STAAS & HALSEY LLP

# 2018 FALL NEWSLETTER

1201 NEW YORK AVENUE, N.W.
WASHINGTON, D.C.

## TABLE OF CONTENTS

## SUPREME COURT

# *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.*

On June 25, 2018, the U.S. Supreme Court ("Supreme Court") granted certiorari in *Helsinn Healthcare S.A., v. Teva Pharmaceuticals USA, Inc*. The question before the Supreme Court is whether, under the Leahy-Smith America Invents Act ("AIA"), an inventor's sale of an invention to a third party qualifies as prior art when the claimed invention was not publicly disclosed before one year of its application filing date.

Prior to the AIA, 35 U.S.C. § 102 ("§ 102") barred any invention that was patented or described in a printed publication in the U.S. or a foreign country, or in public use or on sale in the United States from receiving a patent. Under the pre-AIA statue, courts consistently found that a sale of an invention, regardless of whether the invention was publicly disclosed more than one year before its effective application date, was considered prior art. However, under the AIA, § 102 now bars any invention that was in "public use, on sale, or otherwise available to the public" more than one year before the effective filing date of the claimed invention. The condition that the claimed invention was not on sale more than a year before its effective filing date is commonly referred to as the "on-sale bar."

In 2001, Helsinn Healthcare S.A. ("Helsinn") entered an agreement to license its 0.25 mg and 0.75 mg palonosetron product to MGI Pharma ("MGI") when it received approval from the Federal Drug Administration ("FDA"). Under the agreement, MGI was obligated to keep knowledge related to the product and the proposed novel formulas confidential. Such an agreement is known as a "secret sale." Accordingly, details of the formulas and related knowledge were redacted from any public disclosures regarding the agreement between Helsinn and MGI. In 2003, Helsinn filed a U.S. provisional patent application for the 0.25 mg palonosetron formula after receiveing FDA approval. In 2013 Helsinn received U.S. Patent No. 8,598,219 ("the ′219 patent") claiming priority on the 2003 application.

In 2011, Teva Pharmaceuticals USA, Inc. ("Teva") filed an abbreviated new drug application ("ANDA") to market a generic version of Helsinn's 0.25 mg palonosetron product. In response, Helsinn filed a patent-infringement action against Teva in district court. The District Court concluded that Helsinn's license agreement with MGI did not invalidate the ′219 patent under the AIA's on-sale bar because the actual 0.25 mg formula was never publicly disclosed. Ultimately, the District Court found that Teva's generic version infringed on the ′219 patent. Subsequently, Teva appealed to the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit").

## *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc. (cont'd.)*

In its opinion, the Federal Circuit analyzed the language of § 102 and the legislative history of the AIA and determined that Congress did not intend to change the meaning of "on sale." Additionally, the Federal Circuit looked to Federal Circuit and Supreme Court precedent and concluded that "after the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of sale." Therefore, the Federal Circuit concluded that the sale of an invention, regardless of whether the invention was publicly disclosed more than one year before its effective application date, is considered prior art. Accordingly, the Federal Circuit held that Helsinn's license agreement for the ′219 patent triggered the on-sale bar; and therefore, the ′219 patent was invalid under §102.

Helsinn then filed a petition for certiorari to the Supreme Court on the issue of whether, under the AIA, an inventor's sale of an invention to a third party qualifies as prior art when the claimed invention was not publicly disclosed before one year of its application filing date. In its petition, Helsinn argued that the Supreme Court should grant the petition because the Federal Circuit decision is inconsistent with the statutory text of § 102, the legislative history of the AIA, and the functions of prior art and the on-sale time bar in the patent system. Specifically, Helsinn asserted that the addition of the phrase, "or otherwise available to the public," to § 102 requires that only sales which make an invention available to the public qualifies as prior art.

By granting certiorari to this issue, the Supreme Court will decide whether the secret sale of an invention triggers the on-sale bar of § 102. Furthermore, the reasoning behind the Supreme Court's decision will shed light on U.S. patent law and the proper interpretation of § 102. Companies and inventors looking to license or sell patents should pay close attention to this case; if the Supreme Court finds in favor of Helsinn, both inventors and companies could benefit by secretly commercializing inventions before a patent is obtained.

# *Fourth Estate Public Benefit Corp. v. Wall-Street.com*

On June 28, 2018, the U.S. Supreme Court ("Supreme Court") granted certiorari to *Fourth Estate Public Benefit Corp. v. Wall-Street.com*. The question before the Supreme Court is whether, under 17 U.S.C. § 411(a) of the Copyright Act, a copyright owner can bring an infringement suit after delivering the proper deposit, application, and fee to the U.S. Copyright Office ("Copyright Office"), but before the Register of Copyrights has acted on the application for registration.

Fourth Estate Public Benefit Corp. ("Fourth Estate") is an independent news organization that licenses its journalism to online news outlets. Wall-Street.com ("Wall-Street"), an online news source, obtained licenses to publish several of Fourth Estate's news articles. However, after the licenses expired, Wall-Street continued to publish Fourth Estate's articles. Fourth Estate, after discovering Wall-Street's further use of the articles, filed several applications to obtain copyright registrations for the previously licensed works. Immediately after, Fourth Estate sued Wall-Street for copyright infringement in the district court. In district court, Wall-Street moved to dismiss, arguing § 411(a) bars Fourth Estate from suing until after the Register of Copyrights acts on its application.

§ 411(a) provides that, no civil action for infringement of the copyright in any United States work shall be instituted until either registration of the copyright claim has been made, or the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused.

At the time of filing the infringement suit in district court, U.S. Court of Appeals circuits were split between the "registration" and "application" interpretations of § 411(a). Under the "registration" interpretation, a plaintiff is required to have either an issued copyright or a rejected trademark application to maintain an infringement action. Alternatively, under the "application" interpretation, a plaintiff only needs to have properly filed for a trademark to maintain an infringement action. The district court, in agreement with Wall-Street, adopted the registration approach and dismissed the case. Subsequently, Fourth Estate appealed to the U.S. Court of Appeals for the Eleventh Circuit ("Eleventh Circuit").

# *Fourth Estate Public Benefit Corp. v. Wall-Street.com (cont'd.)*

On appeal, the Eleventh Circuit analyzed the text of the Copyright Act to determine which interpretation was correct. The circuit court first turned to the text of § 410(a) of the Copyright Act and found that an application alone was insufficient for registration. Specifically, the Eleventh Circuit noted that § 411(a) makes it clear that the registration only occurs "after examination," which is later in time than the filing of the application. Furthermore, the Eleventh Circuit concluded that simply filing an application does not constitute registration under § 410(a) because registration requires action from both the copyright owner and the Copyright Office. The Eleventh Circuit reasoned that, if registration occurs at the time of filing an application, the Copyright Office would not have the power to refuse registration as granted by § 411(a).

Additionally, the Eleventh Circuit rejected all of Fourth Estate's policy arguments because the statutory language of the Copyright Act was clear and unambiguous. Ultimately, the Eleventh Circuit affirmed the district court's decision, and adopted the "registration" interpretation of § 411(a). Subsequently, Fourth Estate filed a petition for certiorari to the Supreme Court.

By granting certiorari to this issue, the Supreme Court will decide which § 411(a) interpretation is correct. Currently, under the jurisdictions that follow the "registration" interpretation, the best method for a copyright holder without a registration to sue for infringement is to use the Copyright Office's Special Handling program to expedite the registration process for $800. However, if the Supreme Court adopts the "application" interpretation, a copyright holder without a registration can file an infringement case as soon as an application is filed. All copyright holders without a registration should pay attention to this case as it will determine the process for filing and maintaining a copyright infringement suit.

