



The Ever-Changing Patent Litigation Playbook: Exploring the Latest Trends and Litigation Tactics

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Agenda

1. Venue: Writ Renaissance
2. IPRs: More Risk, Less Reward
3. *Alice* Motions: Legal & Tactical Trends

Venue

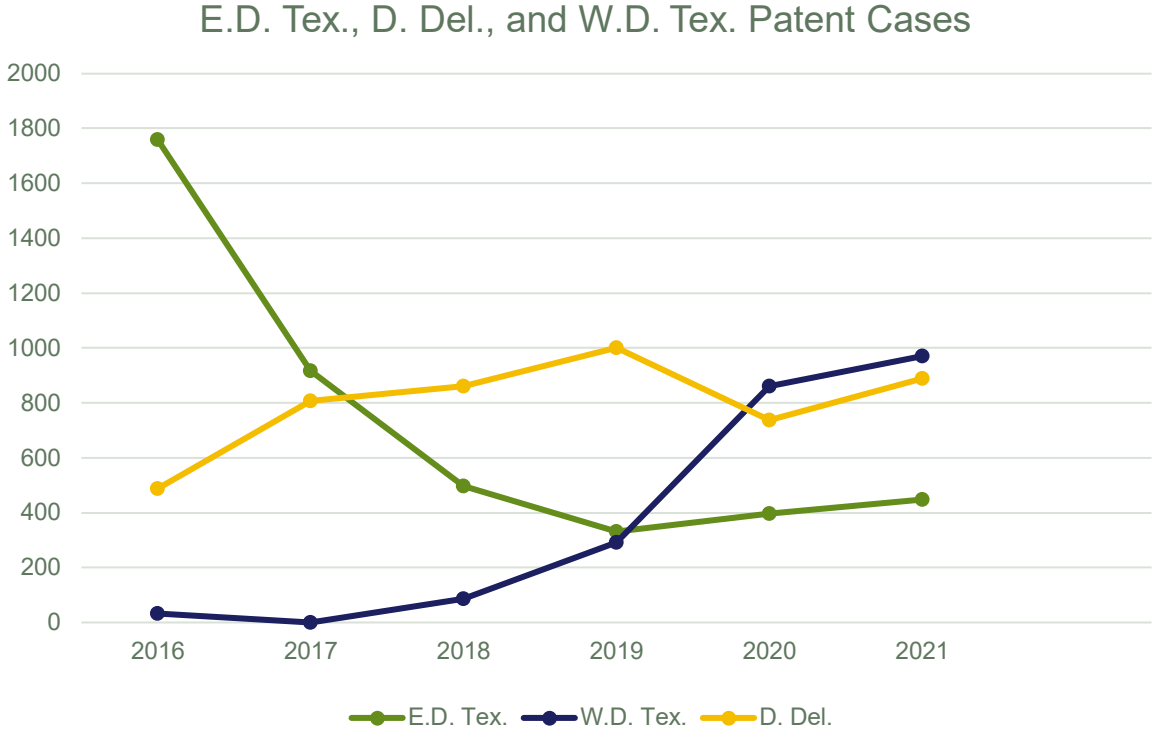
How Things Used To Be

In 2016, just over five years ago ...

- Joe Biden was *vice* president
- Pokémon GO was the fastest growing app in history
- Zika was the disease we were all worried about
- **More than 40% of all patent cases were filed in E.D. Tex. – 1759 cases in 2016**



The Patent Venue World Today



What Happened?

TC Heartland v. Kraft Foods, 137 S. Ct. 1514 (2017)

- Venue in patent cases previously proper in essentially any federal district
- In *TC Heartland*, the Supreme Court held:
 - Venue for a U.S. company in patent cases is proper only in district where the defendant (1) resides (*i.e.*, state of incorporation) or (2) has committed acts of infringement *and* has a regular and established place of business
- Federal Circuit has since held that a “regular and established place of business” requires:
 - defendant have a physical presence in the judicial district. *In re Cray*, 871 F.3d 1355 (Fed. Cir. 2017)
 - employees conducting business; merely having computer servers in district not enough. *In re Google*, 949 F.3d 1338 (Fed. Cir. 2020)
- As a result, E.D. Tex. no longer a proper venue for most U.S. company defendants

What Happened?

