

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING AUGUST 25, 2023**Ficep Corp. v. Peddinghaus Corp., No. 2022-1590 (August 21, 2023) (nonprecedential); Patent No. 7,974,719****Key point(s):**

- Automating a previously manual process is not sufficient for patent eligibility.
- A specific, discrete implementation of an abstract idea needed to be claimed.

Facts/Background: Ficep and Peddinghaus are competitors that manufacture machinery that can fabricate large steel beams used in construction projects. The '719 Patent claimed systems, methods, and articles of manufacture “for the automatic manufacture of a multiple component object with intersecting components based on a standard design model of the object”, such as a CAD object. The same “are capable of automatically extracting from [the] design model the dimensions of the components and the intersection parameters of the components, [] instructing a manufacturing machine to mark out the position of the components[,] and manufactur[ing] the object on the basis of the extracted information.” Ficep sued Peddinghaus for infringement of the '719 Patent and Peddinghaus successfully moved for summary judgment based upon subject matter eligibility. The district court used as the representative claim for its two-step *Alice* analysis the independent apparatus claim. In Step One, the court found that the claim was “identifying, extracting, and transferring data from a design file for the purpose of manufacturing an object” so as “to simply automate the prior art methods to minimize human error and fails to recite any specific technological improvement to manufacturing or computer technology.” The claim “simply replac[ed] the human operator with a conventional machine,” which “is not sufficient to transform the claims into patent-eligible subject matter.” In Step Two, the court then found the claim used “generic and ‘black ‘box’-type claiming that raise serious concerns about preemption”. The court found the claim “lack[ed] a specific, discrete implementation of the abstract idea”, which prevented the finding of an inventive concept beyond the abstract idea.

Holding: Affirmed. The Federal Circuit in conducting its *de novo Alice* review held that for Step One that the '719 Patent indicated that the manual activity being replaced required a human to identify and extract information from a design model and transfer the information to a manufacturing machine. “[T]he claim’s ‘character as a whole’ is directed to” steps that “can be performed in the human mind, or by a human using a pen and paper”, which is a patent-ineligible abstract idea. In looking beyond the abstract idea for Step Two, the appellate court determined claim 7 only recited generic, conventional elements of a computing device, a programmable logic controller, a receiver, a database unit, a processor, a transmitter, and a manufacturing machine once the abstract idea was removed, which did not provide any additional evidence of an inventive concept.

Sun Pharm. Indus., Inc. v. Incyte Corp., No. 2019-2011 (August 22, 2023) (nonprecedential); Patent No. 9,249,149.

Key point(s):

- For a new compound, the two-step test for determining obviousness is (1) whether a chemist of ordinary skill would have selected the lead compounds as a starting point, and (2) whether the combination of references provides a chemist of ordinary skill with motivation to modify the lead compound to make the claimed compound with a reasonable expectation of success.

Facts/Background: Ruxolitinib, which is marketed by Incyte under the trade name JAKAFI, is approved to treat myelofibrosis (bone marrow cancer), but it may have severe side-effects in some patients. Concert received the '149 Patent titled "Deuterated derivatives of ruxolitinib" in 2016. The '149 Patent teaches in the Background that deuterium (aka "heavy hydrogen"; "D") substitution at one or more metabolic site(s) of a drug is appreciated as sometimes having a comparatively beneficial effect on the adsorption, distribution, metabolism, or excretion (ADME) properties versus its non-D analogue. Incyte initially filed an IPR challenging all claims of the '149 Patent in 2017 based on anticipation and obviousness, but the petition was denied. Incyte refiled the petition in 2018 based only on obviousness, which was accepted. Incyte's obviousness challenge was based upon the combination of *Rogers*, *Shilling*, and *CoNCERT Backgrounder*. *Rogers* and *Shilling* are on the face of the '149 Patent but are not cited by the Examiner during examination; *CoNCERT Backgrounder* is contained and described in detail within a third reference that is on the face of the '149 Patent that was not cited by the Examiner during examination. After Concert challenged the public accessibility of *CoNCERT Backgrounder*, the PTAB granted additional discovery based upon the *Garmin* factors. Concert acknowledged that the *CoNCERT Backgrounder* was its document but it had insufficient information regarding whether the 2007 copyright date was accurate or whether the document was hosted on the "www.concertpharma.com" website in 2009 (when the document would have been accessed by the author of the third reference). The PTAB found that *CoNCERT Backgrounder* was sufficiently accessible as a publication to be available, and that all claims were obvious in light of the combination of *Rogers*, *Shilling*, and *CoNCERT Backgrounder*.

Holding: Affirmed. Sun (acquired Concert in 2023) challenged the ruling only on the second "new compound" prong. The appellate court held that Incyte has proven by substantial evidence that *CoNCERT Backgrounder* not only provided a motivation to combine the references but also provided a reasonable expectation of success for a POOSITA to use the D-substitution technique on known compounds, such as ruxolitinib. *Rogers* taught ruxolitinib and represented the lead compound. *Shilling* identified the metabolically-active site(s) of ruxolitinib, which are on the cyclopentane ring. *CoNCERT Backgrounder* provided the general teaching that modifying the metabolically-active site of a drug, especially a known drug, with deuterium may positively impact one or more ADME properties and reduce the side-effects of said drug. The appellate court agreed that *CoNCERT Backgrounder* provided a POOSITA with a reasonable expectation of success by showing an example of a known drug (torcetrapib) that was modified with deuterium at several suspected metabolically-active sites to create multiple D-analogues, half of which showed one or more improved ADME properties comparatively.

