

Federal Circuit Year in Review 2016

Jurisdiction and Procedure

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Categories of Cases

- Part I: Cases Relating to PTAB Practice
- Part II: Cases Relating to Federal Court and ITC Jurisdiction and Venue and Arbitration
- Part III: Cases Relating to Privileges and Deadlines

Part I: Cases Relating to PTAB Practice

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Cuozzo Speed Tech. v. Lee (S. Ct.)

- Issue 1: Whether decision to institute IPR is reviewable
- Issue 2: Whether PTAB's use of broadest reasonable construction in IPR is authorized by the AIA
- Holding:
 - Issue 1: Not reviewable, at least for non-constitutional questions
 - Issue 2: Yes

Cuozzo Speed Tech. v. Lee (S. Ct.)

- Analysis – Reviewability (Breyer majority)
 - The statute says the decision to institute is non-reviewable (§ 314(d) -- “determination by the [Patent Office] whether to institute an inter partes review under this section shall be final and nonappealable”)
 - Statutory purpose is to give PTO significant power to revisit and revise earlier grants
 - Opinion only applies “where grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.”
 - Not decided: “appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of statutory impact, well beyond ‘this section’”

Cuozzo Speed Tech. v. Lee (S. Ct.)

- Analysis – Broadest Reasonable Construction (Breyer majority)
 - Purpose of IPR is not the same as a court proceeding – review of prior administrative grant
 - Under *Chevron*, “gap” in the statute concerning claim construction the agency can fill
 - Broadest reasonable construction standard is a reasonable exercise of rulemaking authority
 - Protects the public against overly broad claims
 - Consistent with past Patent Office practice on initial examination
 - Possibly inconsistent results in PTO and courts is a longstanding feature of the patent system

Cuozzo Speed Tech. v. Lee (S. Ct.)

- Thomas concurrence
 - This statute is clear, but Court should reconsider *Chevron*
- Alito (with Sotomayor) partial concurrence / dissent
 - “final and nonappealable” in statute should be interpreted to limit only interlocutory appeals
 - Presumption in favor of judicial review
 - Judicial review would not undercut the PTO’s (or any agency’s) authority but reinforces it by ensuring the agency is acting in accordance with the law
 - However, agrees with majority that “broadest reasonable interpretation” standard is permissible

Ethicon Endo-Surgery v. Covidien

- Issue: Can the same panel of the PTAB grant a petition for inter partes review and decide the petition on the merits
- Holding: Yes
- Analysis:
 - Supreme Court case law says there is generally no due process problem when investigative and adjudicative functions are combined in the same regulatory body
 - Here even less problematic because both the institution and determination functions are adjudicative

Ethicon Endo-Surgery v. Covidien

- Newman dissent:
 - The AIA's statutory language purposefully divides the institution (by the Director) and adjudication (by the Board) steps; the combination of steps violates the statute
- Petition for rehearing *en banc* denied, over dissent by Newman

Shaw Indus. v. Automated Creel Sys., Inc.

- Issue: “Redundancy Doctrine” in the PTAB (sort of...)
- Facts:
 - Board instituted IPR on some, but not all, claims in ACS’ patent for which Shaw petitioned for review, and on some, but not all, of the grounds asserted by Shaw
 - As to some of the grounds, the Board denied to institute review because those grounds were “redundant”

Shaw Indus. v. Automated Creel Sys., Inc.

- Analysis

- Court lacks jurisdiction to review decision whether to institute IPR (pre-S. Ct. *Cuozzo* but reaching the same result reached by S. Ct. in *Cuozzo*)
- Reyna Concurrence
 - Contrary to its argument, the Board does employ a “redundancy doctrine”
 - The redundancy doctrine is problematic because institution decisions are non-appealable but may have estoppel effects in other proceedings because they may be redundancy may be a substantive decision
 - The Board should at least make clear why grounds are “redundant”

Part II: Cases Relating to Federal Court and ITC Jurisdiction and Venue and Arbitration

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Acorda Therapeutics v. Mylan

- Issue: Does the filing of a paragraph IV certification establish personal jurisdiction for an infringement action in Delaware?
- Facts:
 - Two separate infringement actions based on Paragraph IV filings brought against Mylan in Delaware federal court
 - Mylan moved to dismiss for lack of personal jurisdiction
 - Mylan is registered to do business in Delaware, has an appointed agent for service of process in Delaware, and “intends to direct sales of its drugs into Delaware, among other places”

Acorda Therapeutics v. Mylan

- Holding:
 - Minimum contacts standard for specific personal jurisdiction is satisfied by ANDA filings
 - Other considerations could still defeat specific personal jurisdiction, but here Delaware has a sufficient interest in the dispute and there is minimal burden on Mylan
- O'Malley concurrence:
 - Case could have been decided based on general jurisdiction because Mylan consented to jurisdiction by appointing an agent to receive service of process
- Significance: Absent some other consideration, filing a Paragraph IV certification is consent to personal jurisdiction in any state?

