

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING DECEMBER 20, 2019

Amgen, Inc. v. Hospira, Inc., Nos. 2019-1067, 2019-1102 (December 16, 2019) (precedential) (3-0); Patent Nos. 5,856,298 and 5,756,349

Key point(s):

- Drug batches produced for FDA approval should be manufactured solely for the purposes of obtaining that approval.

Facts/Background: Amgen manufactures and sells a drug for treating anemia patients made by methods of producing recombinant human erythropoietin (“EPO”) covered by the ‘298 patent and the ‘349 patent. In 2014, Hospira submitted a Biologics License Application (BLA) to the FDA for approval of a biosimilar to Amgen’s product. Amgen sued Hospira for infringement of the ‘298 and ‘349 patent based on Hospira’s BLA. Hospira also manufactured multiple batches of the biosimilar drug, allegedly related to the purpose of obtaining FDA approval, an activity that Hospira argued was covered under the Safe Harbor provisions of 35 U.S.C. §271(e)(1). A jury found the ‘298 patent to be valid and infringed and found the ‘349 patent to be valid and not infringed. The jury also found that a portion of the biosimilar drug batches were covered by the Safe Harbor provisions while others were not, and awarded Amgen attorney’s fees. The district court denied Hospira’s post-trial JMOL motion of non-infringement of the ‘298 patent, Safe Harbor protection on the remaining drug batches, and awarded attorney’s fees to Amgen. Hospira appealed.

Holding: Affirmed. Hospira argued that the district court’s construction of claim 27 of the ‘298 patent was erroneous, and even if the construction was correct, Amgen did not establish Hospira met every limitation. Claim 27 referred to claim 1, but both parties did not dispute that claim 27 was an independent claim. Hospira argued that the proper construction of claim 27 required mixing “isolated” isoforms. Amgen responded by arguing claim 27 is directed to “preparing a mixture” of isoforms, not “mixing” isoforms. The Federal Circuit reviewed the district court’s construction of claim 27 and found no error, holding that nothing in the claim language or specification would make it proper to limit the claim as Hospira proposed. However, Hospira argued that Amgen never attempted to prove the limitations of claim 1. Amgen argued, and the Federal Circuit agreed, that expert testimony at trial showed that Hospira developed a product containing biologically active EPO and thus the limitations of claim 1 were satisfied. Hospira also argued that the ‘298 patent was anticipated based on the district court’s construction. The Federal Circuit reviewed the district court’s construction of claim 27 and found no error, and, relying on expert testimony, held that the ‘298 patent was not anticipated. Hospira also challenged the jury instructions regarding the Safe Harbor protections, arguing that the instruction improperly focused on Hospira’s intent for manufacturing batches for the biosimilar application. The Federal Circuit affirmed the district court’s holding that Hospira had not proven that each batch was reasonably related to the purpose of obtaining FDA approval. The Federal Circuit reviewed expert testimony as well as evidence produced at trial that Hospira was not required to produce additional batches after its initial batches were produced, and held that substantial evidence supported the jury’s finding that some of the batches produced were not made pursuant to obtaining FDA approval. The Federal Circuit rejected all of the other challenges.

Blackbird Tech LLC v. Health In Motion LLC, No. 2018-2393 (December 16, 2019) (precedential) (3-0); Patent No. 6,705,976

Key point(s):

- Making several settlement offers that are significantly less than the cost of litigation may be a factor in determining an exceptional case finding in awarding attorney's fees.

Facts/Background: Blackbird owns the '976 patent, which is directed to exercise equipment having a curved shape, and sued Health In Motion ("HIM"), who sells a similar exercise machine, for infringement. In June 2017, Blackbird offered to settle the case for \$80,000. HIM declined the offer and stated that the complaint lacked merit as the accused device is substantially different from what is claimed in the '976 patent. HIM also stated a belief that Blackbird would be ordered to pay attorney fees, and countered with a settlement offer that included a payment of \$120,000 to HIM. In October 2017, Blackbird made several other settlement offers in decreasing dollar amounts, which were declined by HIM. After over 19 months of litigation, Blackbird voluntarily dismissed its lawsuit, with prejudice, and executed a covenant not to sue HIM. In June 2018, the district court dismissed Blackbird's claims with prejudice, denied Blackbird's motion to dismiss, and authorized HIM to seek costs, expenses and attorney's fees. HIM filed a motion for costs and expenses in the amount of \$5,475.30, and attorney's fees in the amount of \$357,768.50. In September 2018, the district court entered an order for the entire amount requested by HIM. Blackbird appealed.