## FEDERAL CIRCUIT

# *BSG Tech LLC v. BuySeasons, Inc.*

On August 15, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") issued a decision in *BSG Tech LLC v. BuySeasons, Inc.*, holding that when an unconventional feature of the patent claim is determined to be an abstract idea, that unconventional feature cannot make the patent claim eligible under 35 U.S.C §101 ("§ 101").

In May 2016, BSG Tech LLC ("BSG") sued BuySeasons, Inc. ("BuySeasons") for infringement of several patents related to systems and methods for indexing information stored on wide access databases in U.S. district court. BSG's U.S. Patent Nos. 6,035,294 ("the ′294 patent"), 6,243,699 ("the ′699 patent"), and 6,195,652 ("the ′652 patent"), had substantially overlapping specifications and were directed to a "self evolving generic index" for organizing information about various items using classifications, parameters, and values. The district court concluded that the asserted claims were invalid under § 101 for being directed to the abstract idea of considering historical usage information while inputting data and for lacking an inventive concept sufficient to render the subject matter patent-eligible. BSG subsequently appealed to the Federal Circuit.

On appeal, BSG first argued that the ′699 patent was not directed to an abstract idea and was therefore valid under the first step of Alice. BSG asserted that the claims of the ′699 patent were valid because: (1) the claims required a specific database structure, (2) the claims required users to specifically consider "summary comparison usage information" instead of historical usage information, and (3) the claims focused on non-abstract improvements in database functionality.

The Federal Circuit analyzed BSG's first argument and found it unpersuasive. The Federal Circuit stated that a specific database, although more detailed than a generic computer, is nonetheless a generic environment, and therefore invalid under step one of Alice. Next, the Federal Circuit addressed BSG's second argument and determined that the term "summary comparison usage information" only provided a narrow application of an abstract idea and did not "focus" on a non-abstract idea. Lastly, in regards to BSG's third argument, the Federal Circuit concluded that the benefits of the patent flowed "from performing an abstract idea in conjunction with a well-known database structure," and not from improvements in database functionality. Furthermore, the Federal Circuit applied its analysis of the ′699 patent to the ′294 patent due to their similarities. Accordingly, the Federal Circuit found the ′294 patent was not patent-eligible under the first step of Alice.

## *BSG Tech LLC v. BuySeasons, Inc. (cont'd.)*

BSG next argued that claim 9 of the ′952 patent was valid because it was directed to a database that behaved differently than a generic database. Specifically, BSG argued claim 9 was limited to a database in which its predefined structure is not modified when users add additional parameters. The Federal Circuit found that this limitation was not patent-eligible because it did not improve database functionality for the same reasons the limitations in the ′699 and ′294 patents were not patent-eligible.

Finally, BSG argued that the ′699, ′294, ′652 patents were valid under step two of Alice. Specifically, BSG alleged that the "requirement that users are guided by summary comparison usage information or relative historical usage information" was an unconventional feature. In response, the Federal Circuit relied on its decision in *Berkheimer v. HP, Inc.* to emphasize that unconventional features must be directed to a non-abstract idea. Because the Federal Circuit had already determined that the unconventional feature was an abstract idea at step one of Alice and BSG did not argue any further improvements from non-abstract features, the claims of the ′699, ′294, and ′652 patents lacked inventive concepts.

Accordingly, the Federal Circuit affirmed the District Court's decision that the claims of the ′699, ′294, and ′652 patents were ineligible under § 101. In doing so, the Federal Circuit held that an unconventional feature directed to an abstract idea at step one of Alice also fails step two and is therefore ineligible.

# *Endo Pharm. Solutions Inc. v. Custopharm Inc.*

On July 13, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") held that a prior art reference does not inherently disclose the elements of a claim limitation if the prior art describes the performance of the elements but does not include a complete description of the elements, finding the patents of Endo Pharmaceuticals Solutions Inc. ("Endo") not invalid for obviousness.

Bayer Intellectual Property GmbH ("Bayer") holds U.S. Patent Nos. 7,718,640 ("the ′640 patent") and 8,338,395 ("the ′395 patent"), both of which disclose three primary elements for drug Aveed, a testosterone undecanoate ("TU") intramuscular injection: (1) 750 mg dosage of TU, (2) a 40% castor oil and 60% benzyl benzoate vehicle, and (3) a specific injection schedule. Custopharm Inc. ("Custopharm") submitted an Abbreviated New Drug Application for FDA approval to market a generic version of Aveed. Subsequently, Endo Pharmaceuticals Solutions, Inc. ("Endo"), and Bayer sued Custopharm for infringement of two patents. Custopharm stipulated to infringement, and the U.S. district court for the District of Delaware ("district court") determined that the asserted claims were not invalid as obvious. Custopharm appealed.

On appeal, the Federal Circuit affirmed the district court's decision of nonobviousness, rejecting Custopharm's arguments for finding the three elements obvious. Regarding the 750 mg dosage of TU, Custopharm provided that the American Association of Clinical Endocrinologists Guidelines stated that patients in prior art clinical studies were being overdosed based on its identified normal testosterone levels. Custopharm argued that, in light of that fact, a skilled artisan would have been motivated to reduce the dosages identified in the prior art. The Federal Circuit rejected this argument, providing that Custopharm's argument "improperly assumes that the only solution to overdosed patients is to reduce dosage rather than extending the injection intervals."

Per the benzyl benzoatevehicle formulation, the Federal Circuit rejected Custopharm's argument stating that the vehicle formulation was inherently disclosed. Custopharm reasoned that the vehicle formulation was "necessarily present" in the prior art because "it was later revealed to be the actual formulation the authors of the Articles used in their reported clinical studies." The opinion provided that Custopharm incorrectly extrapolated the vehicle formulation in the prior art and that "the incomplete description of the TU injection composition elements denied skilled artisans from having access to that composition, thereby precluding use of the inherency doctrine to fill in disclosure about the product missing from the articles."

## *Endo Pharm. Solutions Inc. v. Custopharm Inc. (cont'd.)*

As to the injection schedule, the Federal Circuit did not find Custopharm's argument, that the schedule would have been obvious, persuasive. Custopharm provided that because a skilled artisan would have recognized that patients injected with 1000 mg TU as disclosed in the prior art were being overdosed, the injection schedule would have been obvious. The Federal Circuit agreed with the district court's finding that "Custopharm failed to meet its burden of showing that a skilled artisan would combine the lowered dose with the injection schedule in the manner claimed." Accordingly, the Federal Circuit affirmed the district court's decision of nonobviousness.

## FEDERAL CIRCUIT

# *TF3 Ltd. v. Tre Milano, LLC*

On July 13, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") issued its opinion in *TF3 Ltd. V. Tre Milano, LLC*, holding that claims cannot be interpreted broader than the specification.

In 2016, Tre Milano, LLC ("Tre Milano") filed a U.S. Patent and Trademark Office ("USPTO") inter partes review of TF3 Ltd.'s ("TF3") U.S. Patent No. 8,651,118 ("the ′118 patent") directed to a hair styling device that automates the curling of hair, challenging the validity of claims 1-5, and 11. The USPTO Patent Trial and Appeal Board ("PTAB") instituted all challenged claims and invalidated the ′118 patent as being anticipated by U.S. Patent No. 4,148,330 ("Gnaga") and Japanese Patent Application No. 61-10102 ("Hoshino"). Subsequently, TF3 appealed to the Federal Circuit.