Halo Creative Design v. Comptoir Des Indes

- Issue: On a motion to dismiss based on *forum non conveniens*, should Canada be considered an adequate alternative forum for resolution of copyright / design patent / trademark litigation where the alleged infringement was committed by a Canadian company in the U.S.?
- Holding:
 - Since Canadian IP law does not provide a remedy for extraterritorial infringement, Canada is not an adequate alternative forum
 - Berne Convention does not suggest otherwise

Halo Creative Design v. Comptoir Des Indes

- Significance: “It is particularly important that a *forum non conveniens* movant demonstrate the adequacy of an alternative forum when the dispute implicates the enforcement of intellectual property rights”

Verinata Health v. Ariosa Diagnostics

- Issue: Enforceability of arbitration provision in supply agreement against claim of patent infringement
- Facts
 - Illumina entered into supply agreement with Ariosa for “consumables, hardware and software” relating to DNA analysis
 - Supply agreement covered certain Illumina IP rights but excluded others; definitions were vague
 - Supply agreement included arbitration clause that excluded “disputes relating to issues of scope, infringement, validity and/or enforceability of any Intellectual Property Rights.”
 - Ariosa launched a prenatal DNA sequencing test developed using the materials supplied by Illumina
 - Illumina sued for patent infringement over a patent it held for DNA assay optimization techniques
 - Ariosa counterclaimed for breach of contract under the supply agreement and alleged that the patent in suit was covered by the license
 - Illumina moved to compel arbitration

Verinata Health v. Ariosa Diagnostics

- Holding: Patent claims are not arbitrable
- Analysis
 - Agreement says claims relating to patent scope are not arbitrable and Illumina put patent scope in issue by suing for infringement
 - Counterclaims are not about “licensing in the abstract” – they are about whether Ariosa is licensed to use the patent in suit
- Significance:
 - Difficult to sever patent issues from patent license arbitration clauses for clause to be enforceable

ClearCorrect Operating, LLC v. International Trade Com'n

- Issue: whether transmission of electronic data across borders is an “article” under the Tariff Act
- Holding: No
- Facts:
 - Tooth alignment system where scan of patient’s teeth is sent to location in Pakistan and corrected digital model is sent back to U.S. for fabrication into molded plastic aligner
 - ITC held that this constituted importation of an “article” making patent infringement claim subject to adjudication before the ITC

ClearCorrect Operating, LLC v. International Trade Com'n

- Analysis
 - Under *Chevron* analysis, ITC misinterpreted “articles” under the Tariff Act.
 - Plain dictionary meaning of “article” is a material thing
 - Statutory context shows “article” in this part of the statute is not meant to include intangibles

ClearCorrect Operating, LLC v. International Trade Com'n

- O'Malley Concurrence
 - *Chevron* analysis is not even necessary because there is no indication in the Tariff Act at all that the ITC had any jurisdiction over Internet commerce
- Newman Dissent
 - Section 337 of the Tariff Act was meant to protect “every type and form” of U.S. industry
 - “Patents are for things that did not previously exist, including kinds of technology that were not previously known”
 - “Articles” in the statute means “articles of commerce,” which can include intangibles
- Petition for rehearing *en banc* denied over Newman dissent

Part III: Cases Relating to Privileges and Deadlines

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In re Queen's University at Kingston

- Issue: Is there a Patent Agent Privilege?
- Facts / Procedural Hx:
 - Patentee in infringement action withheld communications with patent agents from discovery on privilege grounds
 - District court required production, petition for mandamus to Federal Circuit

In re Queen's University at Kingston

- Holding:
 - Discovery issues involving documents relating to validity and infringement are substantive patent questions decided under Federal Circuit law
 - There is a patent agent privilege
 - Unique roles of patent agents
 - Congressional recognition of patent agents' authority to act
 - Supreme Court characterization of patent agent activities as the practice of law and that States may not regulate this practice
 - “[C]urrent realities of patent litigation”

In re Queen's University at Kingston

- Holding:
 - Privilege narrowly construed. Must show that communication is in furtherance of tasks listed in 37 C.F.R. § 11.5(b)(1) or “reasonably necessary and incident to the preparation and prosecution of patent applications or other proceeding before the Office involving a patent application or patent in which the practitioner is authorized to participate.”

In re Queen's University at Kingston

- Reyna dissent:
 - Privilege is unnecessary because patent agents can work under attorneys
 - Scope of the privilege is more complicated than the majority suggests
 - Patent agents do not have the same professional place and responsibilities as attorneys and Congress did not intend for a privilege to apply

Immersion Corp. v. HTC Corp.

- Issue: Can a continuation application filed on the same day that a patent issues on an earlier-filed application receive the benefit of the earlier-filed application's filing date?
- Holding: Yes

Immersion Corp. v. HTC Corp.

- Analysis

- To receive the earlier filing date the continuation must be filed “before the patenting” of the invention disclosed in the prior application. (35 U.S.C. § 120).
- Longstanding administrative practice is to treat filings on the same day as patenting as meeting this standard
- Although the statutory language of “before” could require date-level granularity – that is, at least the prior calendar day – the language does not require this result
- No policy reason to upset longstanding prior practice