Hon. Allan Albright

- 23% of all patent cases in 2021
- Appointed by President Trump to the W.D. Tex., Waco Division
 - Took the bench on September 18, 2018
- Only Article III judge in that division
- Took it upon himself to make W.D. Tex. a patent litigation destination
 - Went on speaking tour with presentation entitled: "Why You Should File Your Next Patent Case Across the Street from the 'Hey Sugar'"



Why Patent Plaintiffs Are Flocking To Waco

- **Largely transfer-proof venue**
 - Austin, TX also in W.D. Tex.
 - Virtually every sizeable technology company has a “regular and established place of business” in Austin
- **Rapid path to trial**
 - Judge Albright’s stated goal is a faster schedule than PTAB’s IPR schedule (and no stays pending IPR, making IPR discretionary denials more likely)
- **No early *Alice* motions**
 - *Alice* motions heard only after claim construction, and then likely denied
- **Plaintiff friendly juries**
 - When E.D. Tex. banned mock trials, Waco became common stand in

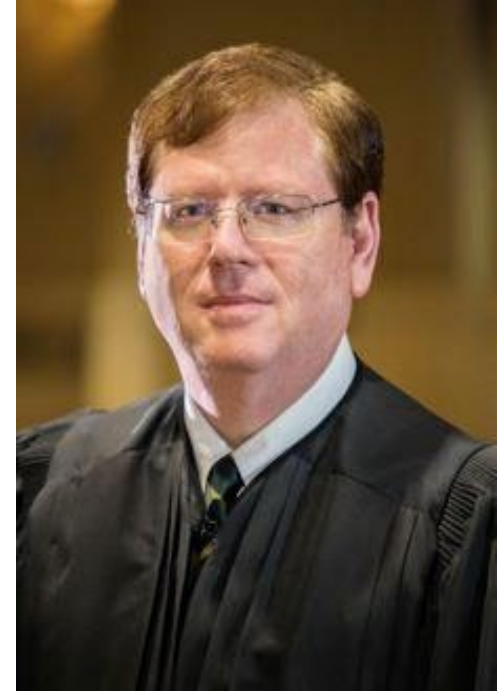
Implications For Patent Defendants

- **Engaged judge who understands patent law and technology**
- **Possible to transfer from Waco to Austin**
 - Judge Albright willing to grant intra-district transfers
 - Jury venire in Austin more tech savvy and may be less plaintiff friendly than Waco
- **Limits on discovery**
 - General discovery stayed until after claim construction
 - No ESI/ email discovery absent a showing of good cause
- **Too popular to remain a “rocket docket”**
 - With exponential growth in patent docket and COVID delays, time to trial grown to 2 years

Eastern District Strikes Backs

Hon. Rodney Gilstrap

- 8% of all patent cases in 2021
- Only Article III judge in Marshall, Texas
- Much of his caseload migrated to the Western District
- In Spring 2021, Chief Judge Gilstrap began setting trials 8-9 months from the first case management conference.
 - Markman 1.5-3 months after CMC.
 - Grants stays pending IPRs only if all claims instituted
- After a long decline, the Eastern District saw an uptick in patent cases in 2020-21



Forum Shopping Backlash

- **Congress**

- Senators Thom Tillis (R-NC) and Patrick Leahy (D-VT) wrote to the Chief Justice to “express [their] concerns about problems with forum shopping in patent litigation.”

- **U.S. Supreme Court**

- In the 2021 Year-End Report on the Federal Judiciary, Chief Justice Roberts called out as one of the top three areas meriting reform in the federal courts “judicial assignment and venue for patent cases in federal trial court.”