On appeal, the Federal Circuit first addressed the PTAB's failure to construe "the length of hair can pass through the secondary opening." First, the Federal Circuit determined whether the PTAB erred in finding examples of intended operation described in the specification irrelevant and not limiting on the claims. However, the Federal Circuit stated the incorporation of exemplary operation in the specification intends to define the word to which it refers, and demonstrates the intended use. Specifically, the ′118 patent's specification recited, "the abutment 52 in its open position allows the styled length of hair to pass out of the secondary opening 50, i.e. to slide along the elongate member 20 towards and subsequently off its free end." Therefore, the Federal Circuit concluded the ′118 patent describes the device as improving curl retention by the structure that "permits a formed curl to be slid off the end of the elongated member without being uncurled." Accordingly, the Federal Circuit held that the PTAB erred in its claim construction.

Next, the Federal Circuit analyzed the PTAB's construction of "free end" to mean "an end of the elongate member that is unsupported when the movable abutment is in the open position." Again, the Federal Circuit emphasized that claims are construed with reference to the specification and prosecution history. The Federal Circuit found that the specification was clear that the free end was not a structural support, but an end over which the curl slides. For instance, the Federal Circuit explained that the specification clearly described the elongated member and moveable adjustment as separated structures. Therefore, the Federal Circuit found that the PTAB's requirement for the free end to have "structural support" to form the moveable abutment contrary to the specification

Ultimately, the Federal Circuit determined the PTAB erred in finding the ′118 patent was anticipated by Gnaga and Hoshino due to improper claim construction. Accordingly, the Federal Circuit reversed the PTAB's invalidity decision and held that the patent claims were not anticipated.

# *In Re Power Integrations, Inc.*

On August 16, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") issued a precedential decision *In re Power Integrations, Inc*. ("PI"). In doing so, the Federal Circuit reinforced that the America Invents Act ("AIA") bars review of the Patent Trial and Appeal Board's ("PTAB") institution decisions of an inter partes review ("IPR").

Previously, the Supreme Court stated, in *Cuozzo Speed Technologies, LLC v. Lee* ("*Cuozzo*"), that challenging the denial of an institution decision can only happen in very specific circumstances. However, the Federal Circuit's precedential decision in PI further limits the scope of *Cuozzo*.

In 2018, PI filed four IPR petitions of three issued patents in the PTAB. After reviewing each IPR petition, the PTAB decided to deny institution of all four IPR petitions. The PTAB incorrectly determined that each reference PI relied on did not qualify as a printed publication. Accordingly, the PTAB concluded that PI was not likely to prevail on any challenged claim and denied institution without further analysis on the merits of each of the IPR petitions. Subsequently, PI filed a petition for a writ of mandamus in the Federal Circuit.

In analyzing PI's petition for mandamus, the Federal Circuit first turned to the Supreme Court's holding in *Cuozzo* to emphasize that the AIA bars review of IPR institution decisions. First, the Federal Circuit acknowledged that the Supreme Court noted that some institution decisions can be reviewed under unusual circumstances. The Supreme Court enumerated "unusual circumstances," as an appeal that implicates constitutional questions or presents "other questions of interpretation that reach, in terms of scope and impact, well beyond § 314(d)." The Federal Circuit concluded that PI petitioned an ordinary dispute concerning the decision to institute review, and therefore, PI's petition did not fall into one of the judicially made exceptions.

Next, the Federal Circuit reasoned that although a petition for mandamus is not the same as appeal, the outcome in granting the petition would effectively be a review of the PTAB's decision. In addition, although the PTAB may be incorrect in its decision, the Federal Circuit found the PTAB was not involved in any 'shenanigans' that might justify review. Because there is a statutory prohibition on appellate review of an agency institution decision, the Federal Circuit denied the petition for a writ of mandamus.

Ultimately, the Federal Circuit held that under the AIA, PTAB institution decisions are non-appealable, even by writ of mandamus exception in the unusual circumstances laid out in *Cuozzo*. This precedential decision further outlines what instances are sufficient to grant review of PTAB institution decisions.

# *GoPro, Inc v. Contour IP Holding LLC*

On July 27, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") found in *GoPro, Inc. v. Contour IP Holding LLC* that a GoPro catalog presented at a trade show is a printed publication, holding that the Patent Trial and Appeal Board ("PTAB") erred in refusing to accept the GoPro Catalog as a printed publication under 35 U.S.C. § 102(b).

Contour IP Holding LLC ("Contour") owns U.S. Patent Nos. 8,890,954 ("the ′954 patent") and 8,896,694 ("the ′694 patent"). These two patents are directed to Point of View ("POV") action sport video cameras or camcorders that are configured for image acquisition control and viewing. Both patents claim priority to a U.S. provisional application filed on September 13, 2010. Thus, the one-year critical date is September 13, 2009. GoPro, Inc. ("GoPro") petitioned for inter partes review ("IPR") of the ′954 and ′694 Patent, using a GoPro catalog presented at a trade show in July 2009 as prior art in each petition. Subsequently, the PTAB instituted both IPRs on both patents. GoPro also provided a declaration from a GoPro employee who worked the GoPro booth and presented the GoPro catalog during the trade show. The declaration contended that the trade show was hosted by Trucker Rocky Distrubition, a trade organization focused on action sports vehicles as well as related apparel, parts, and accessories. The trade show had "approximately 150 vendors and more than 1,000 attendees, including actual and potential dealers, retailers, and customers of portable POV video cameras." The PTAB, however, was not convinced that the GoPro catalog was a printed publication. The PTAB reasoned that, because GoPro had not shown that the trade show where GoPro distributed the GoPro catalog was promoted to the public, the GoPro catalog was not considered a printed publication. Thus, the PTAB found that GoPro did not demonstrate that the ′954 and the ′694 patent were unpatentable under the obviousness statute. GoPro appealed.

The Federal Circuit disagreed with the PTAB, finding that the PTAB narrowly interpreted the case law regarding accessibility. Rather, the Federal Circuit provided that "even relatively obscure documents qualify as prior art so long as the relevant public has a means of accessing them." The Federal Circuit provided that consideration should be given to: "the nature of the conference or meeting, whether there are restrictions on public disclosure of the information, expectations of confidentiality, and expectations of sharing the information." Further, the Federal Circuit discussed how the trade show was similar to a conference, and though it was open only to dealers, "it is more likely than not that persons ordinarily skilled and interested in POV action cameras were in attendance or at least knew about the trade show and expected to find action sports cameras at the show." Citing to *Blue Calypso* and *Constant*, the Federal Circuit stated that the "standard for public accessibility is one of 'reasonable diligence'… to locate the information by 'interested members of the relevant public.'"

## *GoPro, Inc v. Contour IP Holding LLC (Cont'd.)*

Based on the declaration and the facts surrounding the trade show, the Federal Circuit concluded that the GoPro catalog was a printed publication under § 102(b), vacating the PTAB's decision and remanded back to the PTAB for further proceedings.

# *E.I. DuPont De Nemours v. Synvina C.V.*

On September 7, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") found in *E.I. DuPont De Nemours v. Synvina C.V.* that the Patent Trial and Appeal Board ("PTAB") erred by not applying the burden-shifting framework applicable to overlapping ranger cases, reversing the PTAB's final written decision on non-obviousness in an IPR.

