

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING April 3, 2020

Enerpol, LLC v. Schlumberger Technology Corp., Nos. 2019-1079, 2019-1120 (March 31, 2020) (non-precedential); Patent No. 6,949,491

Key point(s):

- A term is construed as a single phrase in claim construction if the specification consistently describes it as such.

Facts/Background: EnerPol owns the '491 patent, relating to "hydraulic fracturing of wells by injecting a degradable polymer phase as a fracturing fluid." EnerPol accused Schlumberger of infringing certain claims of the '491 patent. During claim construction, EnerPol argued that the term "polymer-continuous liquid phase" should be construed as two separate terms, "polymer-continuous" and "liquid phase." Schlumberger argued that the phrase should be construed as a single term. The district court agreed with Schlumberger and construed the term as a single phrase. Further, based on intrinsic evidence, the court construed "polymer-continuous liquid phase" to mean "polymer in a liquid state that is greater than 50% by volume of the fluid that does the fracturing in the formation." Following claim construction, the district court granted EnerPol's motion for entry of final judgment of noninfringement with a stipulation of inability to prove infringement. EnerPol appealed based on the district court's construction and Schlumberger cross-appealed requesting dismissal of EnerPol's appeal for lack of appellate jurisdiction.

Holding: Affirmed. Schlumberger argued that because the judgment does not clearly explain how the district court's constructions led to the noninfringement judgment, any opinion by the Federal Circuit modifying those constructions is advisory only. The Federal Circuit disagreed, explaining that because district court's judgment provided enough context with respect to how the disputed claim construction rulings relate to the accused products, the appellate court had jurisdiction. EnerPol argued that the district court erroneously defined "polymer-continuous liquid phase" based on a single embodiment in the specification. The Federal Circuit disagreed, explaining that each time the specification refers to a "polymer-continuous liquid phase," it describes the polymer converting from a solid to liquid before being displaced out of the wellbore and into the rock formation. Moreover, the Federal Circuit concluded that the specification expressly teaches that the degradable polymer becomes "continuous" when it is greater than about 50% by volume of the fracturing fluid. It also repeatedly used the adjectives "continuous" and "external" synonymously when describing the degradable polymer, further supporting the district court's construction that the polymer must be in a liquid state so that the polymer can be external in the fracturing fluid. Therefore, the Federal Circuit could not see how the polymer could be both external and not liquid while also acting as the fracturing fluid, and affirmed the district court's ruling.

Deep Green Wireless LLC v. Ooma, Inc., No. 2019-1570 (March 31, 2020) (non-precedential); Patent No. RE42,714**Key point(s):**

- The disclosure of one embodiment in the specification does not mean that broadly written claim language must be limited to that embodiment.

Facts/Background: Deep Green owns the ‘714 patent relating to a device for sharing telephone lines among connected telecommunications equipment. The specification contemplates that the line-sharing device sends and receives voice and data signals between the telecommunications equipment. In an IPR proceeding, the parties’ dispute focused on the functionality of the claimed “discrimination circuit.” Deep Green urged that “detecting incoming voice signals” detected by the discrimination circuit required that the voice signals be incoming from the claimed “network interface” and that the discrimination circuit in the prior art only disclosed the detection of outgoing voice signals. The Board rejected Deep Green’s proposed construction and did not impose the requirement that the detected voice signals detected by the discrimination circuit be incoming from the network interface. Based on its construction of “detecting incoming voice signals” detected by the discrimination circuit, the Board concluded the claims at issue would have been obvious in view of the prior art. Deep Green appealed.

Holding: Affirmed. The majority stated that the challenged claims did not require that the “incoming voice signals” detected by the discrimination circuit be conveyed in a particular direction. Where the claim could have referred to the “incoming voice signals” being detected from “the” or “said” digital data signals, the claim instead simply recited detecting “incoming voice signals” from among “other” digital data signals. Deep Green argued that a skilled artisan would read “incoming voice signals” in light of the specification, and would confer that it required the voice signals detected by the discrimination circuit be incoming from the network interface. However, the panel majority ruled that the claim interpretation was not inconsistent with the specification’s disclosure. Additionally, the panel majority ruled that the specification only described the discrimination circuit in a single sentence and the disclosure of one embodiment does not mean that broadly written claim language must be limited to that embodiment. Therefore, the majority affirmed the Board’s ruling that the claims were obvious.

