FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING MARCH 20, 2020

***Hafco Foundry And Machine Co. v. GMS Mine Repair*, No. 2018-1904 (March 16, 2020) (precedential)(3-0 (1 concurring in part and dissenting in part)); Design Patent No. D681,684**

Key point(s):

- To support a contention that jury instructions were in plain error, it is necessary to provide strong facts and evidence to warrant a new trial, and further such a contention is unlikely to be persuasive when objections and evidence to support such a contention were not raised at trial.

Facts/Background: Hafco owns U.S. Design Patent No. D681,684 for a "Rock Dust Blower." Hafco sued GMS for infringement of the '684 patent. The jury found GMS liable for willful infringement. In a post-trial motion, GMS argued there were errors of law in the jury instructions. The district court ruled against GMS. GMS appealed, arguing that the jury instructions were plainly erroneous, warranting a new trial.

Holding: Affirmed and remanded for damages. GMS conceded that it did not make a proper objection to the jury instructions at trial, but that since the instructions were incorrect in law, GMS was entitled to a new trial. GMS assigned error to the jury instructions in two respects: 1) the instructions incompletely and prejudicially abridged the *Gorham*[1] test regarding the ordinary observer; and 2) the jury should have been instructed that the hypothetical ordinary purchaser is to view the patented and accused designs in the context of the prior art. Infringement of a design patent is determined from the viewpoint of the ordinary observer, comparing the patented design with the article's overall appearance. The jury instructions defined the ordinary observer as "a person who buys and uses the product at issue." GMS made no objection to this definition. The Federal Circuit held that GMS failed to establish there was any error in the jury instructions on "ordinary observer," much less plain error warranting a new trial. Further, the record showed no presentation of prior art by GMS, and no proposed jury instruction on the issue. Thus, the Federal Circuit held that the purported exclusion of an instruction regarding viewing the designs in the context of the prior art could not be error, and that GMS had not demonstrated that a new trial was warranted.

[1] *Gorham Co. v. White*, 81 U.S. 511, 528 (1871)

***Boehringer Ingelheim v. Mylan Pharmaceuticals Inc.*, No. 2019-1172 (March 16, 2020) (nonprecedential); Patent Nos. 8,853,156; 9,173,859; and 8,673,927**

Key point(s):

- A specific method of treatment for specific patients using a specific compound at specific doses to achieve a specific outcome is subject matter eligible under 35 U.S.C. § 101.

Facts/Background: Boehringer sued Mylan for infringement of several patents related to treatment of type 2 diabetes. Mylan moved for partial judgment on the pleadings under FRCP 12(c) alleging that certain claims of the '156 patent are directed to ineligible subject matter under 35 U.S.C. § 101. The district court granted the motion. The district court held the claims were directed to an abstract idea, namely "the act of administering the DPP-IV inhibitor (linagliptin) to the targeted patient population," and failed to recite an inventive concept. In particular, the scientific basis for the claimed use of linagliptin to treat type 2 diabetes was that it is metabolized by the liver rather than the kidney, and thus useful for those with renal failure.

After a bench trial, the district court held certain other claims invalid for obviousness and obviousness-type double patenting. In particular, such claims related to using a dosage of 2.5 or 5 mg. The district court found the claims invalid for obviousness-type double patenting in view of Boehringer's earlier-expiring patent and obvious in view of a publication serving as the priority application for the earlier-expiring patent, as they disclose a range of 1-100 mg dosage. Boehringer appealed.