Synvina C.V. ("Synvina") owns U.S. Patent No. 8,865,921 ("the ′921 patent"). The ′921 patent discloses a method of oxidizing 5-hydroxymethylfurfual ("HMF") or an HMF derivative under specified reaction conditions to form 2,5-furan dicarboxylic acid ("FDCA"). E.I. du Pont de Nemours and Company and Archer-Daniels-Midland Company (collectively, "DuPont") petitioned for an inter partes review ("IPR") of the ′921 patent. Subsequently, the PTAB instituted review of claims 1-5 and 7-9 of the ′921 patent, as the claims were obvious under the prior art provided by DuPont. The ′921 patent claims ranges for parameters, like temperature and pressure, and factors, like solvent and catalyst, for when the oxidation is to occur. The petitioner DuPont showed that the prior art taught these conditions; however, the PTAB held the instituted claims were not unpatentable as obvious, rejecting DuPont's contention that a burden-shifting framework applied. DuPont appealed, challenging the Board's conclusion of non-obviousness and the PTAB's rejection of DuPont's burden-shifting framework.

The Federal Circuit first addressed the standing issue brought up by Synvina. Synvina, in its response, contended that DuPont lacks standing to appeal because no action for infringement of the ′921 patent has been brought against DuPont. Citing to *MedImmune, Inc. v. Genenteh, Inc.*, the Federal Circuit provided that "on appeal the petitioner must generally show a controversy 'of sufficient immediacy and reality' to warrant the requested judicial relief." The Federal Circuit further found that such a controversy exists in this case because DuPont operates a plant capable of infringing the ′921 patent. Because of these facts, the Federal Circuit held that DuPont had standing.

The Federal Circuit then analyzed whether the PTAB erred by not applying the burden-shifting framework applicable to overlapping range cases. Since the precedence shows that the burden-shifting framework applies to overlapping range cases in district court cases, the same framework also applies to examination at the PTAB. During the IPR, the PTAB interpreted two recent cases, *Dynamic Drinkware* and *Magnum Oil*, as prohibiting any burden-shifting framework from applying in an IPR. However, the Federal Circuit distinguished this instant case by stating that PTAB's cited cases did not alter the framework governing overlapping range cases. The Federal Circuit held that when a range is disclosed in the prior art, and the claimed invention falls within that range, the petitioner has established a prima facie case of obviousness. Once this occurs, the burden then shifts to the patent owner to come forward with evidence of teaching away, unexpected results or criticality, or other pertinent objective indica indicating that the overlapping range would not have been obvious in light of that prior art.

## *E.I. DuPont De Nemours v. Synvina C.V. (Cont'd.)*

Because the PTAB erred by not applying the burden-shifting framework to the IPR, the Federal Circuit reversed the PTAB's final written decision on non-obviousness in the IPR.

# *Royal Crown Company, Inc. et. al. v. The Coca-Cola Company*

On June 20, 2018, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") found that the Trademark Trial and Appeal Board ("TTAB") at the U.S. Patent and Trademark Office ("USPTO") erred in its framing of the inquiry into whether ZERO was generic across the genus of goods at issue, vacating the TTAB's dismissal of Royal Crown's opposition to the registration of The Coca Cola Company's trademarks for soft drinks including the term ZERO.

The Coca Cola Company ("Coke") obtained allowance and publication of certain ZERO trademark applications from the USPTO arguing that the term ZERO had acquired distinctiveness as part of a "family of ZERO marks." Subsequently, Royal Crown Company, Inc. ("Royal Crown") filed oppositions to the ZERO mark applications, arguing that: (1) the term ZERO was "merely descriptive of attributes" of Coke's beverages and could not indicate the source of Coke's goods, and (2) the term ZERO was generic when applied to certain beverage products and therefore cannot indicate the source of goods. The TTAB rejected Royal Crown's argument after applying the two-part test set forth in *Marvin Ginn v. International Association of Fire Chiefs* (Fed Cir. 1986). Considering whether the public would use the term ZERO to mean the entire genus of soft drinks and comparing Royal Crown's indirect evidenced of competitor use of ZERO to Coke's own use of ZERO, the TTAB concluded that Royal Crown had failed to demonstrate that ZERO was generic for the genus of goods Coke identified in its applications. Per Crown Royal's lack-of-distinctiveness argument, the TTAB found that Coke had acquired distinctiveness in the term ZERO through providing evidence "showing sales and marketing expenditures for POWERADE ZERO." Royal Crown appealed to the Federal Circuit both determinations on genericness and acquired distinctiveness.

The Federal Circuit first addressed the genericness argument, concluding that the TTAB incorrectly framed the genericness inquiry in two ways: (1) the TTAB "failed to examine whether ZERO identified a key aspect of the genus at issue," and (2) the TTAB "failed to examine how the relevant public understood the brand name at issue when used with the descriptive term ZERO." The genericness inquiry involves: (1) determining the genus of good or service at issue, and (2) determining if the term sought to be registered is understood by the relevant public primarily to refer to that genus of goods or services. The Federal Circuit provided that the TTAB erred in its application of the second step – that the TTAB only examined "whether the ZERO portion of the trademarks … is a generic name for the general types of beverages with respect to which [Coke] proposes to use the marks." The TTAB should have also considered whether the public would understand the term to refer to the general types of beverages.

## *Royal Crown Company, Inc. et. al. v. The Coca-Cola Company (Cont'd.)*

Next, the Federal Circuit found that the TTAB also failed to apply a "sliding scale" approach to the balancing of the alleged descriptiveness of the ZERO mark against Coke's evidence of acquired distinctiveness. In its analysis, the TTAB only cited to *In re Steelbuilding.com*, providing that "higher levels of descriptiveness require a more substantial showing of acquired distinctiveness," and then proceeded to provide no analysis. TTAB was to make an "express finding regarding the degree of the mark's descriptiveness on the scale ranging from generic to merely descriptive, and it must explain how its assessment of the evidentiary record reflects that finding."

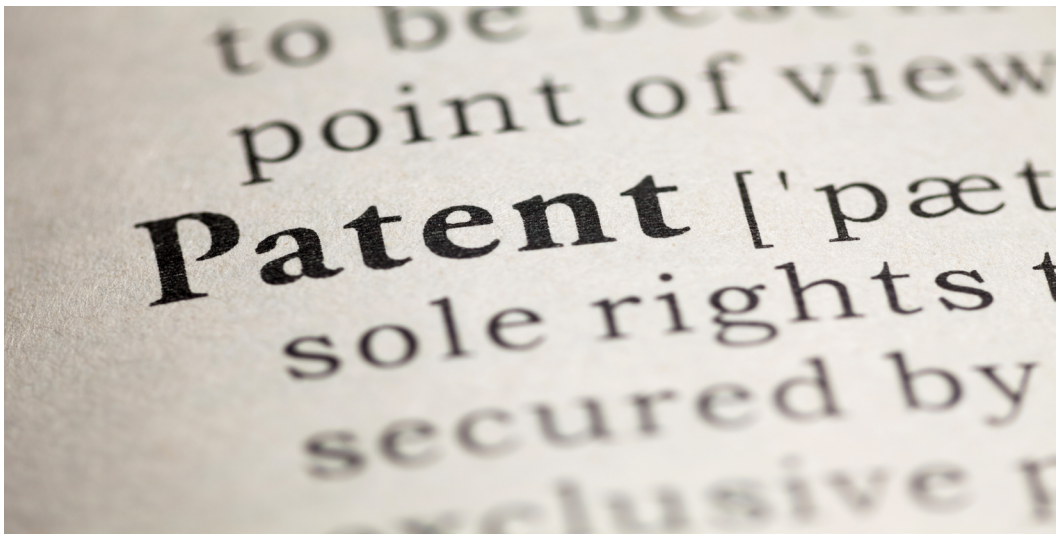
Because the TTAB incorrectly applied the two-step genericness inquiry and the sliding scale approach to the balancing of the alleged descriptiveness, the Federal Circuit vacated the TTAB's dismissal of Royal Crown's oppositions as well as the TTAB's acquired distinctiveness determination. The Federal Circuit remanded the matter back to the TTAB.

