrous oxide. INO Therapeutics asserted patent infringement of claims of the method and apparatus patents against Praxair. The district court held that the method patents are directed to patent-ineligible subject matter under 35 U.S.C. § 101 and that Praxair did not infringe the apparatus patents. INO Therapeutics appealed.

Holding: Affirmed-in-part, vacated-in-part, and remanded. The Federal Circuit affirmed the district court holding that the method claims are directed to patent-ineligible subject matter. In applying the first step of the *Mayo/Alice* test, the Federal Circuit concluded the claims add an instruction to withhold treatment from identified patients and does not recite giving any affirmative treatment. Therefore, the claims are directed to excluding identified patients and allowing the body's natural processes to take place. Consequently, the claims are directed to a natural phenomenon and involve only well-understood, routine, and conventional steps. In applying the second step of the *Mayo/Alice* test, the Federal Circuit concluded that the claims do not possess an inventive concept that transforms the claims into a patent-eligible subject matter. The Federal Circuit reasoned that it is a well-known practice to exclude patients from treatment with a drug when those patients are at an increased risk of experiencing negative side effects. The Federal Circuit rejected INO Therapeutics' arguments that the claims contained patent-eligible subject matter since the claims did not totally preempt uses of the nitrous oxide treatment. The Federal Circuit noted that preemption is sufficient to render claims ineligible but is not a requirement.

The Federal Circuit affirmed the district court holding that Praxair did not infringe the claims of the apparatus patents and that the district court properly construed the claims. The Federal Circuit vacated-in-part a technical error in the district court's final judgment that each of the patents of INO Therapeutics were either invalid or not infringed. Instead, the Federal Circuit remanded to the district court to only provide judgment on the claims at issue.

BioDelivery Sciences Int'l. v. Aquestive Therapeutics, Inc., No. 2019-1643 (August 29, 2019) (precedential) (2-1); Patent No. 8,765,167; IPR2015-00165, -00168, -00169

Key points:

- A decision to institute IPR is not permanent, and the decision may be altered by the Board absent a limiting of its discretion.
- The Board is within its discretion to deny a petition to institute IPR as being inefficient and/or expensive.

Facts/Background: BioDelivery filed three (3) petitions for *inter partes* review (IPR) of the '167 patent, having a total of seventeen (17) grounds for review. The Board instituted review on a single ground in each petition, finding that BioDelivery failed to establish a reasonable likelihood of prevailing on the merits for the other fourteen (14) grounds. Following trial, the Board issued final written decisions sustaining the validity of the challenged claims. During the pendency of BioDelivery's appeal to the Federal Circuit, the Supreme Court issued its decision in *SAS Institute, Inc. v. Iancu* essentially mandating an "all-or-nothing" approach to instituting IPR. The Federal Circuit vacated the Board's final written decisions and remanded "to implement the Court's decision in *SAS*". The Board subsequently modified the institution decisions, denied the petitions, and terminated the IPR proceedings. BioDelivery appealed.

Holding: Appeals dismissed. The majority determined that the appeals merely contested the Board's decision to not institute IPR. The Board has broad discretion in the institution decision. The Board retains discretion under 35 U.S.C. § 314(a) to not institute IPR even where a petitioner successfully shows a reasonable likelihood of prevailing. There is no requirement that an instituted IPR must proceed to a final written decision, and the decision whether to institute IPR is not appealable under § 314(d). The majority also noted that administrative agencies possess an inherent authority to reconsider their decisions.

Following *SAS*, the Board was directed to correct its partial institution by revisiting the institution decision. The dissenting judge viewed the Board as being bound to proceed according to its earlier decision to institute IPR, and that BioDelivery was therefore entitled to final written decisions addressing all grounds for review. However, the majority held that nothing in the remand order altered the Board's discretion to decide whether to institute IPR. As a result, the Board's decision to not institute IPR was valid and not appealable. The majority further noted that, had the Board instead instituted review on all challenges, this would have contravened the directive under § 316(b) to "consider the effect ... on ... the efficient administration of the Office", as the fourteen (14) additional grounds had already been determined to not meet the threshold standard for institution.