Holding: Reversed and remanded with respect to the ineligible subject matter ruling. Affirmed with respect to the obviousness and obviousness-type double patenting ruling. The Federal Circuit held that the claims were directed to patent eligible subject matter as they are directed to a particular method of treatment under step one of *Alice*. The claims recite a method of treating a specific disease (type 2 diabetes) for specific patients (those for which normal metformin therapy is not appropriate) using a specific compound (linagliptin) at specific doses (same dose in patients with renal impairment as in patients with normal renal function) to achieve a specific outcome, and not just the natural law that certain DPP-IV inhibitors such as linagliption are metabolized by the liver rather than the kidney, as alleged by Mylan. The Federal Circuit held that while certain DPP-IV inhibitors are metabolized by the liver, that does not make the claim directed to that natural ability, as alleged by Mylan.
With respect to the obviousness and obviousness-type double patenting ruling, the Federal Circuit held that the district court did not clearly err in determining that a skilled artisan would have a reasonable expectation of arriving at the claimed dosages through routine experimentation.

***Intellectual Ventures I LLC v. Unified Patents, LLC*, No. 2018-2308 (March 17, 2020) (nonprecedential); Patent No. 6,775,745**

Key point(s):

- New arguments cannot be first raised at the oral hearing in an IPR; and
- Procedural violation issues not raised during IPR cannot be raised during appeal.

Facts/Background: IV owns the '745 patent, describing a method for caching data in a computer. For representative claim 4, the Board construed "frequency factor" in "the frequency factors indicating how often each of the corresponding files are requested by the operating system" to mean "an indicator based on frequency of use or access." The Board rejected IV's argument that the term should have been construed as "the frequency factors showing, with a *fair degree of certainty*, how often each of the corresponding files are requested by the operating system." Based on this construction, the Board found claim 4 was invalid.

With respect to claim 6, the Board found that even under IV's narrower interpretation, the prior art taught the limitation in question, including based on expert testimony.

Holding: Affirmed. With respect to construction of the term "frequency factor," the Federal Circuit held that the ordinary meaning of "indicating" on which IV relies, is not confined to conveying frequency with the "fair degree of certainty" urged by IV.

The Federal Circuit concluded that substantial evidence supported the Board's finding that the pertinent reference disclosed the limitation of claim 6 even under IV's construction, and therefore did not decide IV's challenge to the Board's construction of that limitation. Further, the Federal Circuit held that IV forfeited arguments that were newly presented to the Board at oral hearing, and arguments regarding procedural violation issues not contested before the Board.

***Illumina, Inc. v. Ariosa Diagnostics, Inc.*, No. 2019-1419 (March 17, 2020) (precedential)(2-1); Patent Nos. 9,580,751 and 9,738,931**

Key point(s):

- Methods of preparation, unlike diagnostic cases, may be subject-matter eligible; and
- Process steps that change a composition of a mixture, resulting in a DNA fraction that is different from the naturally-occurring fraction, based on conventional techniques, are not invalid under 35 U.S.C. § 101 as directed to an ineligible natural phenomenon.

Facts/Background: Cell-free fetal DNA exists in maternal blood. However, the problem the inventors of the '751 and '931 patents encountered was that, although it was known that cell-free fetal DNA existed in the mother's blood-stream, there was no known way to distinguish and separate the tiny amount of fetal DNA from the vast amount of maternal DNA. The inventors of the '751 and '931 patents attempted to find a solution to that problem and found that the fetal DNA has a different size than the maternal DNA. Therefore, the claims of the '751 and '931 patents distinguish fetal DNA from maternal DNA through size discrimination and selective removal processes. Illumina filed suit against Ariosa for infringement. Ariosa moved for summary judgment that the claims are invalid under 35 U.S.C. § 101. The district court granted the motion for summary judgment and held the claims invalid under 35 U.S.C. § 101 as directed to an ineligible natural phenomenon. Illumina appealed.