# 101 Patent Eligible Subject Matter Guidance

On June 7, 2018, the U.S. Patent and Trademark Office ("USPTO") released a memorandum regarding a recent subject matter eligibility decision at the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") in *Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals*. This USPTO memorandum emphasized the patent eligibility of methods of treatment claims. In the case discussed, the Federal Circuit found the treatment claims to be patent eligible under 35 U.S.C. § 101 because the claims "are directed to a method of using iloperidone to treat schizophrenia," rather than being "directed to" a judicial exception.

The memorandum summarized the Federal Circuit's decision in *Vanda*, providing the "importance of evaluating the claims as a whole in Step 2A" of the *Alice/Mayo* framework. The memorandum also distinguished the method of treatment claims from the administering of treatment claims. The Federal Circuit reasoned that "while the Mayo claims recited a step of administering a drug to a patient, that step was performed in order to gather data about the natural relationships, and thus was ancillary to the overall diagnostic focus of the claims." The claims invalidated in *Mayo* were not method of treatment claims that practically applied a natural relationship; thus, *Mayo* does not undermine the eligibility of method of treatment claims.

This USPTO *Vanda* memo provides a more concrete guidance to examiners who cannot find the line between methods of administering a treatment and methods of treatment. Hopefully, this will allow for clearer and more predictable office actions during examination, which in turn will result in more allowances for treatment patents.



# Proposed USPTO Fee Increases

On August 8, 2018, Andrei Iancu, the director of the United States Patent and Trademark Office ("USPTO"), issued a notification of proposed fee increases in the USPTO. Director Iancu stated that the fee increases will facilitate the USPTO's progress toward reducing pendency and backlog, enhancing patent quality, and financial sustainability.

Tentatively, the increase in fees will be implemented in January 2021. Director Iancu noted that given the nearly three-year gap between the implementation of the last fee adjustments and the anticipated effective date of this proposed fee increase, a five percent increase to fees is the equivalent of raising fees by 1.6 percent annually.

In addition to increasing existing fees, this proposal introduces several new fees. The most noteworthy is a new $400 fee for utility non-provisional filings submitted in a format other than Microsoft Word's DOCX format. Director Iancu stated that encouraging applicants to file in DOCX format will improve examination quality, lower processing costs, and will increase the accessibility of publication materials in the future.

The most notable fee increases are as follows:

| Description | Proposed Fees | | | Increase/(Decrease) | | |
|---|---|---|---|---|---|---|
| | Large Entity Fee | Small Entity Fee | Micro Entity Fee | Large Entity Fee | Small Entity Fee | Micro Entity Fee |
| **Patent Application Filing Fees** | | | | | | |
| Basic Filing fee - Utility (paper filing also requires non-electronic filing fee under 1.16(t)) | $320 | $160 | $80 | $20 | $10 | $5 |
| Basic filing fee - Utility (electronic filing for small entities) | n/a | $80 | n/a | n/a | $5 | n/a |
| Basic Filing Fee - Design | $220 | $110 | $55 | $20 | $10 | $5 |
| Basic Filing Fee - Design (CPA) | $220 | $110 | $55 | $20 | $10 | $5 |
| Basic Filing Fee - Plant | $220 | $110 | $55 | $20 | $10 | $5 |
| Provisional Application Filing Fee | $300 | $150 | $75 | $20 | $10 | $5 |
| Basic Filing Fee - Reissue | $320 | $160 | $80 | $20 | $10 | $5 |
| Basic Filing Fee - Reissue (CPA) | $320 | $160 | $80 | $20 | $10 | $5 |
| Each Independent Claim in Excess of Three | $480 | $240 | $120 | $20 | $10 | $5 |
| Multiple Dependent Claim | $860 | $430 | $215 | $40 | $20 | $10 |
| Non-DOCX Filing Surcharge Fee | $400 | $200 | $100 | $400 | $200 | $100 |
| **Patent Search Fees** | | | | | | |
| Utility Search Fee | $700 | $350 | $175 | $40 | $20 | $10 |
| Plant Search Fee | $440 | $220 | $110 | $20 | $10 | $5 |
| Reissue Search Fee | $700 | $350 | $175 | $40 | $20 | $10 |
| **Patent Examination Fees** | | | | | | |
| Utility Examination Fee | $800 | $400 | $200 | $40 | $20 | $10 |
| Design Examination Fee | $640 | $320 | $160 | $40 | $20 | $10 |
| Plant Examination Fee | $660 | $330 | $165 | $40 | $20 | $10 |
| Reissue Examination Fee | $2,320 | $1,160 | $580 | $120 | $60 | $30 |

# Proposed USPTO Fee Increases *(Cont'd.)*

| | | | | | | |
|---|---|---|---|---|---|---|
| **Patent Post-Allowance Fees** | | | | | | |
| Utility Issue Fee | $1,200 | $600 | $300 | $200 | $100 | $50 |
| Reissue Issue Fee | $1,200 | $600 | $300 | $200 | $100 | $50 |
| Design Issue Fee | $740 | $370 | $185 | $40 | $20 | $10 |
| Plant Issue Fee | $840 | $420 | $210 | $40 | $20 | $10 |
| **Patent Extension of Time Fees** | | | | | | |
| Extension for Response Within First Month | $220 | $110 | $55 | $20 | $10 | $5 |
| Extension for Response Within Second Month | $640 | $320 | $160 | $40 | $20 | $10 |
| Extension for Response Within Third Month | $1,480 | $740 | $370 | $80 | $40 | $20 |
| Extension for Response Within Fourth Month | $2,320 | $1,160 | $580 | $120 | $60 | $30 |
| Extension for Response Within Fifth Month | $3,160 | $1,580 | $790 | $160 | $80 | $40 |
| **Patent Maintenance Fees** | | | | | | |
| For Maintaining an Original or Any Reissue Patent, Due at 3.5 years | $2,000 | $1,000 | $500 | $400 | $200 | $100 |
| For Maintaining an Original or Any Reissue Patent, Due at 7.5 years | $3,760 | $1,880 | $940 | $160 | $80 | $40 |
| For Maintaining an Original or Any Reissue Patent, Due at 11.5 years | $7,700 | $3,850 | $1,925 | $300 | $150 | $75 |
| Surcharge - 3.5 year - Late Payment Within 6 Months | $1,000 | $500 | $250 | $840 | $420 | $210 |
| Surcharge - 7.5 year - Late Payment Within 6 Months | $1,000 | $500 | $250 | $840 | $420 | $210 |
| Surcharge - 11.5 year - Late Payment Within 6 Months | $1,000 | $500 | $250 | $840 | $420 | $210 |
| Petition for the Delayed Payment of the Fee for Maintaining a Patent in Force | $2,100 | $1,050 | $525 | $100 | $50 | $25 |
| **Miscellaneous Patent Fees** | | | | | | |
| Request for Continued Examination (RCE) - 1st Request (see 37 CFR 1.114) | $1,360 | $680 | $340 | $60 | $30 | $15 |
| Request for Continued Examination (RCE) - 2nd and Subsequent Request (see 37 CFR 1.114) | $2,000 | $1,000 | $500 | $100 | $50 | $25 |
| Request for Prioritized Examination | $4,200 | $2,100 | $1,050 | $200 | $100 | $50 |
| Submission of an Information Disclosure Statement | $260 | $130 | $65 | $20 | $10 | $5 |
| **Patent Petition Fees** | | | | | | |
| Petition for Revival of an Abandoned Application for a Patent, for the Delayed Payment of the Fee for Issuing Each Patent, or for the Delayed Response by the Patent Owner in any Reexaminstion Proceeding | $2,100 | $1,050 | $525 | $100 | $50 | $25 |
| Petition for the Delayed Submission of a Priority or Benefit Claim | $2,100 | $1,050 | $525 | $100 | $50 | $25 |
| **PCT Fees - National Stage** | | | | | | |
| Basic National Stage Fee | $320 | $160 | $80 | $20 | $10 | $5 |
| National Stage Search Fee - Search Report Prepared and Provided to USPTO | $540 | $270 | $135 | $20 | $10 | $5 |
| National Stage Search Fee - All Other Situations | $700 | $350 | $175 | $40 | $20 | $10 |
| National Stage Examination Fee - All Other Situations | $800 | $400 | $200 | $40 | $20 | $10 |
| Each Independent Claim in Excess of Three | $480 | $240 | $120 | $20 | $10 | $5 |
| Multiple Dependent Claim | $860 | $430 | $215 | $40 | $20 | $10 |
| National Stage Application Size Fee - for Each Additional 50 Sheets That Exceeds 100 Sheets | $420 | $210 | $105 | $20 | $10 | $5 |