- **Federal Circuit**

- Mandamus is an extraordinary remedy, granted only 7% of petitions not related to venue
- In 2021, the Federal Circuit granted writs on 44% of petitions related to venue

Writ Renaissance

- ***Andra Group, LP v. Victoria's Secret Stores*, 6 F.4th 1283 (Fed. Cir. 2021)**
 - No venue over parent simply because wholly-owned subsidiaries had stores in EDTEX
- ***In re Juniper Networks, Inc.*, 14 F.4th 1313 (Fed. Cir. 2021) (per curiam)**
 - Court must give deference to defendants' sworn declaration that records, source code, and financial information located in the Northern District of California
- ***In re Hulu, LLC*, No. 2021-142, 2021 WL 3278194 (Fed. Cir. Aug. 2, 2021)**
 - Defendant only needs show potential witness has relevant and material information
- ***In re Pandora Media*, No. 2021-172, 2021 WL 4772805 (Fed. Cir. Oct. 13, 2021)**
 - Court must consider convenience of party witnesses too.

Inter Partes Review

IPR – Quick Review



- **What are IPRs?**
 - Administrative trial proceeding within USPTO to challenge validity of patent claims
 - Established in 2011 as part of America Invents Act
 - Limited to anticipation and obviousness challenges based on prior art patents and printed publications
 - Must file within one year of service of complaint

IPR – Quick Review

- **IPR Process**

- Third party (person who doesn't own patent) files petition to challenge patent claim.
- Patent owner may file preliminary response.
- PTAB may institute the IPR where “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314.
- If IPR is instituted, then the PTAB will issue final decision within one year of institution (extendable by 6 months for good cause).
- Generally, an 18-month timeframe from filing to decision.



IPRs – Quick Review



- **Benefits for defendants**

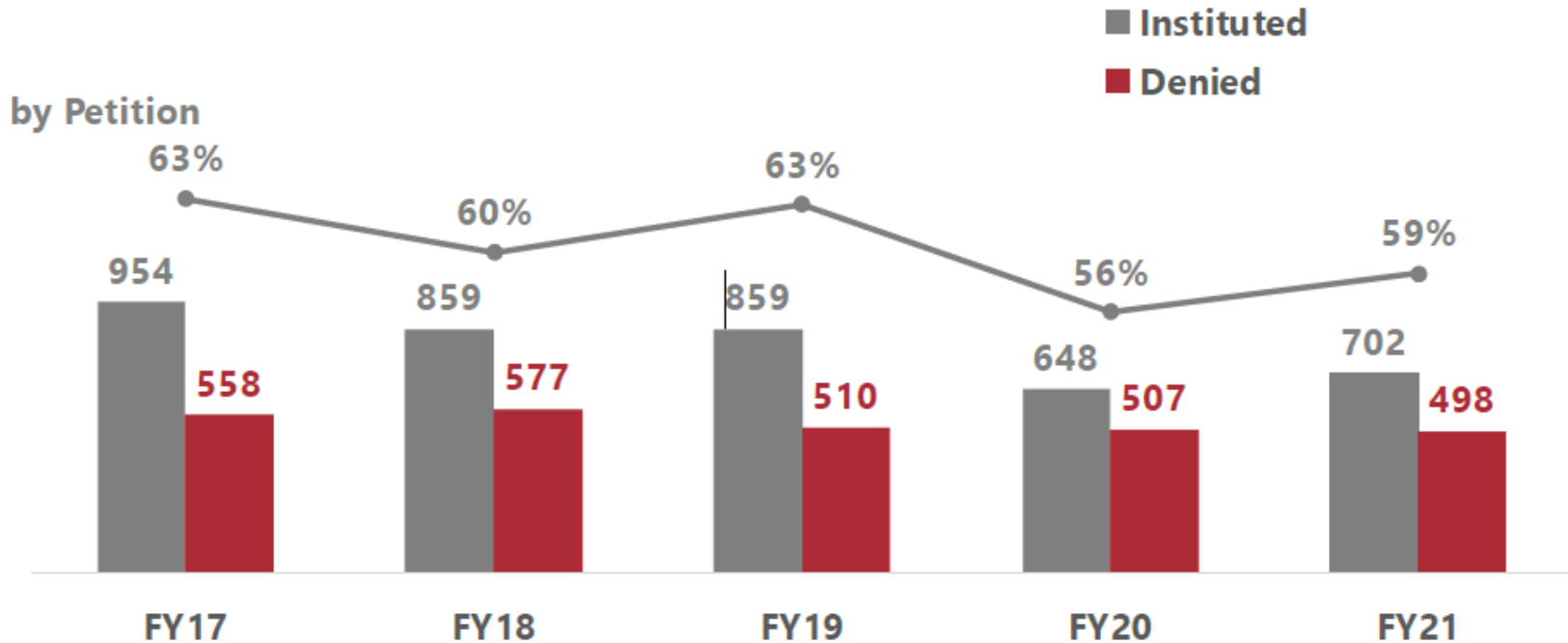
- Easier standard for invalidation – preponderance of the evidence
- No presumption of validity at the PTO
- Tried to administrative judges familiar with patents and validity issues
- Relatively quick
- More limited discovery
- Potential stay of district court litigation pending IPR
- Relatively high success rate historically