Holding: Affirmed. The Federal Circuit held that the district court's determination of the award of attorney's fees was reasonable and that the litigation against HIM was an "exceptional case" under the holding outlined in *Octane Fitness*. Thus, the fee award was not an abuse of discretion. The Federal Circuit reviewed the district court's finding that Blackbird's flawed claim construction and infringement positions were frivolous and meritless because Blackbird ultimately dismissed its claims with prejudice. The appellate court rejected Blackbird's argument that that its contentions were reasonable. The Federal Circuit then noted many differences between the accused product and the asserted claims, and determined that even a minimal amount of due diligence by Blackbird would have revealed weaknesses in the case. The Federal Circuit recognized that Blackbird was aware of HIM's intention to seek attorney's fees and that should have alerted Blackbird of weaknesses in the case against HIM. The Federal Circuit also credited the district court's findings that Blackbird made numerous settlement offers that were far less than the cost of litigation. Additionally, the Federal Circuit also credited the district court's findings that delays in production requests, as well as filing the dismissal, the covenant not to sue, and the motion to dismiss shortly before HIM's motion for summary judgement was to be decided without notice to HIM, was unreasonable. The Federal Circuit also held that the district court's award of attorney's fees was necessary to deter future abusive litigation.

The Chamberlain Group, Inc. v. One World Technologies, Inc., No. 2018-2112 (December 17, 2019) (precedential) (3-0); Patent No. 7,196,611

Key point(s):

- Your own prior art may be used to anticipate later patents.

Facts/Background: Chamberlain owns the ‘611 patent, directed to a method of installation and maintenance of a barrier movement operator (a garage door opener) involving a learning mode. One World petitioned for IPR review of the ‘611 patent and the Board found the claims anticipated by a prior Chamberlain reference (“the ‘433 patent”). Claim 18 of the ‘611 patent included activating a learn mode of the controller; the controller identifying a present status of the opener; the controller identifying activities to be completed by the user; and transmitting guidance signals to an annunciating unit to provide guidance to the user based on the identifying steps. One World’s petition argued that the ‘433 patent teaches a garage door opener system that operates similarly and has a program mode that anticipates every limitation of the ‘611 patent claims. Chamberlain argued that the second identifying step of the ‘611 patent should be construed to require identifying multiple activities while One World argued that the limitation should be construed to mean establishing which of the predetermined activities a user must complete. Chamberlain argued for the first time during the hearing that claim 18 requires identifying multiple activities before transmitting any guidance “responsive to” the second identifying step, and the ‘433 patent only identifies a single activity before transmitting a guidance signal. The Board found that the ‘433 patent anticipated the ‘611 patent. The Board agreed with Chamberlain that claim 18 requires identifying at least two activities but rejected Chamberlain’s argument that the ‘433 patent only identifies a single activity. The Board rejected Chamberlain’s assertion that the ‘433 patent failed to teach the “responsive to” limitation by finding that Chamberlain waived this argument by raising it for the first time at the oral hearing, and was also unpersuasive on the merits. Chamberlain appealed.

Holding: Affirmed. The Federal Circuit held that the Board erred in finding the “responsive to” argument was waived as One World responded to it during the IPR, and that Chamberlain’s oral hearing argument was consistent with its position during the IPR. The Federal Circuit, however, agreed with the Board that nothing in claim 18 requires any activities be identified together or at the same time. The Federal Circuit noted that Chamberlain’s own expert testified that claim 18 requires identifying multiple activities but is silent on the timing of those activities. The Federal Circuit held that the Board reasonably found that the ‘433 patent transmitted signals in response to previously completed steps as required by claim 18 and that the ‘433 patent anticipates claim 18 of the ‘611 patent.

CG Technology Development, LLC v. Fanduel, Inc., No. 2019-1261 (December 17, 2019) (nonprecedential); Patent No. RE 39,818

Key point(s):

- Teachings in separate portions of a prior art specification may be combined.

Facts/Background: CG Technology owns the ‘818 patent, directed to a video game system with wireless controllers that allow for customized operation based on a user’s personal data. Fanduel petitioned for IPR succeeded in invalidating the patent as being obvious based on a combination of references that relied in part of the disclosure in a reference to Kelly. The claim dispute was over a function of a processor that authorized play based on age of the player (the “authorizing limitation”). The Board construed the authorizing limitation to mean ‘a control that either prohibits or adjusts operation of a video game based on the user’s age’, and held that Kelly disclosed that limitation, so the combination of references met all limitations. CG Technology appealed.

Holding: Affirmed. The Federal Circuit held that even though the Board incorrectly construed the authorizing limitation, substantial evidence supported the Board’s finding that the authorizing limitation was taught by the prior art reference. The Federal Circuit agreed with CG Technology’s argument that the Board erred in including the “or adjusts” language into the construction of the authorizing limitation. The Federal Circuit explained that the Board failed to distinguish the limitation from embodiments in the specification and other claims reciting authorizing and adjusting the game(s) based at least in part on the age of the player. Nevertheless, the Federal Circuit held that the Board’s finding that the prior art reference discloses “meeting a predefined prerequisite is used ‘in some embodiments’ to prohibit operation of a game for failure to meet the established prerequisite” as well as the Board’s finding that the prior art reference discloses age as a prerequisite to playing a particular game in another part of the specification of the prior art reference was thus supported by substantial evidence.

