

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING JUNE 9, 2023

Medtronic, Inc. v. Teleflex Innovations S.A.R.L., No. 2021-2357, 2021-2360, 2021-2364 (June 5, 2023) (precedential) (3-0); Patent No. 8,048,032; RE45,380; RE45,776

Key point(s):

- A party having access to a competitor's product and then making a substantially similar product infers copying;
- Strong objective evidence including copying, industry praise, and significant commercial success can outweigh prima facie arguments of obviousness.

Facts/Background: Medtronic initiated IPRs of Teleflex's patents, which concern a medical guide catheter. The PTAB held various claims to be unpatentable, but granted Teleflex's contingent motions to amend certain claims of the '032 and '380 patents, and determined the amended claims were not unpatentable. All claims had been categorized into four groups: "Side Opening," "One-French," "Double-Incline," and "Substitute." For each group, Medtronic asserted that the replacement of a funnel of one reference with one or more features of other references rendered the claims obvious. Teleflex refuted the arguments as hindsight, and provided objective evidence of nonobviousness, including copying by Medtronic. The PTAB found the objective evidence prevailed for each group, even though for the Side Opening claims, the PTAB noted the arguments over the art presented "a close case." For the One-French claims, the PTAB also found that a necessary further modification—not in Medtronic's petition—indicated hindsight rather than obviousness. For the Double-Incline claims, the PTAB accepted Teleflex's expert testimony that Medtronic's proposed substitution of features in the prior art would not achieve the intended effects. For the Substitute claims, the PTAB rejected Medtronic's arguments concerning lack of written description and obviousness. Medtronic appealed.

Holding: Affirmed. The Federal Circuit found the PTAB had correctly assessed the objective evidence of nonobviousness, *viz.*: (i) the combination of claimed features had not been disclosed in the art as a combination; (ii) Medtronic's access to Teleflex's commercial product, the substantial similarity of the products, and direct evidence supported a conclusion of copying; and (iii) Teleflex's commercial design solved long-felt unmet needs, had been copied by multiple competitors, had received industry praise (including by Medtronic), and had achieved a high level of commercial success. Medtronic argued that the PTAB had improperly ignored certain obviousness arguments. The Federal Circuit found that the PTAB had considered all of Medtronic's obviousness arguments, but had limited discussion to the more meritorious arguments. Moreover, the Federal Circuit determined the PTAB had concluded that even if Medtronic's prima facie obviousness arguments had been accepted, Teleflex's strong objective evidence would prevail. Medtronic also argued that the PTAB legally erred in its analysis of the motivation to combine references with a reasonable expectation of success. The Federal Circuit indicated that establishing whether or not there existed a reasonable expectation of success is a question of fact, and the PTAB's conclusions are supported by substantial evidence. Written description support for the Substitute claims was affirmed in a parallel appeal.

Medtronic, Inc. v. Teleflex Innovations S.A.R.L., No. 2021-2359, 2021-2362, 2021-2366 (June 5, 2023) (precedential) (3-0); Patent Nos. RE45,380; RE45,760; RE47,379

Key point(s):

- Modifying the device of a prior art reference in a manner that would undermine a purpose it shares with the challenged claims counsels against a motivation to make such modifications.

Facts/Background: Medtronic filed IPR petitions challenging various claims of three patents owned by Teleflex relating to certain coaxial extension catheters insertable into standard guide catheters. The primary reference, Ressemann (U.S. Patent No 7,604,612), cited by Medtronic, disclosed an evacuation sheath assembly used to aspirate embolic material while occluding blood flow using sealing balloons. Medtronic argued that a skilled artisan would have been motivated to modify Ressemann by removing its sealing balloons and replacing its inflation lumen with a pushrod or wire so that it could be used as an extension catheter. The Patent Trial and Appeal Board found that the disputed claims would not have been obvious because Ressemann’s “entire premise” was to use sealing balloons to prevent embolic flow and that removing the balloons, per Medtronic’s modification, would “render Ressemann completely inoperable for its stated purpose.” Medtronic appealed.