IPR Trends: More Risk, Less Certain Reward

- Institution and discretionary denials
- Success rate
- Estoppel

Institution Rate

Institution rates by petition (FY17 to FY21: Oct. 1, 2016 to Sept. 30, 2021)



Apple Inc., v. Fintiv, Inc.

- Decided by PTAB March 20, 2020; designated precedential on May 5, 2020
- Six factors to weigh in deciding whether to deny institution due to status of parallel litigation:
 1. whether court granted stay or evidence exists that one may be granted if a proceeding is instituted;
 2. proximity of trial date to the Board's projected statutory deadline for a final written decision;
 3. investment in the parallel proceeding by court and parties;
 4. overlap between issues raised in petition and in parallel proceeding;
 5. whether petitioner and defendant in parallel proceeding are the same party; and
 6. other circumstances that impact the Board's exercise of discretion, including the merits

Challenges to *Fintiv*

(ORDER LIST: 595 U.S.)

TUESDAY, JANUARY 18, 2022

CERTIORARI -- SUMMARY DISPOSITION

21-5975 BALDERAS, MODESTO V. UNITED STATES

The motion of petitioner for leave to proceed *in pauperis* and the petition for a writ of certiorari are denied. The judgment is vacated, and the case is remanded to States Court of Appeals for the Fifth Circuit for further consideration in light of *Borden v. United States*, 55 (2021).

ORDERS IN PENDING CASES

21A198 WALL, LUCAS, ET AL. V. TSA

The application for stay addressed to Justice Gorsuch and referred to the Court is denied.

20-603 TORRES, LEROY V. TX DEPT. OF PUBLIC SAFETY

The motion of petitioner to dispense with printing the joint appendix is granted.

21-147 EGBERT, ERIK V. BOULE, ROBERT

The motion of respondent for leave to file the joint appendix under seal with redacted copies for the public record is granted.

21-462 JOHNSON, JOLIE, ET AL. V. BETHANY HOSPICE

The Solicitor General is invited to file a brief in this case expressing the views of the United States.

21-6388 ROACH, CALVIN V. WASHINGTON, DIR., U.S. MARSHALS

The motion of petitioner for leave to proceed *in forma pauperis* is denied.

CERTIORARI DENIED

21-118

APPLE INC. V. OPTIS CELLULAR, LLC, ET AL.

21-202

MYLAN LABORATORIES LTD. V. JANSSEN PHARMACEUTICAL, ET AL.

The petition for a writ of certiorari is denied. Justice Alito took no part in the consideration or decision of this petition.

Challenges to *Fintiv*

- ***Apple Inc., et al. v. Iancu*, Case No. 5:20-cv-06128-EJD (N.D. Cal. Nov. 10, 2021)**
 - Granted Motion to Dismiss
 - Non-institution decisions are unappealable under the statute; therefore, court lacked jurisdiction
 - On appeal to Federal Circuit

Apple Inc. v. Iancu, Slip Copy (2021)

2021 WL 5232241
Only the Westlaw citation is currently available.
United States District Court, N.D. California,
San Jose Division.

APPLE INC., et al., Plaintiffs,
v.
Andrei IANCU, Defendant.

Case No. 5:20-cv-06128-EJD
|
Signed 11/10/2021

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Gary D. Feldon, Lisa Zeidner Marcus, United States Department of Justice, Washington, DC, for Defendant.