# Proposed USPTO Fee Increases *(Cont'd.)*

| PCT Fees - International Stage | | | | | | |
|---|---|---|---|---|---|---|
| Transmittal Fee | $260 | $130 | $65 | $20 | $10 | $5 |
| Search Fee - Regardless of Whether There is a Corresponding Application (see 35 U.S.C. 361(d) and PCT Rule 16) | $2,180 | $1,090 | $545 | $100 | $50 | $25 |
| Supplemental Search Fee When Required, per Additional Invention | $2,180 | $1,090 | $545 | $100 | $50 | $25 |
| Transmitting Application to Intl. Bureau to Act as Receiving Office | $260 | $130 | $65 | $20 | $10 | $5 |
| Preliminary Examination Fee - U.S. Was the ISA | $640 | $320 | $160 | $40 | $20 | $10 |
| Preliminary Examination Fee - U.S. Was Not the ISA | $800 | $400 | $200 | $40 | $20 | $10 |
| Supplemental Examination Fee per Additional Invention | $640 | $320 | $160 | $40 | $20 | $10 |
| Late Furnishing Fee for Providing a Sequence Listing in Response to an Invitation Under PCT Rule 13*ter* | $320 | $160 | $80 | $20 | $10 | $5 |
| **Patent Enrollment Fees** | | | | | | |
| Application Fee (Non-Refundable) | $110 | | | $10 | | |
| Annual Active Patent Practitioner Fee filed on paper without certifying continuing legal education (CLE) completion | $410 | | | $410 | | |
| Annual Active Patent Practitioner Fee filed electronically without certifying continuing legal education (CLE) completion | $340 | | | $340 | | |
| Annual Active Patent Practitioner Fee filed on paper with certifying continuing legal education (CLE) completion | $310 | | | $310 | | |
| Annual Active Patent Practitioner Fee filed electronically with certifying continuing legal education (CLE) completion | $240 | | | $240 | | |

Lastly, it should be noted that the USPTO has proposed to discontinue fees related to obtaining copies of Patent Grant and Patent Application Publication Images. In replacement, the USPTO will provide similar services for free.

All details regarding the proposed fee increases can be found at:

https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting

Additionally, the full spreadsheet of all fees and proposed changes can be downloaded by clicking:

https://www.uspto.gov/sites/default/files/documents/Table_of_Patent_Fee_Adjustments.xlsx

# Extension of After Final Consideration Pilot 2.0 Program

On October 3, 2018, the U.S. Patent and Trademark Office ("USPTO") announced that the After Final Consideration Pilot 2.0 program ("AFCP 2.0") would be extended through September 30, 2019. AFCP 2.0 aims to reduce prosecution time and promote collaboration between examiners and applicants.

To be eligible for consideration under AFCP 2.0, applicants must file an AFCP 2.0 request form and a response after final rejection under 37 CFR § 1.116. The response after final rejection must include an amendment to at least one independent claim that does not broaden the scope of the claim. No additional USPTO fee for the request is required.

Ultimately, the AFCP 2.0 program authorizes additional time for examiners to search and/or consider responses after final rejections. Furthermore, under AFCP 2.0, an examiner will also use the additional time to schedule and conduct an interview with the applicant when the AFCP 2.0 response does not place an application in condition for allowance.

The USPTO strongly suggests that applicants should respond to final rejections under 37 CFR § 1.116, when the applicant believes such a response would lead to allowance with only limited further searching and/or consideration by the examiner.

As stated above, the AFCP 2.0 program has been extended through September 30, 2019, and therefore any request after final rejection under AFCP 2.0 can be filed for another year.

# PTAB Adopts Phillips Claim Construction

On October 11, 2018, the U.S. Patent and Trademark Office ("USPTO") published a final rule in the Federal Register regarding the adoption of the *Phillips* claim construction in Patent Trial and Appeal Board ("PTAB") proceedings.

As stated in our Summer 2018 Newsletter, the USPTO proposed replacing the broadest reasonable interpretation ("BRI") standard for construing unexpired patent claims and proposed claims in inter partes review ("IPR"), post grant review ("PGR"), covered business method ("CBM") proceedings, with the *Phillips* standard used by federal district courts and in International Trade Commission ("ITC") proceedings. The purpose of the change is to prevent any potential unfairness and to increase judicial efficiency.

The main difference under the *Phillips* test is that the PTAB is not limited to using only intrinsic evidence, but can also use extrinsic evidence, such as dictionaries and expert testimony. Although extrinsic evidence is not given much weight, expert testimony and dictionaries may be useful in educating the court regarding the field of the invention or helping determine what a person of ordinary skill in the art would understand the claim to mean. Generally, the *Philips* standard results in narrower claim interpretations.

Although the BRI standard and the *Phillips* standard often produce similar results, the adoption of the *Phillips* standard clearly creates a uniform claim interpretation standard among forums. However, the USPTO's belief that such uniformity will increase judicial efficiency cannot be tested until the rule's effective date on November 13, 2018. Until then, the BRI standard will continue to be applied to IPR, PGR, and CBM petitions filed before November 13, 2018.

# Implementation of Access to Relevant Prior Art Initiative

On November 1, 2018, the U.S. Patent and Trademark Office ("USPTO) implemented Phase 1 of the Access to Relevant Prior Art Initiative ("RPA Initiative") in Art Unit 2131 in Technology Center 2100. The RPA Initiative was created to increase patent examination quality and efficiency through the implementation of an automated tool for USPTO examiners to use in their examination system.

The automated tool imports relevant prior art and other pertinent information, such as related U.S. applications, counterpart foreign applications, and related international applications filed under the Patent Cooperation Treaty ("PCT"), into pending U.S. applications. The USPTO contends that this will not only increase patent examination quality and efficiency, but will also reduce the burden on the applicant's duty of disclosure.