Allergan Sales, LLC v. Sandoz, Inc., No. 2018-2207 (August 29, 2019) (precedential) (3-0); Patent Nos. 9,770,453; 9,907,801; 9,907,802

Key point:

- Features recited in “wherein” clauses are material to patentability when described as such in the specification, and explicitly relied upon in the prosecution history.

Facts/Background: Allergan asserted that Sandoz’s ANDA for a generic version of the ophthalmic drug Combigan infringed the ‘453, ‘801, and ‘802 patents, which share a common specification. The specification describes an exemplary “combination formulation” as well as results of a clinical study using the formulation. The specification further provides preferred ranges for the combination, and states that other ingredients may be desirable.

The efficacy and safety results determined from the clinical study are represented in the claims as “wherein” clauses. For example, a representative claim of the ‘453 patent recites “[a] method of treating a patient with glaucoma or ocular hypertension comprising topically administering twice daily to an affected eye a single composition comprising [a first composition], wherein the method is as effective as [a second, prior art composition administered] three times per day and wherein the method reduces the incidence of one o[r] more adverse events selected from the group consisting of [several adverse events] when compared to the administration of [the second composition].” The district court found the “wherein” clauses to be limiting of the claims and granted Allergan’s motion for a preliminary injunction. Sandoz appealed.

Holding: Affirmed. Sandoz argued that the “wherein” clauses should not be considered limiting, as the claims included only a single step of administering the claimed composition and the “wherein” clauses were merely the intended results. Sandoz also suggested that the “wherein” clauses were inherent to the composition, as nothing in the intrinsic record identified any combination of the composition that would not meet the “wherein” clauses.

Reviewing the district court’s claim construction *de novo*, the Federal Circuit evaluated the language of the claims before considering the specification and prosecution history. Acknowledging that overlap exists between the “wherein” clauses and the results of administering the composition, the Federal Circuit held that the specification indicates the claimed invention to be a formulation (and method of use) that allows for improved efficacy and safety. As the improved efficacy and safety are referenced to a prior art treatment throughout the specification and in the claims, the Federal Circuit concluded that Allergan considered this improvement to be material to patentability.

Further, both Allergan and the Examiner relied on the improved efficacy and safety during prosecution. Allergan characterized the improvement as “unexpected results” to distinguish over the prior art, and the Examiner’s reasons for allowance explicitly referenced the improved efficacy and safety. The Federal Circuit distinguished this case from *Bristol-Myers*, where the disputed claim terms were voluntarily amendments after an indication of allowability.

The concurrence dismissed Sandoz’s inherency argument, as the intrinsic record did not suggest that any conceivable combination of the composition would be effective to meet the “wherein” clauses. The concurrence also warned against a presumption that text in the body of the claims is meaningless and can be saved only by clear statements in the specification or prosecution history.

The Scripps Research Institute v. Illumina, Inc., No. 2018-2207 (August 29, 2019) (nonprecedential); Patent No. 6,060,596

Key point:

- The specification and claim language supported the construction that the value of a appearing in two components of a chemical formula for a bifunctional molecule must have the same value.

Facts/Background: Scripps sued Illumina, asserting its BeadChip products infringe certain claims of the '596 patent, which is directed to bifunctional molecules. The bifunctional molecules are represented by the formula A-B-C. The chemical moiety A is a polymer having "a linear series of chemical units represented by the formula $(X_n)_a$, where X is a single chemical unit in polymer A and n is a position identifier." The specification notes that " a is an integer," typically between 4 and 50. The C is an identifier oligonucleotide made up of unit identifiers corresponding to the chemical units of polymer A. Oligonucleotide C has "a sequence represented by the formula $(Z_n)_a$, wherein Z is a unit identifier nucleotide sequence within oligonucleotide C that identifies the chemical unit X at position n ." The B portion is the linker molecule that connects polymer A and oligonucleotide C. The district court construed a to mean "an integer from 4 to 50." Next, it construed $(X_n)_a$ to mean "a representation of polymer A, where a is the number of chemical units of X forming the polymer A." It construed $(Z_n)_a$ to mean "a representation of identifier oligonucleotide C, where a is the number of chemical unit identifiers in the oligonucleotide." The district court determined the value of a must be the same for both $(X_n)_a$ and $(Z_n)_a$. Both parties stipulated that under court's construction of a , Illumina's BeadChip falls outside of the claimed range of 4 to 50 and moved for final judgment. Scripps appealed the construction of $(X_n)_a$, $(Z_n)_a$, and that a must be the same for both terms.