ORDER GRANTING MOTION TO DISMISS; TERMINATING MOTION FOR SUMMARY JUDGMENT

Re: Dkt. Nos. 64, 65

EDWARD J. DAVILA, United States District Judge

*1 Under the Leahy-Smith America Invents Act (“AIA”), 35 U.S.C. § 100 *et seq.*, a party may ask the U.S. Patent and Trademark Office (“the PTO”) to review and potentially cancel claims in an already-issued patent that the PTO finds to be unpatentable in light of prior art. See 35 U.S.C. §§ 102, 103. This process, called “inter partes review” (“IPR”), is widely used to determine the patentability of patent claims that are the subject of pending patent infringement litigation. Plaintiffs challenge two PTO decisions that establish non-exclusive factors to aid in the PTO’s determination of whether to institute IPR and argue that these decisions violate the Administrative Procedure Act (“APA”) because they are arbitrary, capricious, and unlawful under the AIA. Defendant contends that the Court cannot reach Plaintiffs’ challenge, both because Plaintiffs lack standing and because the issue is not justiciable. The Court must agree with Defendant—while Plaintiffs have standing to pursue their claims, the Court is bound by *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. 261 (2016) and *Thryv, Inc. v. Click-To-Call Technologies*, 140 S. Ct. 1367 (2020), which require the Court to dismiss this action for lack of jurisdiction.

Applying *Fintiv* in recent years

- ***Sotera Wireless, Inc. v. Masimo Corp.*** - Stipulation not to pursue duplicative grounds in district court can strongly favor institution.
- ***Snap, Inc. v. SRK Technology LLC*** – District court stay can favor institution.
- ***GlobalFoundries v. UNM*** – IPR instituted in a case before Judge Albright, post-Markman, where the final written decision would not issue until three months after the district court trial date.

Implications of *Fintiv* for Patent Defendants

- **Discretionary denials continue – *Fintiv* factors give PTAB lots of leeway**
- **Think through each factor and consider all your circumstances**
- **Time is of the essence**
 - Patent defendants / IPR petitioners should file IPRs soon
- **Consider a *Sotera* stipulation (to avoid overlapping invalidity issues)**
- **Stays matter more than ever**
 - Patent plaintiffs / Patent Owners will seek out venues / judges who do not grant stays

Changes – or an end – to discretionary denials?



ii

117TH CONGRESS
1ST SESSION

S. 2891

To amend title 35, United States Code, to address matters relating to the Patent Trial and Appeal Board of the United States Patent and Trademark Office, and for other purposes.

4 This Act may be cited as the “Restoring the America
5 **Invents Act”.**

A BILL

To amend title 35, United States Code, to address matters relating to the Patent Trial and Appeal Board of the United States Patent and Trademark Office, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Restoring the America
5 **Invents Act”.**

SEC. 2. PATENTS.

7 Title 35, United States Code, is amended—
8 (1) in section 6—



<https://www.winston.com/en/who-we-are/professionals/vidal-kathi.html>

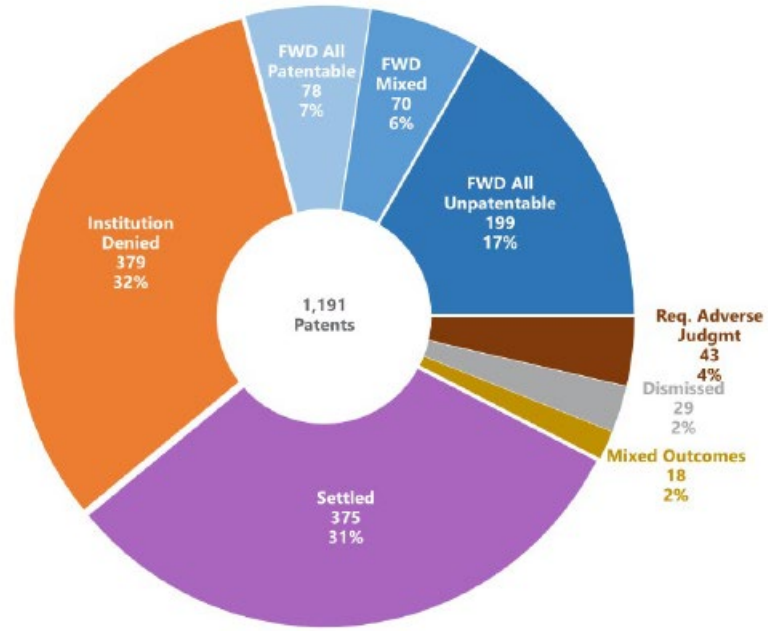
Success Rate – 2021

2021 data:

In 57% of Final Written Decisions, all claims were found unpatentable.