Syngenta Crop Protection LLC v. Willowood LLC, Nos. 2018-1614, 2018-2044 (Dec. 18, 2019) (precedential) (3-0); Patent Nos. 5,602,076, 5,633,256, 5,847,138, and 8,124,761

Key point(s):

- Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) only conflicts with the Copyright Act to the extent that some particular element of the existing pesticide product's label is both protected under existing copyright doctrines and necessary for the expedited approval of the generic pesticide product.
- Infringement under 35 U.S.C. § 271(g) does not require a single entity to practice all steps of a patented process abroad, when importing, offering for sale, selling, or using within this country a product made by a process patented in the United States.

Facts/Background: Syngenta sued Willowood USA and Willowood China for patent infringement and copyright infringement of Syngenta's registered copyrights in its pesticide labels. The district court concluded that because FIFRA contemplates copying by a generic applicant in ways that would otherwise infringe a copyright Congress intended a narrow exception to copyright protection for the required elements of fungicide labels. Willowood China and Willowood USA were found not to infringe the process patents under § 271(g) due to the district court's interpretation that § 271(g) requires a single entity practice all steps of the patented process abroad. Willowood USA was found to infringe the compound patents. Syngenta appealed.

Holding: Affirmed-in-part, Reversed-in-part, Vacated-in-part, and Remanded. Syngenta argued that the copyright claims were dismissed without considering any aspects of the labels. The Federal Circuit agreed and instructed the district court to reconsider the copyright claims. Specifically, the Federal Circuit held that FIFRA only conflicts with the Copyright Act to the extent that some particular element of the existing Syngenta's label is both protected under existing copyright doctrines and necessary for the expedited approval of the generic pesticide product. The Federal Circuit noted that some of the concerns expressed by Willowood related to the limited ways to the express the same instructions and warnings, but these concerns could be addressed under the doctrine of merger (rather than by preemption). The Federal Circuit also noted that when the EPA requires me-too applicants to copy other protectable elements, this can be addressed under the fair use doctrine (similarly to merger rather than by preemption). Syngenta argued that § 271(g) does not require a single entity to perform all the steps before infringement liability can attach on whoever imports (or offers for sale, sell, or uses within this country) a product made by a process patented in the United States. The Federal Circuit agreed. The Federal Circuit construed the statute, considering the nature of the infringing acts covered by § 271(g), the context of other provisions in § 271 and other sections of Title 35, such as § 287, and the legislative history of § 271(g). In particular, the Federal Circuit noted that this section "makes clear that the acts that give rise to liability under § 271(g) are the importation, offer for sale, sale, or use within this country of a product that was made by a process patented in the United States." The statute is directed to the importer, not the performance of the process. Syngenta argued that the district court erred with respect to finding, on the basis of the jury verdict, that Willowood China did not infringe the process patents. The Federal Circuit disagreed. The Federal Circuit found that there was substantial evidence to support the jury's verdict that Willowood China infringed the patents.

Fox Factory, Inc. v. SRAM, LLC, Nos. 2018-2024, 2018-2025 (December 18, 2019) (precedential) (3-0); Patent No. 9,182,027

Key point(s):

- A patentee is entitled to a rebuttable presumption of nexus between asserted evidence of secondary considerations and a patent claim if the asserted evidence is tied to a specific product and the product is essentially the claimed invention.
- Alternatively, the patent owner may prove nexus by showing that the evidence of secondary considerations is the direct result of the unique characteristics of the claimed invention.

Facts/Background: SRAM owns the '027 patent, directed to a bicycle chain ring (sprocket where pedals are attached) that better maintains a bicycle chain in rough terrain without the need for other retaining structures. The '027 patent claims a chain ring having alternating wide and narrow tooth tips, and teeth that are offset from a center of the chain ring, both of which allegedly improves chain retention. Fox Factory instituted two IPR's of claims in the '027 patent. The Board found that the references asserted by Fox disclosed all of the limitations of the independent claims of the '027 patent, and a person of skill in the art would have been motivated to combine the references. However, the Board concluded that Fox had not shown that the claims were obvious in light of secondary considerations. Fox appealed.