Holding: Affirmed. The Federal Circuit relied on the specification for the construction of $(Z_n)_a$. Specifically, the specification discloses a is an integer "to connote the number of chemical unit identifiers in the oligonucleotide." Thus, a in $(Z_n)_a$ counts chemical unit identifiers, not individual nucleotides. The Federal Circuit said the specification explained " a ... represents the number of chemical units of X forming the polymer A, *i.e.*, the length of A." Thus, a in $(X_n)_a$ counts chemical units. The Federal Circuit agreed with the district court that a must be the same in both $(X_n)_a$ and $(Z_n)_a$. The Federal Circuit noted the claim language recites, after introducing both $(X_n)_a$ and $(Z_n)_a$, that " a is an integer." Because the claim did not differentiate between the a in $(X_n)_a$ and $(Z_n)_a$, it means that a is the same integer for both. The Federal Circuit said Scripps could have indicated a difference between $(X_n)_a$ and $(Z_n)_a$, such as by using prime notation, but chose not to. Also, every embodiment disclosed in the specification has the same value of a for both $(X_n)_a$ and $(Z_n)_a$. Scripps argues that this definition of a would limit the length of polymer A to no more than eleven chemical units, *i.e.*, the maximum value of n , even though the claim states a has a value between 4 and 50. While the Federal Circuit agreed this result is odd, it is not an internal contradiction. The Federal Circuit stated the smaller range of n only further narrows the range of a to a maximum value of 11 instead of 50, and attributed the odd result to a lack of care in drafting.

Uniloc USA, Inc. v. Apple Inc., Nos. 2018-2094, 2018-2185 (August 30, 2019) (nonprecedential); Patent No. 6,661,203

Key point:

- Subject matter jurisdiction may be challenged at any time, even on appeal.

Facts/Background: Among several ongoing infringement cases, Uniloc sued Apple for infringement of the '203 patent. On May 3, 2018, Uniloc Luxembourg transferred ownership of the '203 patent to Uniloc 2017 LLC, which then licensed Uniloc USA to enforce the patents (any enforcement proceeds were to be remitted to Uniloc 2017). On May 18, the district court granted Apple's motion for judgment on the pleadings, finding that the '203 patent was directed to non-patentable subject matter. Uniloc appealed.

During discovery in a related proceeding, Apple requested and the district court compelled Uniloc to produce all documents about ownership and licensing of Uniloc's patents. The documents revealed that Uniloc Luxembourg collateralized the patent portfolio in exchange for a loan from Fortress Credit Co. Under the agreement, default on the loan gave Fortress rights to transfer or sublicense any of Uniloc's patents. Apple moved to dismiss the appeal for lack of subject matter jurisdiction, arguing that no current plaintiffs had standing and that Uniloc's default and cure meant that no plaintiffs had standing at the time of filing the infringement suit. In the related proceedings, the district court added Uniloc 2017 and determined that the loan agreement did not defeat Uniloc's standing. The district court declined to enter an indicative ruling under FRCP 62.1, requested by Uniloc and opposed by Apple, that Uniloc 2017 would be joined if the current case were remanded.

Holding: Vacated and remanded, with instructions to the district court to supplement the record, determine standing, and cure any jurisdictional defects. "A party, or the court *sua sponte*, may address a challenge to subject matter jurisdiction at any time, even on appeal." "[I]n order to assert standing for patent infringement, the plaintiff must demonstrate that it held enforceable title to the patent at the inception of the lawsuit." Here, the Federal Circuit held that the record on the jurisdictional issue was inadequate, as facts relating to the loan agreement came to light only after the district court's final judgment. The Federal Circuit further declined to determine whether Uniloc 2017 should be added as a party, finding it appropriate to leave this issue for the district court to address on remand. The second case also was vacated and remanded using the same analysis.