Comparable number in
-2020 was 63%.
-2019 was 54%.

Outcomes by patent (FY21: Oct. 1, 2020 to Sept. 30, 2021)



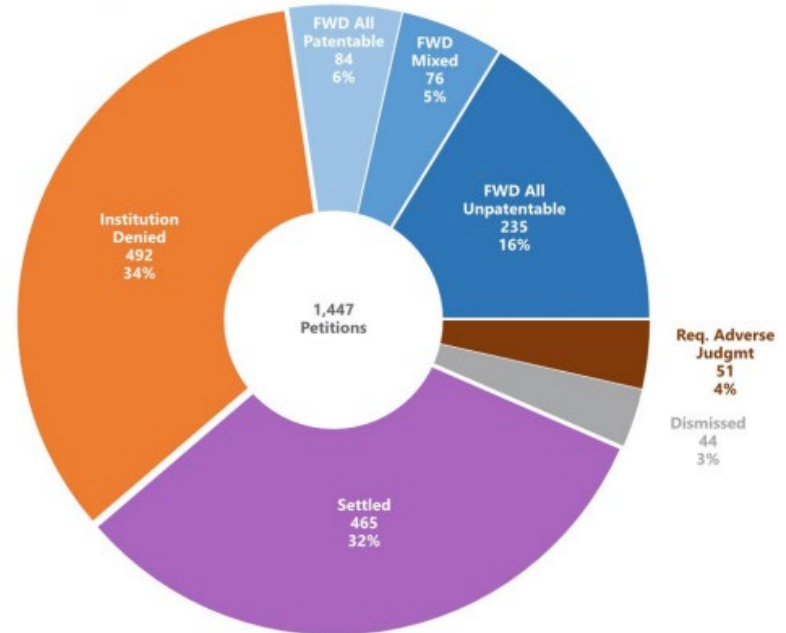
Success Rate – 2021

2021 data:

Final Written Decision in
27% of petitions

1 or more claims survived
in 40% of Final Written
Decisions

Outcomes by petition (FY21: Oct. 1, 2020 to Sept. 30, 2021)



Estoppel



- **IPR estoppel**
 - After the PTAB issues Final Written Decision, petitioner is estopped from arguing invalidity of claims based on grounds that the petitioner *raised or reasonably could have raised in IPR proceedings*
- **Implications for patent defendants**
 - Think twice about IPRs if lacking good non-infringement defense
 - Need “system” prior art for use in district court in event IPR estoppel applies

Scope of Estoppel

- **Paper art and estoppel**
 - A majority of courts apply estoppel to grounds that were never petitioned.
 - Some courts do *not* apply estoppel to grounds that were petitioned but *not* instituted.
- **System art and estoppel**
 - Some judges have held estoppel applies to system art that is “materially identical” to a prior art publication
 - *E.g., Wasica Fin. GmbH v. Schrader Int’l, Inc.*, 432 F. Supp. 3d 448 (D. Del. 2020) (Stark, J.), *appeal dismissed*, No. 2020-2124, 2020 WL 8374870 (Fed. Cir. Sept. 24, 2020)
- **Overall – trend is toward broader application of estoppel**

IPR Trends: More Risk, Less Certain Reward

Key takeaways:

- **IPRs are riskier than in years past**
 - Discretionary denials continue
 - Lower success rate
- **Need to assess and file IPRs swiftly**
- **Factors to consider in deciding to pursue an IPR:**
 - Likelihood of stay
 - Timing/extent of district court proceedings
 - Defenses:
 - Non-infringement defense available?
 - System art that is not disclosed in prior art publication?



Alice Motions

Alice – a recap

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor.”