Holding: Reversed. The Federal Circuit noted the case is not a diagnostic case (which in other cases were found to be not subject matter eligible), but rather a preparation case. The Federal Circuit defined the natural phenomenon at issue to be that cell-free fetal DNA tends to be shorter than cell-free maternal DNA in a mother's bloodstream, and ruled that the claims were not directed to that natural phenomenon under step one of *Alice*, but rather to a patent-eligible method that utilizes it. In particular, the Federal Circuit held the claims were directed to methods for preparing a fraction of cell-free DNA that is enriched in fetal DNA, including specific process steps—size discriminating and selectively removing DNA fragments that are above a specified size threshold—to increase the relative amount of fetal DNA as compared to maternal DNA in the sample. Those process steps change the composition of the mixture, resulting in a DNA fraction that is different from the naturally-occurring fraction in the mother's blood. Thus, the Federal Circuit opined that the process achieves more than simply observing that fetal DNA is shorter than maternal DNA or detecting the presence of that phenomenon, and rather exploits that discovery in a method for preparation of a mixture enriched in fetal DNA. The Federal Circuit noted that the claims do not cover cell-free fetal DNA itself but rather a process for selective removal of non-fetal DNA to enrich a mixture in fetal DNA.
Further, the Federal Circuit held that despite Ariosa's argument that the size discrimination and selection processes are well-known and conventional, and while such considerations may be relevant to the inquiry under *Alice* step two, or to other statutory considerations such as obviousness, they do not impact the *Alice* step one question whether the claims themselves are directed to a natural phenomenon.

***Facebook, Inc. v. Windy City Innovations, LLC.*, Nos. 2018-1400, 2018-1401, 2018-1402, 2018-1403, 2018-1537, 2018-1540, 2018-1541 (March 18, 2020) (precedential)(3-0); Patent Nos. 8,458,245; 8,694,657; 8,473,552; and 8,407,356**

Key point(s):

- In an IPR, § 315(c) does not authorize same-party joinder, *i.e.*, does not allow a petitioner who has filed an IPR petition to join its own, earlier IPR petition; and
- In an IPR, § 315(c) does not authorize issue joinder, *i.e.*, does not allow joinder that would introduce new issues material to patentability, such as new patent claims or new grounds for cancellation.

Facts/Background: Windy City filed a complaint in district court accusing Facebook of infringing the four patents. Exactly one year after being served, and therefore within the one year bar of § 315(b), Facebook filed four IPR petitions against some claims across the four patents. At that time, Windy City had not yet defined the specific claims it was asserting in the district court proceeding. The Board instituted IPR as to nearly all of the challenged claims. By the time Windy City clarified which claims it was asserting, the one year bar of § 315(b) had passed. After the one year bar, Facebook sought IPR on the remaining asserted claims, filing two additional IPR petitions, along with a motion under § 315(c) to join these IPRs to the earlier IPRs already instituted due to the one year bar of § 315(b) having passed. The Board instituted both petitions and allowed joinder. In the final decisions by the Board, some claims were found unpatentable, while others were not. Of some of the claims found unpatentable, some were only challenged in the later-joined proceedings. Facebook appealed the Board decision, and Windy City cross-appealed. In its cross-appeal, Windy City also challenged the Board's joinder decisions allowing Facebook to join its new IPRs to its existing IPRs and to include new claims in the joined proceedings.

Holding: Affirm-in-part and vacate-in-part. The Federal Circuit held that the Board's obviousness determinations on the originally instituted claims were supported by substantial evidence. However, the Federal Circuit concluded the Board erred in allowing Facebook to join itself to a proceeding in which it was already a party, and also erred in allowing Facebook to add new claims to the IPRs through that joinder. In particular, the plain language of § 315(c) allows the Director "to join *as a party* [to an already instituted IPR] any *person*" who meets certain requirements. 35 U.S.C. § 315 (emphases added). Thus, the Board's decision that § 315(c) authorizes two *proceedings* to be joined, rather than joining a person *as a party* to an existing proceeding is contrary to the plain language of the provision. Rather, that is the subject of § 315(d), which provides for "consolidation," among other options, when "[m]ultiple proceedings" involving the patent are before the PTO. Further, Facebook cannot "join" itself as a party to its existing IPR, as joinder of a person as a party is uniformly about adding someone that is not *already* a party. Further, the Board's decision that § 315(c) authorizes introduction of new issues from the joined parties new proceeding into the existing proceeding is contrary to the plain language of the provision, as the joinder is to the *already-instituted IPR*.