Holding: Affirmed. On appeal, Medtronic contended that the Board legally erred by focusing on “the detrimental effects of Medtronic’s modifications to one of Ressemann’s intended purposes ... to the neglect of Ressemann’s other purpose.” Medtronic argued that the Board’s reasoning conflicts with Federal Circuit precedent that the “intended purpose of a reference does not control” the obviousness inquiry. Specifically, Medtronic relied on a Federal Circuit opinion that found that the intended purpose of a prior art device is not dispositive of whether a skilled person would modify it. The Federal Circuit disagreed, finding that the present case was distinguishable on its facts from the prior case and substantial evidence supported the Board’s finding. The Board had found that Ressemann’s “entire premise” was to use sealing balloons to prevent embolic flow and that removing the balloons, per Medtronic’s modification, would “render Ressemann completely inoperable for its stated purpose.” The Federal Circuit determined 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.

Yita, LLC v. MacNeil IP., LLC., Nos. 2022-1373, 2022-1374; (June 6, 2023) (precedential) (3-0); Patent Nos. 8,382,186; and 8,833,834

Key point(s):

- Objective evidence of non-obviousness exclusively relating to features known in the art may be insufficient to overcome a finding of obviousness even if those features are not necessarily well-known.
- The PTAB may decline to consider an argument presented in a reply that was not previously disclosed in the petition.

Facts/Background: MacNeil sued Yita for infringing two patents related to vehicle floor trays that MacNeil marketed under the “WeatherTech” brand. Yita petitioned for IPRs against both patents, challenging all claims in the ’186 and ’834 patents on grounds of obviousness. Regarding all claims of the ’186 patent, MacNeil argued secondary considerations of non-obviousness, which the PTAB found sufficient to outweigh a finding that a POSITA would have been motivated to combine three prior art references with a reasonable expectation of success. The PTAB deemed the determining factor to be “the close-conformity of the trays in the foot well.” Although disclosed in a French patent reference, the PTAB considered this aspect to be not well-known, and the Federal Circuit precedent “instructs that ‘it is the claimed combination as a whole that serves as a nexus for objective evidence; proof of nexus is not limited to only when objective evidence is tied to the supposedly “new” feature(s).” Regarding the ’834 patent, MacNeil argued the same secondary considerations for all claims. The PTAB found the argument insufficient to negate obviousness of claims 13-15 because those claims lacked the “close conformity” element. The PTAB found claims 1-12 of the ’834 patent not to be prima facie obvious, rendering moot the secondary considerations. Yita had argued in a footnote in its reply brief that MacNeil had failed to establish “any criticality” to a tolerance limitation in relation to the French patent reference. However, the PTAB viewed the argument as “new” and “outside the scope of a proper reply,” and declined to consider the argument. Yita appealed both adverse decisions.

Holding: Reversed in part and affirmed in part. Regarding the ’186 patent, the Federal Circuit emphasized that a finding of obviousness is not overcome by objective evidence that is tied only to a claimed feature known in the art—regardless of whether or not the feature was well-known—if a POSITA would be motivated to use the known feature in combination with other known features with a reasonable expectation of arriving at the claimed subject matter. The Federal Circuit clarified that objective evidence tied to known elements can overcome a prima facie finding of obviousness when the inventive feature of the claims is the combination of those known elements. Because the PTAB relied solely on objective evidence of the “close conformity” aspect (which was known in the art) in finding nonobviousness, this finding was not supported by substantial evidence. Regarding claims 1-12 of the ’834 patent, the Federal Circuit found the PTAB not to have abused its discretion because Yita had asserted in its petition only that it would be obvious to combine the teachings of the French patent with other prior art, not that it would be obvious to experiment with the teachings of the French patent. Thus, the theory raised in the reply brief was new, and the PTAB had discretion over whether or not to consider the theory.

