

## Federal Circuit Review – Issue 291

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#### 291-1. Federal Circuit Affirms PTAB's Decision and Does Not Apply IPR Joinder Estoppel

The United States Court of Appeals for the Federal Circuit recently affirmed a decision by the Patent Trial and Appeal Board finding parties joined in an *inter partes* review not estopped under 35 U.S.C. § 315(e)(1). See *Uniloc 2017 LLC v. Facebook Inc.*, No. 2019-1688, 2019-1689, 2021 U.S. App. LEXIS 6801 (Fed. Cir. Mar. 9, 2021) (Before Lourie, Wallach, and Chen, *Circuit Judges*) (Opinion for the Court, Chen, *Circuit Judge*).

Uniloc 2017 LLC (Uniloc) is the owner of U.S. Patent No. 8,995,433 ('433 patent), pertaining to "a system and method for enabling local and global instant [Voice over Internet Protocol (VoIP)] messaging over an IP network." On May 11, 2017, Facebook, Inc. (Facebook) filed two petitions for *inter partes* review (IPR) of the '433 patent at the Patent Trial and Appeal Board (Board) —the first petition ('1427 petition) challenged claims 1–8 as obvious under 35 U.S.C. § 103; the second petition ('1428 petition) challenged claims 9–12, 14–17, 25, and 26 as obvious under § 103. Meanwhile, a different IPR proceeding challenging claims of the '433 patent, initiated by Apple Inc. (Apple), was already pending at the Board. On June 16, 2017, Facebook filed a new petition, identical to Apple's petition, and a motion to join the Apple IPR. On October 3, 2017, the Board instituted Apple's IPR—challenging claims 1–6 and 8 of the '433 patent—and granted Facebook's motion to join.

In addition to Apple and Facebook's IPRs, LG also filed IPR petitions (identical to Facebook's '1427 and '1428 petitions) and motions to join Facebook's '1427 and '1428 petitions, which the Board granted.

On December 4, 2017, the Board instituted an IPR for Facebook's '1427 and '1428 petitions; however, the Board foresaw a potential statutory estoppel issue arising under 35 U.S.C. § 315(e)(1). Thus, the Board ordered the parties to "brief the applicability, if any, of 35 U.S.C. § 315(e)(1) against Facebook, in light of the anticipated, soon-to-be-issued final written decision for the Apple IPR, to which Facebook was a joined party" (quoting *Facebook, Inc. v. Uniloc USA, Inc.*, No. IPR2017-01427, 2017 WL 6034153, at \*10 (P.T.A.B. Dec. 4, 2017)). The Board ultimately upheld the patentability of all challenged claims in the Apple IPR, and decided that Facebook was estopped from maintaining its '1427 petition as to these same claims. However, the Board decided Facebook was not estopped with respect to claim 7 because § 315(e)(1)'s estoppel provision only applies to grounds that the petitioner raised or reasonably could have raised "*with respect to that claim.*" 35 U.S.C. §315(e)(1) (emphasis added). Finally, LG's participation was not limited in any way due to Facebook's partial dismissal.

On November 20, 2018, the Board issued its final written decision in the consolidated Facebook IPRs, finding all challenged claims unpatentable under 35 U.S.C. § 103. *Facebook, Inc. v. Uniloc 2017 LLC*, Nos. IPR2017-01427, IPR2017-01428, 2018 WL 6271687, at \*33 (P.T.A.B. Nov. 30, 2018). The Board denied Uniloc's rehearing

requests.

On appeal, the main issues addressed by the Federal Circuit were:

1. Whether LG should have been estopped from challenging claims 1–8 based on its relationship with Facebook as a real party in interest (RPI) or privy;
2. Whether Facebook should have been estopped from challenging claim 7; and
3. Whether the Board erred in its unpatentability determination of the claims.

Before addressing the merits of the estoppel issues, the Federal Circuit considered its authority to review such a decision, i.e., “whether 35 U.S.C. § 314(d) statutorily precludes judicial review, following a final written decision in an *inter partes* review proceeding, of a challenge to the Board’s conclusion that under § 315(e)(1) a petitioner is not estopped from maintaining the proceeding before it.” After evaluating several of the Court’s own decisions in this area, the Court concluded it was not statutorily precluded from reviewing such a challenge “[c]onsidering the strong presumption of reviewability of agency action...[and that this case was one] in which the alleged estoppel-triggering event occurred after institution [of the IPR].”