The goal for Phase 1 is to develop the automated tool for examiners. The automated tool will provide examiners with the ability to view the master list of references compiled by the automated tool. The automated tool will generate a master list of references that is comprised of references cited by the examiner and the applicant, and references imported that have, for example, the same or substantially similar disclosures as the U.S. application being examined.

Next, on January 1, 2019, the RPA Initiative will be released to art units 1616, 1731, 2431, 2675, 2879, 2922, 3636, and 3753. Further, under Phase 1, the Office of Patent Application Processing will conduct pre-examination processing of continuing applications to determine whether an application will be included in the RPA Initiative.

To be included in Phase 1 of the RPA Initiative, an application must:

(1) be a non-reissue, non-provisional application filed under 35 U.S.C. § 111(a) with a claim for benefit under 35 U.S.C. § 120 or § 121 of only a single prior U.S. parent application that was filed under 35 U.S.C. 111(a) or entered national stage under 35 U.S.C. § 371;

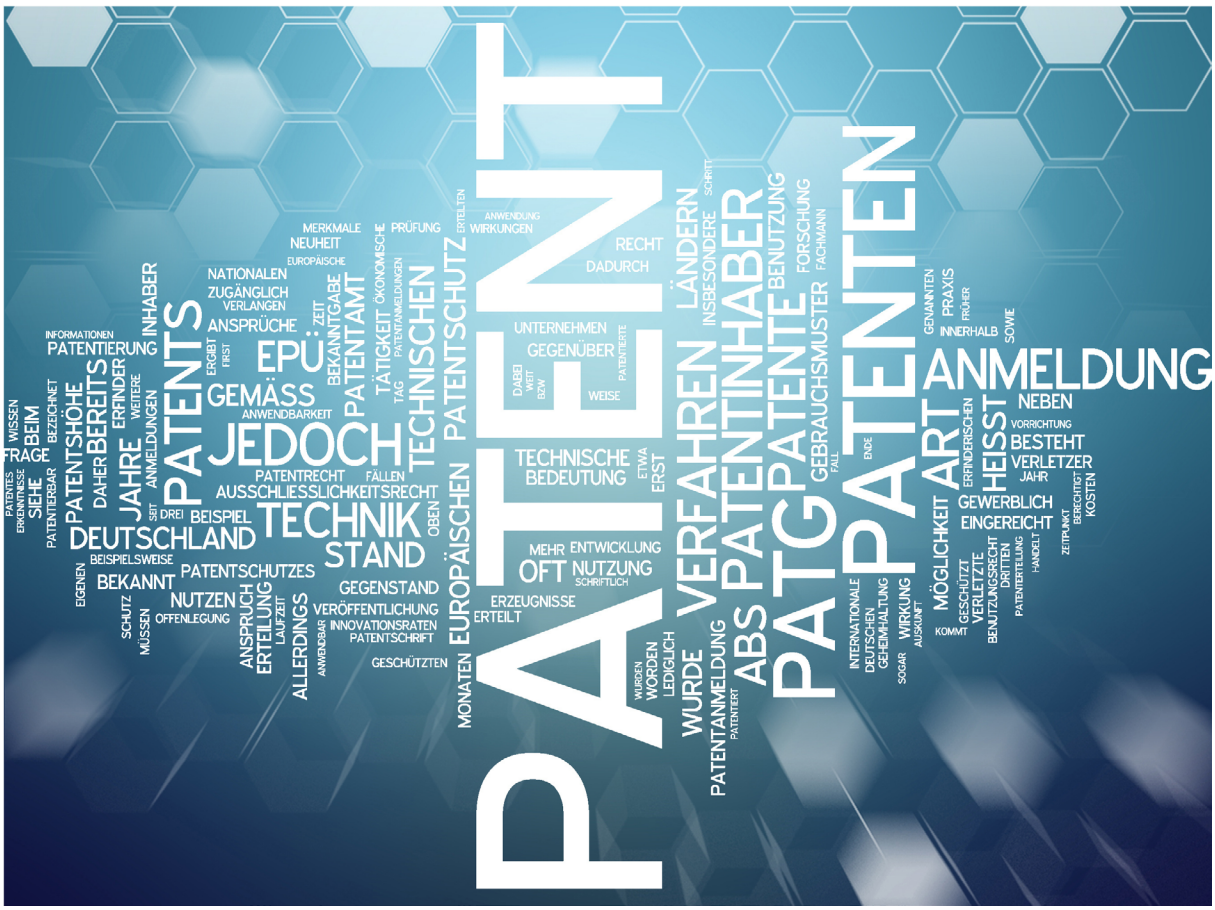
(2) be filed on or after November 1, 2018 and assigned to art unit 2131 or filed on or after January 1, 2019 and assigned to one of art units 1616, 1731, 2431, 2675, 2879, 2922, 3635, and 3753; and

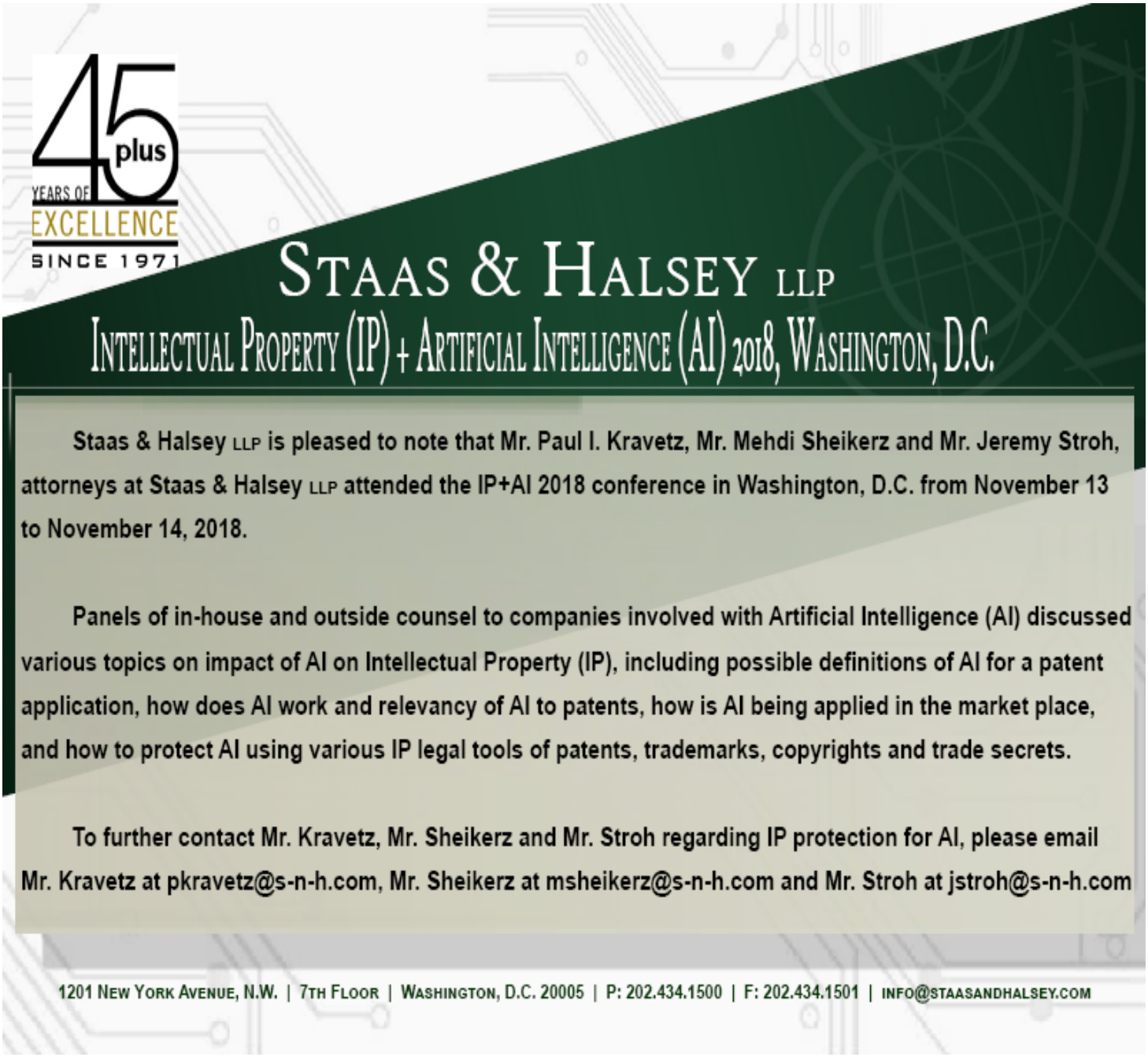
(3) claim benefit to the parent application in the application and reflected on the filing receipt before the application completes pre-examination processing.