Holding: Vacated and remanded. The Federal Circuit held that the secondary considerations evidence in the record, including praise from the industry and significant sales of SRAM's bicycle chain ring, was not properly tied to the claims. The Federal Circuit agreed with Fox's argument that the Board utilized the wrong standard in its determination that SRAM was entitled to a presumption of a nexus between the claims and SRAM's evidence of secondary considerations. The Federal Circuit reviewed the Board's interpretation of secondary considerations, and the Board's determination that SRAM was entitled to the presumption of nexus, and held that the patentee was not entitled to a presumption of nexus. The Federal Circuit held that the patentee is not entitled to the presumption when the commercial product is not coextensive with the claims—for example, when the patented invention is only a component of a commercial product. The Federal Circuit held that SRAM has the burden of showing that the asserted evidence is essentially the invention disclosed and claimed, in order to be entitled to the presumption. The Federal Circuit noted that whether the commercial product is coextensive with the claims is a question of fact, and the patentee has the burden of showing the patented invention is coextensive with the product. However, the Federal Circuit held that the commercial product included significant features that are not claimed in the patent. The Federal Circuit stated that SRAM would have the opportunity to prove nexus on remand.

Intellectual Ventures I LLC v. Trend Micro Inc., No. 2019-1122 (Dec. 19, 2019) (precedential) (3-0); Patent Nos. 5,987,610, 6,073,142, 6,460,050, and 7,506,155

Key point(s):

- A district court has discretion, in an appropriate case, to find a case exceptional based on a single, isolated act, for the purpose of awarding attorney fees under 35 U.S.C. § 285.

Facts/Background: Intellectual Ventures sued Symantec and Trend Micro for patent infringement. During Symantec’s trial, Intellectual Ventures’s expert changed his opinion, testifying that bulk email was not a “characteristic” for purposes of claim 9 of the ’050 patent. The jury found that Symantec did not infringe claim 9 of the ’050 patent, but that Symantec infringed the asserted claims of the ’142 and ’610 patents. Trend Micro moved for clarification of the district court’s construction of “characteristic” given the expert’s changed opinion. The district court maintained that bulk email may be included as an example of “characteristic.” After trial on motions for judgment as a matter of law and appeal to the Federal Circuit, the claims of the ’142, ’050, and ’610 patents were held to be invalid under § 101. Trend Micro moved for attorney fees under § 285. The district court concluded that Intellectual Ventures’s conduct was exceptional “solely with respect to this collection of circumstances regarding [its expert’s] changed testimony.” The district court awarded attorney fees to Trend Micro. Intellectual Ventures appealed.

Holding: Vacated and remanded. The Federal Circuit observed that the district court did not apply the proper legal standard when it considered whether the case was exceptional under § 285. The Federal Circuit instructed that the district court should consider whether the circumstances surrounding the expert’s changed opinion were such that, when considered as part of the totality of circumstances in the case, the case stands out as exceptional. The district court’s analysis had identified the act as exceptional, without considering the case as a whole. Section 285 requires a finding of an exceptional case – not a finding of an exception portion of a case – to support an award of attorney fees, which may be a portion of the total fees. Intellectual Ventures argued that a single, isolated act cannot render a case exceptional. However, the Federal Circuit held that a district court has discretion, in an appropriate case, to find a case exceptional based on a single, isolated act.

SIPCO LLC v. Emerson Electric Co., No. 2018-1856 (Dec. 20, 2019) (nonprecedential); Patent No. 7,697,492

Key point(s):

- There is a presumption that different terms in the claims (e.g., “receiver address” and “scalable address”) have different meanings.

Facts/Background: Emerson petitioned for inter partes review of the ’429 patent, and the Board instituted review. The relevant limitation in claim 1 of the ’429 patent recited: “a receiver address comprising a scalable address of at least one remote device.” In its petition, Emerson identified “scalable address” as requiring construction. The Board construed “scalable address” as “one that varies in the size that the address occupies within a packet” and clarified that an “address” that is “scalable” is not limited to a single scalable unique address. Such a claim construction resulting in the Board’s finding that certain claims of the ’492 patent were unpatentable under §§ 102 and 103. SIPCO appealed.

Holding: Vacated and remanded. SIPCO argued that the Board erred construing “a receiver address” and “scalable address.” In particular, SIPCO argued that the “scalable address” represents an individual remote device’s unique address. The Federal Circuit considered that claims recited different terms “receiver address” and “scalable address,” and that the specification provided different meanings for these terms. In particular, the Federal Circuit concluded that the “to” address described in the specification corresponds to the “receiver address” in the claims, and the “transceiver address” described in the specification corresponds to the “scalable address.” The specification described that the “to” address is scalable from one to six bytes that may identify the type of transceiver to which the message is directed and three to six bytes can be used for a unique transceiver address. The specification described that the transceiver address is scalable given the individual design constraints.

The Federal Circuit noted that the claim language does not limit the “scalable address” to a single unique address of a remote device. Rather, the “address of at least one remote device may include multiple addresses of multiple remote devices all of which are intended recipients of the message” and that the “scalability refers to the ability of that portion of the receiver address to vary based on the size and complexity of the system.”