Intellisoft, Ltd. v. Acer America Corp., No. 2019-1522 (April 3, 2020) (precedential) (3-0); Patent No. 5,410,713**Key point(s):**

- Factual evidence regarding patents in state law claims is not enough to “necessarily raise” patent law issues required for removal to federal court under 28 U.S.C. § 1441.
- Legally inoperative counterclaims are not “asserted” counterclaims and cannot be removed to federal court under 28 U.S.C. § 1454.

Facts/Background: Intellisoft claimed that it discovered Acer had applied for the ‘713 patent that incorporated Intellisoft trade secrets. The ‘713 patent later issued with Acer as the assignee. Thereafter, Intellisoft sued Acer in state court, asserting Acer misappropriated the trade secrets by incorporating them into the ‘713 patent. Intellisoft’s expert stated that the trade secrets in the patent were created by the President of Intellisoft, Bierman. Well after filing its answer, Acer filed a cross-complaint in state court alleging that Intellisoft was asserting an inventorship claim and removed the action to the U.S. district court under (1) 28 U.S.C. § 1441 and (2) 28 U.S.C. § 1454. Intellisoft moved to remand the action to state court arguing that (1) there was no disputed federal issue because its state law trade secret claim did not require determination of inventorship under federal patent law and (2) Acer’s cross-complaint was not operative due to Acer’s failure to file the cross-complaint with its answer. The district court denied the motion to remand. It held the § 1441 removal was proper because the case boiled down to an inventorship issue, thus necessarily raising substantial patent law issues. It also held removal under § 1454 was proper because the statute did not require the patent counterclaim to be an operative pleading in federal court. The district court granted summary judgment in favor of Acer regarding the state law claims, reasoning that Intellisoft failed to prove inventorship and therefore concluded Intellisoft could not show trade secrets ownership and damages. Intellisoft appealed, arguing that removal was improper and sought remand to state court.

Holding: Vacated, reversed, and remanded. First, the Federal Circuit analyzed if removal was proper under § 1441, which allows removal to the district court if a federal issue is necessarily raised. Acer alleged that Intellisoft’s trade secrets claim necessarily raised patent law issues. According to Acer, Intellisoft had to prove Bierman is the sole inventor the ‘713 patent to establish ownership of the trade secrets. The Federal Circuit disagreed, opining Intellisoft did not need to prove inventorship to establish ownership. Although Intellisoft asserted Bierman was an inventor as a factual matter, Intellisoft only needed to show that it owned the trade secrets by assignment from Bierman. Next, Acer argued that Intellisoft’s expert had to provide an infringement analysis with respect to the ‘713 patent to show liability and damages. The Federal Circuit disagreed, ruling that the ‘713 patent was only being used as evidence to support Intellisoft’s state law claims. Intellisoft did not need to prove Acer’s products infringed. Second, the Federal Circuit analyzed whether removal was proper under § 1454, which allows removal when a patent counterclaim is asserted. Acer argued what matters is that the cross-complaint was purportedly filed, regardless of whether it was legally operative. The Federal Circuit disagreed, explaining that because Acer’s cross-complaint was not operative in state court, it was never “asserted” and thus there was no basis for removal. A claim is “asserted” only after the claim supporting federal jurisdiction is pleaded in an operative complaint. Therefore, the Federal Circuit reversed the district court’s denial of Intellisoft’s motion to remand, vacated the district’s granting of summary judgment, and remanded to case back to the district court with instructions to remand to state court.

Myco Industries, Inc. v. BlephEx, LLC, No. 2019-2374 (April 3, 2020) (precedential) (3-0); Patent No. 9,039,718**Key point(s):**

- A showing of bad faith is required before a patentee can be enjoined from communicating its patent rights.
- Under the medical immunity statute, medical practitioners are not immune from infringement, but rather the patentee cannot seek a remedy for such infringement.

Facts/Background: After filing the '718 patent, the inventor, Rynerson, partnered with Choate to help develop a commercial product based on the electromechanical device disclosed in the '718 patent, the BlephEx. Thereafter, Choate ended the partnership with Rynerson and became chairman of Myco. Myco began marketing the AB Max, a device used by medical practitioners to treat eye diseases. At a trade show, Rynerson and Choate both hosted booths where Myco displayed its AB Max device. Rynerson then approached the Myco booth and Choate contends that Rynerson became hostile and accused the AB Max of infringing the '718 patent within earshot of prospective customers. Following the exchange, Myco filed a declaratory judgment against BlephEx for noninfringement of the '718 patent, invalidity of the '718 patent, and relief under state and federal unfair competition law. Additionally, Myco filed a motion for preliminary injunction, seeking to bar BlephEx from (1) making false allegations of patent infringement and (2) making threats against Myco's potential customers. The district granted Myco's motion for preliminary injunction after discussing the four factors: (1) likelihood of success on the merits; (2) irreparable injury without the injunction; (3) substantial harm to others; and (4) public interest. Under (1), the district court determined that because the '718 is for use for the treatment of posterior blepharitis and the AB Max is for the treatment of anterior blepharitis, there is a strong likelihood of non-infringement. Additionally, the district court maintained any customers who are medical practitioners are not liable for infringement under medical immunity. Under (2), it was determined Myco had shown it would suffer irreparable harm; (3) BlephEx had not shown it would face substantial harm; and (4) public interest considerations were equal. BlephEx appealed the district's court preliminary injunction order.