# Implementation of Access to Relevant Prior Art Initiative *(Cont'd.)*

If an application is selected for the RPA Initiative, the applicant will receive a Notice of Imported Citations. The Notice will inform an applicant that its application was included in the Initiative and will list the citations from the immediate parent application that have been imported into the application.

Subsequent phases of the RPA Initiative will focus on importing references from additional sources, such as counterpart foreign and PCT applications, and providing access to text-searchable copies of documents in the master reference list. The implementation dates of subsequent phases are unknown at this time.




45 plus
YEARS OF
EXCELLENCE
SINCE 1971
STAAS & HALSEY LLP
INTELLECTUAL PROPERTY (IP) + ARTIFICIAL INTELLIGENCE (AI) 2018, WASHINGTON, D.C.
Staas & Halsey LLP is pleased to note that Mr. Paul I. Kravetz, Mr. Mehdi Sheikerz and Mr. Jeremy Stroh, attorneys at Staas & Halsey LLP attended the IP+AI 2018 conference in Washington, D.C. from November 13 to November 14, 2018.
Panels of in-house and outside counsel to companies involved with Artificial Intelligence (AI) discussed various topics on impact of AI on Intellectual Property (IP), including possible definitions of AI for a patent application, how does AI work and relevancy of AI to patents, how is AI being applied in the market place, and how to protect AI using various IP legal tools of patents, trademarks, copyrights and trade secrets.
To further contact Mr. Kravetz, Mr. Sheikerz and Mr. Stroh regarding IP protection for AI, please email Mr. Kravetz at pkravetz@s-n-h.com, Mr. Sheikerz at msheikerz@s-n-h.com and Mr. Stroh at jstroh@s-n-h.com
1201 NEW YORK AVENUE, N.W. | 7TH FLOOR | WASHINGTON, D.C. 20005 | P: 202.434.1500 | F: 202.434.1501 | INFO@STAASANDHALSEY.COM

STAAS & HALSEY LLP

**FIRM NEWS**

# New Renovations at 1201 New York Avenue

The building where Staas & Halsey is located, announced the reopening of the rooftop after a comprehensive renovation. The rooftop facility includes conference rooms, a game room, outdoor terraces, and some of the most spectacular views of Washington, D.C. On your next visit to D.C. please plan on stopping by not only to discuss how we can assist you with your IP portfolio, but to also see the building's new facilities.

Our office is located at 1201 New York Avenue, N.W., 7th Floor, Washington, D.C. 20005

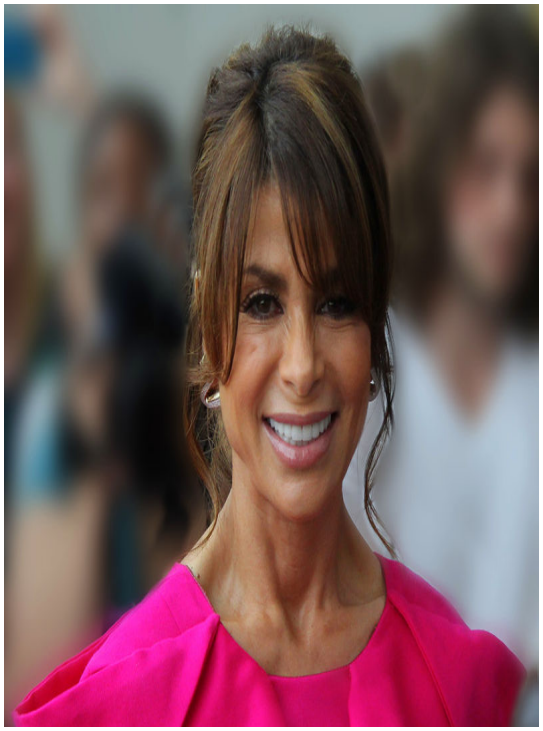
# Fall in Washington, D.C.

September, October and November are considered some of the best times to visit Washington, D.C. In the fall, the hot summer is gone as well as the large tourist crowds. Some of the most beautiful and free-to-visit places become even more scenic as the leaves change color. There are many things to see and do in the nation's capital, from experiencing the best fall festivals to witnessing amazing fall foliage on the National Mall.

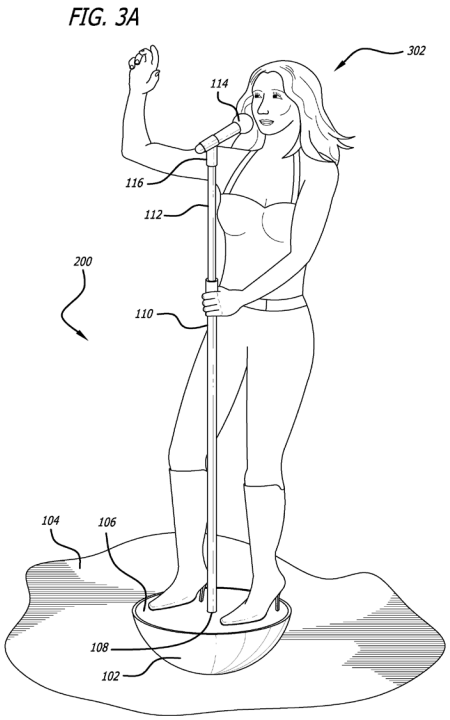
Visits to our firm's office here in Washington are most welcome during this season.

## FIRM NEWS

# Celebrity Inventor: Paula Abdul



Grammy Award-winning pop and dance superstar Paula Abdul is best known for her hit songs like Straight Up and Forever Your Girl. Abdul was also one of the judges on Fox's television hit show, American Idol. In addition to her music career,this former Lakers Girl invented a unique microphone stand. Unlike other flat-based stands, Abdul's invention features a hemispherical apparatus. The concave-shaped bottom makes it easier to sing and dance without getting tangled in the mic's cables.




**U.S. Patent Application Publication No. 2009/0196451A1**
**August 06, 2009**

Staas & Halsey LLP
1201 New York Avenue, N.W.
7th Floor
Washington, D.C. 20005
Telephone: 202.434.1500
Email: info@s-n-h.com
Fax: 202.434.1501
www.staasandhalsey.com



45 plus YEARS OF EXCELLENCE SINCE 1971