Blackhawk Network, Inc. v. Interactive Communications Int'l, Inc., No. 2022-1650 (June 7, 2023) (nonprecedential); Patent No. 10,769,894

Key point(s):

- The construing of a prior art teaching from the perspective of a POSITA can result in a logical inference even if such a conclusion is not explicitly disclosed.

Facts/Background: Interactive Communications International, Inc. (In-Comm) filed a petition against Blackhawk for PGR on all claims of Blackhawk's '894 patent. The '894 patent includes claims regarding systems that facilitate the sale and activation of draw-based lottery tickets through payment confirmation transmittance using POS terminals. The claims include a "payment confirmation" limitation. In-Comm argued that claims 1-6 of '894 are unpatentable as obvious over U.S. Patent 7,627,497 (*Szrek*). Although *Szrek* does not explicitly include a payment confirmation during ticket activation, the system of *Szrek* requires payment and activation for a winning ticket-holder to be entitled to a prize. *Szrek*'s system included a POS terminal and a store's back office, which communicated with a lottery administration system. The PTAB found that the lottery administration system alone determined the eligibility of a ticket to win a prize, and thus possessed "the information necessary to establish payment and activation for a ticket." The PTAB reasoned that the back office of *Szrek*'s system would provide the payment confirmation. The PTAB issued a final written decision holding claims 1-6 of the '894 patent to be unpatentable as obvious. This appeal followed.

Holding: Affirmed. Blackhawk argued that the Board's findings were not supported by substantial evidence, and that the '894 claimed methods fundamentally differed from *Szrek*'s requirement that a customer possess a receipt as well as a ticket. The Federal Circuit found that the Board had properly construed *Szrek*'s disclosure from the perspective of a POSITA that the lottery administration system alone determined prize eligibility from the scanning of a ticket, and that consequently, the lottery administration must have received payment confirmation from the store's back office before making such a determination. Thus, the Federal Circuit held that there was substantial evidence to support the Boards' findings.

In re Starrett, Jr., No. 2022-2209 (June 8, 2023) (nonprecedential) Patent Application No. 15/299,124**Key point(s):**

- The specification must enable the full scope of the invention defined in the claims.
- When an appellant argues claim rejections as a group, the board can select a single claim to review as representative.

Facts/Background: The '124 application concerns computerized enhancement of telepathic communications. The Examiner rejected all twenty-two claims as lacking adequate written description and enablement, and for indefiniteness. The Examiner rejected claims 15-22 as lacking subject matter eligibility, and rejected claims 1-14 as being obvious. On appeal, the PTAB analyzed the written description, enablement, and obviousness rejections using claim 1 as being representative. In evaluating enablement, the PTAB noted that the forty-seven “or” clauses within claim 1 resulted in the claim covering over 140 trillion embodiments. The PTAB noted approvingly the Examiner’s use of each relevant *Wands* factor in determining the lack of enablement. Despite Starrett arguing that claim 1 was “fully enabled” by the application’s “laboriously detailed specification,” the PTAB held that his argument did not respond to the *Wands* analysis, and affirmed the examiner’s rejection of the claims for lacking enablement. The PTAB affirmed also the Examiner’s other grounds of rejection. This appeal followed.

Holding: Affirmed. Starrett argued that the board erred by selecting and evaluating representative claims rather than addressing each claim individually. However, the Federal Circuit noted that Starrett had merely summarized the rejections and identified what the claims recite, rather than specifically arguing each claim individually. Therefore, the PTAB did not err in identifying and selecting a representative claim for analysis. Starrett argued also that the PTAB erred by affirming the Examiner’s grounds of rejection, repeating the arguments that claim 1 was “fully enabled” and that the outlined components of the invention are well known to persons of skill in the art. The Federal Circuit drew from the recent Supreme Court decision in *Amgen* that a specification “must enable the full scope of the invention as defined by its claims.” The Federal Circuit noted that claim 1 is “rife with broad, vague concepts” that require a practitioner to perform research and investigation beyond a “reasonable” level of experimentation in order to arrive at how the claim’s novel elements function. Starrett’s arguments that a POSITA would be familiar with the claim elements were merely conclusory; the specification did not address how those elements functioned to establish the claimed inventive aspects. Therefore, the PTAB’s findings were supported by substantial evidence. As this rejection was applicable to all claims, the Federal Circuit found that it unnecessary to address the other grounds of rejection.