Holding: Reversed, vacated, and remanded. When a preliminary injunction prevents a patentee from communicating its patent rights, the injunction is reviewed in the context of whether, under applicable federal law, the notice of patent rights was properly given. Furthermore, a showing of bad faith is required before a patentee can be enjoined from communication its patent rights. Communication to possible infringers concerning patent rights is not improper if the patent holder has a good faith belief in the accuracy of the communication. Here, the district court declined to find any of BlephEx's statements were false or misleading. Accordingly, the Federal Circuit held that the district court abused its discretion when it granted a preliminary injunction without a finding of bad faith. Regarding medical immunity, medical practitioners are not immune from infringement, but rather the patentee cannot seek a remedy for such infringement against the practitioner or related health care entity. Additionally, the Federal Circuit vacated the district court's conclusion that Myco has a "strong likelihood of success on the merits" of its non-infringement claim. The district court based its non-infringement analysis on frequently conflating the invention in the '718 patent with the BlephEx product. However, the law is clear that infringement is determined on the basis of the claims, not on the comparison with the patentee's commercial embodiment of the claimed invention.

Taylor v. Iancu, No. 2018-1070 (April 3, 2020) (non-precedential); Patent App. No. 11/391,501**Key point(s):**

- A specification that does not describe the combination of multiple different versions that are claimed in combination lacks written description.
- An applicant's admission that there was not a suitable platform to implement the claimed invention is evidence that the inventor was not in possession of the claimed invention as of the filing date.

Facts/Background: Taylor filed the '501 application in the PTO claiming foreign priority to UK Patent App. No. GB9310175.6 filed on 05/18/93. The specification describes a system called "GPS Explorer" which is designed to provide information to a user on the move. The specification disclosed a "real time version" and an "audio visual version" of the GPS Explorer. The examiner rejected the independent claims as obvious in light of several prior art references. On appeal, the PTAB further rejected the claims as lacking written description and as indefinite and reversed the examiner's obviousness rejections because the claims were too indefinite to make a proper review. Taylor filed a complaint in district court, seeking judgment that the '501 application's claims were patentable. The district court granted summary judgment to the PTO, concluding the '501 application's claims are both indefinite and lack written description. Taylor appealed.

Holding: Affirmed. The Federal Circuit agreed with the district court that the specification did not provide written description for the pending claims. The claims recite "selectively stor[ing] . . . received data based on the sensed position" and "access[ing] and search[ing] the selectively stored data by selecting, from the selectively stored data, information on the sensed position." The specification provides examples of data that can be retrieved, but does not explain how the claimed storing, accessing, and searching of this data is achieved. The specification also does not describe the claimed combination of the two versions of the GPS Explorer. For instance, the specification does not describe how the GPS Explorer would take into consideration the user's orientation, height, direction of view, view angle of azimuth, and time of day to convert the real-time version's location based information sources into the audio visual version's simulated views. Additionally, Taylor's own experience in attempting to implement the invention further supports finding a lack of written description. Taylor admitted that in 1993, when he filed his initial application, "there was no internet" and after filing his application he was "waiting and waiting" for a "suitable platform to become available" to allow him to implement his idea. Taylor's experience thus shows that the specification did not demonstrate possession of the claimed invention but was instead a mere wish or plan for obtaining the claimed invention. Therefore, the Federal Circuit affirmed the district court's granting of summary judgment.

Taylor v. Iancu, No. 2018-1048 (April 3, 2020) (non-precedential) ; Patent App. No. 10/425,553**Key point(s):**

- A specification that does not describe how multiple features are integrated simultaneously lacks written description if the claim requires that the multiple features be performed concurrently.
- An applicant admitting there was a lack of a suitable platform to implement a claimed idea is evidence that the specification did not demonstrate possession of the claimed invention.