In turning to the merits of the LG estoppel issue, the Court explained that “[d]etermining whether a [p]arty is a[n] [RPI] demands a flexible approach that takes into account both equitable and practical considerations” (quoting *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018)). Further, the Court explained that whether a party is privy with another depends on the nature of the relationship, and whether the party-in-question had a full and fair opportunity to litigate. In affirming the Board’s decision, the Court held that the Board was correct in reasoning there lacked substantial evidence to find LG and Facebook were sufficiently close such that LG exerted control over substantive findings in Facebook’s IPR proceedings.

Turning to the Facebook estoppel issue, the Court looked to Uniloc’s argument that because Facebook was previously estopped from challenging claims 1–6 and 8 of the ’433 patent, and because claim 7 depends from claim 1, Facebook should also be estopped from challenging claim 7. Despite this argument, the Court affirmed the Board’s decision, reasoning that “[s]ection 315 explicitly limits the estoppel to the claims previously challenged and for those proceedings that resulted in a final written decision.”

The petitioner in an *inter partes* review of a claim in a patent under this chapter that *results in a final written decision* under section 318(a)...may not request or maintain a proceeding before the Office *with respect to that claim* on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.

315(e)(1) (emphasis added). The Court explained that “[b]ecause claim 7 was not at issue in the Apple IPR, the plain language of the statute supports the conclusion that Facebook is not estopped from challenging this claim in this proceeding, regardless of its dependency from claim 1.”

Finally, the Court affirmed the Board’s unpatentability determination with respect to all claims, reasoning in part that the Facebook expert’s testimony provided substantial evidence in support of the Board’s obviousness findings.

In so holding, the Court affirmed the Board’s findings that (1) LG and Facebook were not estopped from

challenging claims 1–8 and 7, respectively, of the '433 patent, and (2) claims 1–12, 14–17, 25, and 26 of the '433 patent were unpatentable under 35 U.S.C. § 103.

*For purposes of challenging parties' participation in IPR proceedings, patent holders should be aware of the courts' interpretation of the scope of 35 U.S.C. § 315(e)(1).*

## **291-2. Federal Circuit Denies Appeal of PTAB Decision Denying Institution of Inter Partes Review**

The United States Court of Appeals for the Federal Circuit recently denied Mylan Laboratories Ltd. ("Mylan") appeal of the Patent Trial and Appeal Board's (PTAB) decision to deny institution of inter partes review of U.S. Patent No. 9,439,906 (the '906 patent) to Janssen Pharmaceutica, N.V. (Janssen). *Mylan Labs. Ltd. v. Janssen Pharmaceutica, N.V.*, No. 2021-1071, 2021 U.S. App LEXIS 7311 (Fed. Cir. Mar. 21, 2021) (Before Newman, Moore, and Stoll, *Circuit Judges*) (Order for the Court, Moore, *Circuit Judge*).

Janssen owns the '906 patent and sued Mylan in district court for infringement of certain claims of the '906 patent in 2019. Within 6 months, Mylan filed for inter partes review of the '906 patent. Janssen opposed the proceeding, claiming that an inter partes review would be an inefficient use of Board resources given two co-pending district court actions with trial dates on the horizon. Janssen argued that the validity issues in the co-pending actions overlap with Mylan's petition and that the actions would likely reach final judgment before any inter partes review final decision. The PTAB agreed with Janssen and denied institution, and Mylan appeals the decision not to institute inter partes review and requests mandamus.

In denying institution of inter partes review, the PTAB relied on the *Fintiv* factors in exercising its discretion. See *Apple v. Fintiv*, IPR2020-00019, 2020 WL 2126495 (P.T.A.B. Mar. 20, 2020). Mylan argued that the PTAB decision to deny institution based on co-pending actions undermines Mylan's due process rights and that the PTAB's adoption of non-statutory standards is in contrast to congressional intent.