35 U.S.C. § 101

- Does the patent cover eligible subject matter?
- Not eligible: laws of nature, physical phenomena, and abstract ideas
- *Alice Corp. v. CLS Bank* (2014) has led to a 10x increase in § 101 invalidations
- Critical “early offramp” for defendants: can be brought as a Rule 12 motion

The *Alice* test

“Stating an abstract idea while adding the words ‘apply it’ is not enough for patent eligibility.”

Alice Corp. v. CLS Bank Int’l,
573 U.S. 208 (2014)

- **2-step validity inquiry**
 - Are claims directed to an abstract idea?
 - Do claims add an “inventive concept,” or do they cover “routine, conventional activities”?
- **No “do it on a computer” claims**
- **Improvements to the functioning of the computer itself are patentable**

**The *Alice*
toolbelt:
identify real-
world, “pencil
and paper”
analogies**

- ***PersonalWeb v. Google* (Fed. Cir. 2021)**
 - Abstract idea had 3 steps: "(1) using a content-based identifier generated from a ‘hash function,’ (2) comparing that content-based identifier against something else...; and (3) providing access to, denying access to, or deleting data.”
 - “These functions are mental processes that ‘can be performed in the human mind’ or ‘using a pencil and paper’ ...—a telltale sign of abstraction.”

**The *Alice*
toolbelt:
identify real-
world, “pencil
and paper”
analogies**

- ***PersonalWeb v. Google* (Fed. Cir. 2021)**
 - “Appellees’ ‘library’ example is instructive:”
 - Abstract idea was: (1) creating a content-based identifier; (2) comparing it to something else; (3) controlling access to data.
 - “Librarians often locate books based on a ‘call system’ where they assign books unique...call numbers, which change dependent on a book's volume, etc.... Such content-based identifiers may be used to control access to books, retrieve books, or purge duplicate books.”

**The *Alice*
toolbelt:
identify
analogous
cases**

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Section 101 Motions Pre-Hearing Checklist

5. What Supreme Court or Federal Circuit case is this case most like? That is, if the Court is to analogize the claims at issue in the motion to claims that have previously been found to be patent (in)eligible by a higher court, which case provides the best analogy?

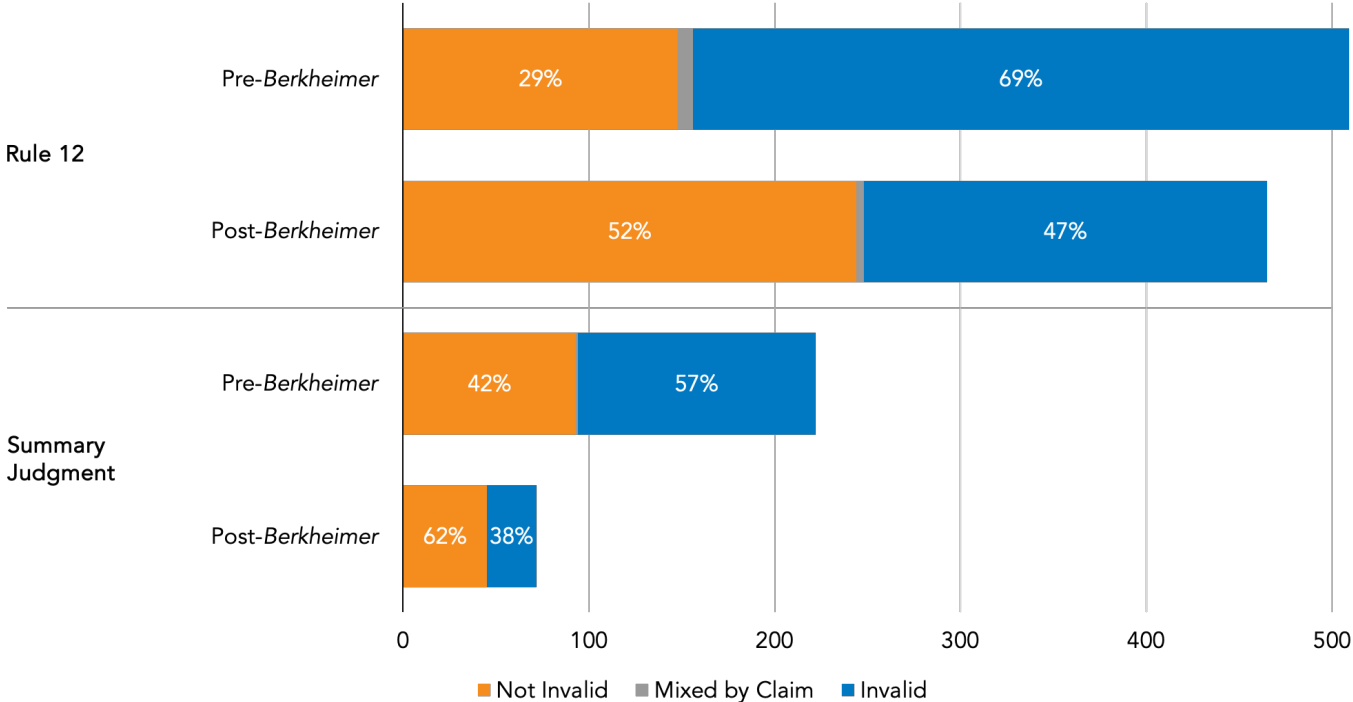
The *Alice* toolbelt: Identify functional claiming