Facts/Background: Taylor filed the ‘553 application in the PTO claiming foreign priority to UK Patent App. No. GB9310175.6 filed on 05/18/93. This case is related to the case above regarding the ‘501 application Taylor filed, and the court provides similar reasoning here. The specification describes a system called “GPS Explorer” which is designed to provide information to a user on the move. The specification describes an “audio only version” of GPS Explorer that includes a “Destination Oriented Guidance Mode” and a “Tour Mode.” The specification also describes a “virtual reality version” of the GPS Explorer. Each of the ‘553 application’s pending independent claims was directed to the combination of these features. In a final Office Action, the Examiner rejected the independent claims as indefinite, obvious in light of several references, and lacking written description. The PTAB affirmed the Examiner’s written description and indefiniteness rejections and reversed the obviousness rejections due to the claims being too definite for the Board to perform a proper review. Taylor filed a complaint in district court, seeking judgment that the ‘553 application’s claims were patentable. The district court granted summary judgment to the PTO, concluding the ‘553 application’s claims are both indefinite and lack written description. Taylor appealed.

Holding: Affirmed. The Federal Circuit agreed with the PTAB and the district court that although some aspects of the claimed features are disclosed separately, the specification does not sufficiently disclose to the skilled artisan how all of this information is generated and presented to the user simultaneously. Taylor argues that simultaneity is not specified by the claims. However, the claims recite some or all of these features being present concurrently. The claimed features are only recited in the specification as being part of one or the other of separate versions of the GPS Explorer. Additionally, Taylor’s own experience in attempting to implement the invention further supports finding a lack of written description. Taylor admitted that in 1993, when he filed his initial application, “there was no internet” and after filing his application he was “waiting and waiting” for a “suitable platform to become available” to allow him to implement his idea. Taylor’s experience thus shows that the specification did not demonstrate possession of the claimed invention but was an instead a mere wish or plan for obtaining the claimed invention. Therefore, the Federal Circuit affirmed the district court’s granting of summary judgment.

Taylor v. Iancu, No. 2018-1047 (April 3, 2020) (non-precedential); Patent App. No. 11/807,860**Key point(s):**

- A specification must enable simulation of all modes of operation to enable the claims to be performed by a person of skill.
- An applicant admitting there was a lack of a suitable platform to implement a claimed idea is evidence that the specification did not demonstrate possession of the claimed invention.

Facts/Background: Taylor filed the '860 application in the PTO claiming foreign priority to UK Patent App. No. GB9310175.6 filed on 05/18/93. This case is related to the cases above regarding the '501 and '553 applications that Taylor filed, and the court provides similar reasoning here. The specification describes a system called "GPS Explorer" which is designed to provide information to a user on the move. The GPS Explorer allows a user to select many modes of operation. Each of the '860 application's independent claims presents data to a user as a "computer-based simulation" based on a user-specific "mode of operation." In a final Office Action, the Examiner rejected the independent claims as lacking enablement and as obvious in light of several references. The PTAB affirmed the Examiner's enablement rejections, further rejected the claims as indefinite, and reversed the obviousness rejections for being too indefinite for the Board to perform a proper review. Taylor filed a complaint in district court, seeking judgment that the '860 application's claims were patentable. The district court granted summary judgment to the PTO, concluding the '860 application's claims are both non-enabled and indefinite. Taylor appealed.

Holding: Affirmed. The Federal Circuit agreed with the PTAB and the district court that the claims were not enabled because the specification did not teach of skill how to "present . . . retrieved data to the user based on [a user-]specified mode of operation" during a "computer-based simulation," as recited by the independent claims. The Board reasoned that although the specification describes a "simulation mode," the specification never discusses a simulation within a mode or concurrent modes. To enable the claims, the specification must enable simulation of all modes of operation. Yet nothing in the specification, whether in the paragraph describing "simulation mode" or elsewhere, contemplates multiple kinds of simulations depending on a mode of operation selected by the user, let alone explains how such functionality would be achieved. Additionally, Taylor's own experience in attempting to implement the invention further supports finding a lack of written description. Taylor admitted that in 1993, when he filed his initial application, "there was no internet" and after filing his application he was "waiting and waiting" for a "suitable platform to become available" to allow him to implement his idea. Taylor's experience thus shows that the specification did not demonstrate possession of the claimed invention but was an instead a mere wish or plan for obtaining the claimed invention. Therefore, the Federal Circuit affirmed the district court's granting of summary judgment.