The Federal Circuit considered whether it had jurisdiction over appeals from decisions denying institution of inter partes review and found that, because no statute grants it jurisdiction, it must dismiss Mylan's direct appeal. The Federal Circuit relied on 35 U.S.C. § 314(d), which states, "The determination by the Director whether to institute an inter partes review under this section shall be final and non-appealable."

Next, the Federal Circuit considered whether it had jurisdiction for Mylan's petition for mandamus. The Federal Circuit held that while it had exclusive jurisdiction over any permissible appeal from a final decision of the PTAB in an inter partes review, petition for mandamus is a remedy for "extraordinary circumstances" and those circumstances were not met in the instant appeal, explaining that the scope of the Federal Circuit's review of a mandamus petition over a denial of institution is very narrow and that the Director is free to decide that an inter partes should not be instituted for reasons of administrative efficiency.

*The Federal Circuit does not have jurisdiction over a direct appeal from a Patent Trial and Appeal Board decision not to institute an inter partes review.*

## **291-3. Federal Circuit Reverses District Court's Grant of Summary Judgment in a Case Involving the Diaper Genie**

The Federal Circuit recently found that the Central District of California had improperly granted summary judgment in a case involving two patents directed to replaceable cassettes that can be used with the Diaper Genie. See *Edgewell Personal Care Brands, LLC v. Munchkin, Inc.*, 2021 U.S. App. LEXIS 6798 No. 2020-1203, 2021 U.S. App. LEXIS 6798 (Fed. Cir. Mar. 9, 2021) (Before Newman, Moore, and Hughes, *Circuit Judges*) (Opinion for the Court, Moore, *Circuit Judge*).

Edgewell Personal Care Brands, LLC, and International Refills Company, Ltd. (collectively, Edgewell) manufacture and sell the Diaper Genie, which includes a pail for collecting soiled diapers and replaceable cassettes that are placed inside the pail to collect the soiled diapers. Edgewell owns U.S. Patent Nos. 8,899,420 and 6,974,029 (collectively, the Edgewell Patents) that are both directed to improvements to the cassette design. Edgewell sued Munchkin, Inc. (Munchkin) for infringement of claims of the Edgewell Patents for marketing and selling replaceable cassettes that can be used with the Diaper Genie pail system.

During litigation in the District Court, the District Court issued a claim construction order to construe the terms of the Edgewell Patents. The District Court construed the '420 patent to require a clearance between the annular wall defining the chamfer clearance and the pail itself when the cassette was installed. The District Court construed the claims of the '029 patent to include an “annular cover” and a “tear-off” section that are both part of the same structure. Based on those constructions, Edgewell asserted literal infringement of the '420 patent and infringement under the doctrine of equivalents for the '029 patent. Munchkin moved for, and was granted, summary judgment for noninfringement of both patents.

On appeal, the Federal Circuit concluded that the District Court had improperly construed the claims of the '420 patent to require a clearance between the cassette and the pail even after the cassette was installed in the pail. The Federal Circuit determined that such a construction of the claims was at odds with many of the disclosed embodiments and was not required by the claims. Accordingly, the Federal Circuit held that the District Court had erred in its construction of the term “clearance” and vacated the District Court’s grant of summary judgment of noninfringement of the '420 patent.

As to the '029 patent, Edgewell argued that the District Court had improperly construed the terms “annular cover,” “tear-off section,” and “engage” and that, even under the District Court’s constructions, the District Court had erred in holding that the doctrine of equivalents would vitiate the claim elements. The Federal Circuit found that the District Court had correctly construed the terms of the '029 patent but had improperly granted summary judgment under the doctrine of equivalents. In reaching this conclusion, the Federal Circuit reasoned that the District Court had cut the inquiry short by considering the elements of the claim to be a binary choice between a single-component structure and a multi-component structure rather than evaluating the evidence to determine whether a reasonable juror could find that the accused products perform substantially the same function, in substantially the same way, achieving substantially the same result as the claims.

Accordingly, the Federal Circuit reversed the District Court’s decision regarding the '029 patent and remanded the case back to the District Court for further proceedings.

*Under the doctrine of equivalents, an infringement theory will fail if it renders a claim limitation inconsequential or ineffective.*

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