In re Universal Electronics, Inc., No. 2022-1758 (August 24, 2023) (nonprecedential); Patent Application No. 15/711,381

Key point(s):

- Failing to specifically identify the alleged error in an Examiner’s rejection forfeits at the PTAB any such future arguments.

Facts/Background:

Universal’s ’381 Application is titled “System and Method for Ubiquitous Appliance Control,” which uses one or more universal remote controls to control one or more various appliances through a slave relay device. A GUI on the universal remote control may include icons that represent not only the item but also a specific function to perform. A slave relay device retains a “tag file” that contains executable commands (*e.g.*, XML statements) for a specific function for a specific appliance when an HTML tag on the universal remote is activated. After the Examiner provided final rejection for the 11 active claims based upon obviousness, Universal appealed all 11 claims; however, at the PTAB, Universal only provided argument for claims 2 and 3. The PTAB stated that any other potential argument not made, including for the 9 other claims, to be forfeited. The PTAB also stated that they were not persuaded that any error occurred for any of the claims. Regarding claim 2, the Examiner found that two prior art references provided an overlapping combination of elements for using a user interface with activatable links and “tag files” to access commands and device instructions, and a third reference taught a relay device that provided motivation to combine the references as a system for overall operability. Universal argued that for claim 2 the prior art reference did not “disclose[], teach[], or suggest[] a tag file as claimed”. Universal also argued that the Examiner had merely distilled the invention of claim 2 down to its “gist” and skipped over some elements. The PTAB determined that the Examiner reasonably found the claimed features in the prior art and that there was no error in the Examiner’s *prima facie* obviousness case. With regard to claim 3, the Examiner found that “selectable links are equivalent to file names,” and that the prior art disclosed selectable links that activated the selected file. The PTAB found that this was reasonable given its identification and function.

Holding: Affirmed. On appeal, Universal again challenged the factual finding of “tag file” in a first reference and “file name” in a second reference. Universal also complained that the PTAB had failed to articulate a reason why a POOSITA would find a motivation to combine the first two references using a third reference. The Federal Circuit held that substantial evidence existed for the PTAB to agree with the Examiner’s findings that a “tag file” was described in a first reference, and that the reasoning given by the Examiner and later adopted by the PTAB for “file name” in the second reference was acceptable. The appellate court held that the PTAB did not have to provide a detailed or expanded explanation of its findings if it merely adopts the Examiner’s reasoning, such as for finding “file name” in the second reference and a motivation to combine in the third reference.

Volvo Penta of the Ams., LLC v. Brunswick Corp., No. 2022-1765 (August 24, 2023) (precedential) (3-0); Patent No. 9,630,692

Key point(s):

- The proof to obtain the presumption of a nexus for using objective evidence of secondary consideration of a commercial embodiment includes that the commercial embodiment is coextensive with the claims. The commercial embodiment should not have other elements that are claimed elsewhere that drive, for example, the commercial success or the recognition in the industry for the patent at issue for objective evidence.
- The objective evidence of nonobviousness is cumulative in nature. Each aspect of secondary consideration is evaluated to meet the substantial evidence standard and then given evidentiary weight. The total evidentiary weight of nonobviousness is also measured by the substantial evidence standard.

Facts/Background: Brunswick filed an IPR alleging all claims of the '692 Patent were invalid as obvious. Brunswick, as part of its obviousness case-in-chief, argued that the combination of a patent on a stern drive held by Volvo Penta modified by the teachings of a patent held by Brunswick for an outboard motor having a reversible orientation propeller configuration, rendered the '692 Patent obvious. The PTAB agreed with Volvo Penta that the Brunswick patent used for its case-in-chief was not analogous prior art. The PTAB then determined Volvo Penta was not entitled to a presumption of a nexus to any objective evidence of nonobviousness because Volvo Penta failed to provide arguments for coextensiveness between commercial embodiments (its and Brunswick's apparatus) and the claimed invention. Although the PTAB found no nexus, it weighed Volvo Penta's objective evidence of non-obviousness to determine if Volvo Penta could prove it had shown direct evidence of secondary considerations based upon the unique characteristics of the invention. However, the PTAB assessed that some of the objective evidence of nonobviousness that Volvo Penta presented had "some weight" while others had "very little weight." The PTAB then held that Brunswick's representation of the combined prior art rendered the '692 Patent obvious despite Volvo Penta's showing of objective evidence of nonobviousness.

Holding: Vacated and remanded. The Federal Circuit agreed that Volvo Penta simply failed to show that either company's commercial product was coextensive with the claims of the '692 Patent. Merely because a product falls within the claim scope does not make it coextensive with the claim – those are two separate tests that must both be satisfied for the patentee to obtain the presumption of a nexus with the objective evidence of nonobviousness.

In examining whether there was direct evidence of secondary considerations based upon the unique characteristics of the invention, the appellate court faulted the PTAB's evaluation of the evidence of secondary considerations in not finding a nexus in favor of Volvo Penta. Volvo Penta presented Brunswick emails discussing the '692 Patent and Volvo Penta's commercial product and both internal and external demand for Brunswick to create a similar product. The appellate court also held that the PTAB's assessment that some of the objective evidence of nonobviousness had "some weight" while others had "very little weight" and that the aggregate of the objective evidence failed to overcome Brunswick's argument of obviousness did not rise to meet the substantial evidence standard.