- *Two-Way Media v. Comcast* (Fed. Cir. 2016)
 - Network management patent is “directed to the abstract idea of (1) sending information, (2) directing the sent information, (3) monitoring the receipt of the sent information, and (4) accumulating records about receipt of the sent information”
 - “The claim requires the functional results of ‘converting,’ ‘routing,’ ‘controlling,’ ‘monitoring,’ and ‘accumulating records,’ but does not sufficiently describe how to achieve these results in a non-abstract way.”

Limits on *Alice*: fact issues

- *Berkheimer v. HP* (Fed. Cir. 2018) and *Aatrix Software v. Green Shades Software* (Fed. Cir. 2018)
 - Whether claims recite routine, conventional activity raised disputed factual issue, precluding summary judgment
- *Cellspin v. Fitbit* (Fed. Cir. 2019)
 - Patents presumed eligible under 101
 - “plausible and specific factual ***allegations***” that aspects of claim are inventive will defeat MTD

The Berkheimer effect



Source: <https://www.rpxcorp.com/intelligence/blog/q4-in-review-2020-ends-with-litigation-increase-despite-pandemic-as-courts-tackle-sep-issues/>

Limits on *Alice*: claim construction

- ***MyMail v. Oovoo, LLC* (Fed. Cir. 2019)**
 - Where claim construction dispute at 101 stage, district court must adopt patentee's construction or construe claims before addressing eligibility
- **Multiple patent-heavy jurisdictions (e.g., E.D. Tex., W.D. Tex., D. Del.) implement this requirement in standing orders**

Limits on *Alice*: improving computers themselves

- ***DDR Holdings v. Hotels.com* (Fed. Cir. 2014)**
 - “Composite websites” when a user clicks on a link to an affiliate’s page is an improvement to computer technology and not abstract
- ***Enfish v. Microsoft* (Fed. Cir. 2016)**
 - Self-referential databases are improvements to computer technology and not abstract

Limits on *Alice*: being “fair” to the patent

- ***Enfish v. Microsoft* (Fed. Cir. 2016)**
 - “Courts must be careful to avoid oversimplifying the claims by looking at them generally and failing to account for the specific requirements of the claims.”
- ***Mentone Solutions v. Digi Int’l* (Fed. Cir. 2021)**
 - Reversed District Court’s finding of invalidity where the abstract idea identified was too “high-level” and did not fairly reflect ***all*** of the claim elements.

Seven Years Post-Alice: Takeaways

- ***Berkheimer* & *Aatrix* make it harder to win § 101 dismissal via dispositive motions**
- **Plaintiffs incentivized to plead “facts” re inventive concept**
 - “The technology was not well-known at the time of the invention”
- **Judges may mount additional roadblocks to early *Alice* motions**
 - Judge Albright: *Alice* motions heard after claim construction
 - Judge Gilstrap: party intending to file § 101 motion must serve “Eligibility Contentions”
- **Greater uncertainty around eligibility outcomes**

Thank you!