LBT IP LLC v. Apple Inc., No. 2022-1613, 2022-1614, 2022-1615, 2022-1616, 2022-1617 (June 9, 2023) (nonprecedential) (3-0); Patent Nos. 8,497,774; 8,542,113; 8,102,256; 8,421,618; 8,421,619

Key point(s):

- An obviousness analysis relying on inherency in the prior art to establish the existence of a claim limitation requires a showing that the limitation is “necessarily present” or “the natural result of the combination of elements explicitly disclosed by the prior art.”

Facts/Background: LBT has five patents relating to improvements in battery power conservation of portable electronic tracking devices. Apple filed five petitions for *inter partes* review challenging the patentability of some claims of each patent based upon a combination of prior art references. The Patent Trial and Appeal Board found that the challenged claims of three of the patents would have been obvious over Sakamoto, a published Japanese patent application, because it disclosed an activation/reactivation limitation in certain claims. The Board determined that other claims would have been obvious over prior art combinations based on three other patents. LBT appealed.

Holding: Affirmed in part, reversed in part, vacated in part, and remand in part. On appeal, LBT argued the PTAB’s finding that Sakamoto discloses the activation/reactivation limitation in certain claims of the three patents was not supported by substantial evidence, and the Federal Circuit agreed. Apple’s argument on appeal was essentially one of inherency. Apple conceded there is no explicit disclosure of an activation/reactivation limitation but nevertheless argued a skilled artisan would understand the teaching is inherently disclosed in Sakamoto. The Federal Circuit stated that to rely on inherency to establish the existence of a claim limitation in the prior art in (specifically) an obviousness analysis, Apple had to show the limitation is “necessarily present” or “the natural result of the combination of elements explicitly disclosed by the prior art”. The Federal Circuit pointed to examples of evidentiary evidence, like a witness repeatedly using qualifying language such as “presumably,” “maybe,” “and “might” when he compared the teachings of Sakamoto to the activation/reactivation limitation. The Federal Circuit concluded by saying “Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.” The PTAB’s finding with respect to the claims was reversed.

Ubiquitous Connectivity, LP v. TXU Energy Retail Company LLC, No. 2023-1349 (June 9, 2023) (nonprecedential); Patent Nos. 8,064,935; 9,602,655; 10,344,999

Key point(s):

- Dismissal of an action for failure to prosecute will not prevent a substituted plaintiff from being considered a “party” for appellate purposes.

Facts/Background: Ubiquitous Connectivity, LP sued TXU Energy Retail Co. LLC in the Northern District of Texas, alleging infringement of three U.S. patents. When the attorneys for Ubiquitous moved to withdraw from representation (because Ubiquitous terminated their representation), the district court—recognizing that Ubiquitous, a limited partnership, could appear only through licensed counsel—deferred ruling on the motion until replacement counsel for Ubiquitous appeared. Replacement counsel was never named and did not appear. Instead, Charles Shamoon, on behalf of Ubiquitous as its president, assigned the three asserted patents to himself in his personal capacity, and moved to substitute himself for Ubiquitous as the plaintiff. TXU opposed, and moved to dismiss the case because Ubiquitous, by failing to retain replacement counsel, failed to prosecute it. The district court granted TXU’s motion, dismissing the case without prejudice under Federal Rule of Civil Procedure 41(b). With the case dismissed, the court denied Mr. Shamoon’s motion to substitute as moot. Mr. Shamoon, in his personal capacity, appealed.

Holding: Affirmed. On appeal, TXU asserted that Mr. Shamoon could not bring this appeal as he “is not aggrieved by the dismissal” of the action originally brought by Ubiquitous, an action to which he was not a party. The Federal Circuit disagreed, finding Mr. Shamoon was aggrieved by the district court’s order that denied his motion to substitute himself for Ubiquitous. As the new assignee of the patents at issue, he would have had the required stake in the case if substituted. The Federal Circuit found that Mr. Shamoon falls within the widely recognized principle that “a nonparty that unsuccessfully seeks to be substituted may appeal” from the denial of substitution that, being for mootness, depends directly on the dismissal of the action. And though not a “party” to the case in district court, a person in Mr. Shamoon’s position, who filed a motion to be substituted to become a party in the district court, qualifies as a “party” for purposes of Federal Rule of Appellate Procedure. Fed. R. Civ. P. 41(b) allows a district court to involuntarily dismiss an action “[i]f the plaintiff fails to prosecute or to comply with these rules or a court order.” In the present case, because the dismissal was without prejudice, the Federal Circuit determined there would be minimal harm as Mr. Shamoon could refile the action after it had been dismissed.

Blue Gentian, LLC v. Tristar Products, Inc., No. 2021-2316, 2021-2317 ((June 9, 2023) (precedential) (3-0); Patent Nos. 8,291,941; 8,291,942; 8,479,776; 8,757,213; D722,681; D724,186

Key point(s):

- The same standards govern inventorship challenges for utility patents and design patents.
- While the named inventors are presumed correct, a district court may order correction of inventorship when it determines that an inventor has been erroneously omitted from a patent, but an alleged joint inventor's testimony standing alone is insufficient and needs corroboration.
- Corroborating evidence of inventorship may take many forms, including contemporaneous documents, physical evidence, circumstantial evidence, and oral testimony of someone other than the alleged inventor.

Facts/Background: Blue Gentian sued Tristar for infringement of six US patents related to an expandable hose. Michael Berardi was the sole named inventor on each patent. Tristar counterclaimed to correct inventorship of all six patents. The evidence showed that Mr. Berardi, the original named inventor, and Mr. Ragner were both at a meeting which was intended to interest investors in Mr. Ragner's new MicroHose. Mr. Ragner was skilled in the pertinent art with technical degrees and was a co-inventor on other patents to hoses. Mr. Berardi held only a degree in sociology and had no experience designing or building hoses. Prior to the meeting, Mr. Berardi watched a video demonstrating the MicroHose. During the meeting, a document that detailed the manufacturing process for the MicroHose was provided along with a prototype. Shortly thereafter, Mr. Berardi built a hose prototype that was similar to the one he had seen at the meeting. Within three months of the meeting, Mr. Berardi began filing patent applications to the hose, naming himself as the sole inventor. Thereafter, Blue Gentian, the assignee of the patents, sued Tristar and Tristar counterclaimed to correct inventorship. The district court entered judgment on the inventorship counterclaim in Tristar's favor and ordered correction of the patents. Blue Gentian appealed.

Holding: Affirmed. On appeal, Blue Gentian alleged error in the district court's determinations related to Mr. Ragner's contribution to conception, corroboration of his testimony, and collaboration between Mr. Ragner and Mr. Berardi. The Federal Circuit agreed with the district court that Mr. Ragner contributed three key elements to the hose and disagreed with Blue Gentian that contributed elements must be reflected *verbatim* in the patent claims. Regarding a contention that claim construction is required prior to determination of contribution, the Federal Circuit stated that this is not necessary when there is no dispute over construction, as in this case. Regarding collaboration, the Federal Circuit found that the similarity between the two prototypes was particularly corroborative, as was the information exchanged between the two men at the meeting.