GIBSON DUNN

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FEDERAL CIRCUIT UPDATE (FEBRUARY 2021)

To Our Clients and Friends:

This edition of Gibson Dunn's Federal Circuit Update summarizes the three pending Supreme Court cases originating in the Federal Circuit and key filings for certiorari review. We address the Federal Circuit's announcement that it will now offer a live audio streaming program for oral argument. And we discuss other recent Federal Circuit decisions concerning induced infringement via "skinny labels," patent term adjustment, motions to transfer from the Western District of Texas, and whether anticipation is inherent in an obviousness theory.

Federal Circuit News

***Supreme Court*:**

In February, the Supreme Court did not add any new cases originating in the Federal Circuit. It has three such cases pending.

United States v. Arthrex, Inc. (U.S. Nos. 19-1434, 19-1452, 19-1458): On Monday, March 1, the Court heard argument on the question of whether PTAB administrative patent judges are principal Officers and therefore unconstitutionally appointed in violation the Appointments Clause. Gibson Dunn partner Mark Perry argued for Smith & Nephew.

Minerva Surgical Inc. v. Hologic Inc. (U.S. No. 20-440): As we summarized in our January 2021 update, the Supreme Court granted certiorari to determine the viability of the assignor estoppel doctrine, which bars assignors from challenging the patent's validity in district court. Minerva Surgical filed its opening brief on the merits asking the Court to eliminate assignor estoppel. Engine Advocacy filed a brief in support. Hologic's brief is due at the end of March.

Google LLC v. Oracle America, Inc. (U.S. No. 18-956): As we summarized in our January 2021 update, the Court is considering whether copyright protection extends to a software interface and, if so, whether Google's use constitutes fair use. The Court heard argument on October 7, 2020.

***Noteworthy Petitions for a Writ of Certiorari*:**

There are three potentially impactful petitions currently before the Supreme Court.

As we summarized in our January 2021 update, petitioners in ***American Axle & Manufacturing, Inc. v. Neapco Holdings LLC*** (U.S. No. 20-891) and ***Ariosa Diagnostics, Inc. v. Illumina, Inc.*** (U.S. No. 20-

892) both raise questions related to patent eligibility under 35 U.S.C. § 101. The Court has requested responses to both petitions, which are due March 21, 2021, and April 19, 2021, respectively.

The Court also requested a response in ***Argentum Pharmaceuticals LLC v. Novartis Pharmaceuticals Corporation*** (U.S. No. 20-779), which Novartis filed on February 16, 2021. The question presented is whether the Federal Circuit correctly found that Argentum's evidence of alleged injury was insufficient to establish Article III standing. Gibson Dunn partners Mark Perry and Jane Love are counsel for Novartis.

***Other Federal Circuit News*:**

In ***GlaxoSmithKline LLC v. Teva Pharmaceuticals USA, Inc.*** (Fed. Cir. No. 18-1976), on February 9, 2021, the panel granted panel rehearing, vacated the judgment, withdrew its October opinion, and ordered a second oral argument, which it held on February 23, 2021. On October 2, 2020, a panel (Newman, J., joined by Moore, J.) vacated the district court's grant of JMOL and reinstated the jury verdicts of infringement and damages. Over Chief Judge Prost's dissent, the panel majority held that Teva induced infringement of GSK's patent by marketing its generic carvedilol, even though the "skinny label" carved out the infringing method. Teva petitioned for rehearing on the question of whether a generic manufacturer can "be held liable for induced infringement based on evidence that would be available in *every* carve-out case." Three amicus briefs were filed before the panel's initial decision, and eight amicus briefs were filed in support of rehearing.

Federal Circuit Practice Update

Live streaming audio of oral argument. Beginning this week, as part of the Federal Circuit's ongoing response to the COVID-19 pandemic, the court will offer a new live audio streaming program for oral argument panels. For the March 2021 session, Panels B, E, H, K, and N will have daily live streaming audio on the Federal Circuit's new YouTube channel. Connection information is posted on the court's website on the first day of the month's session. The court anticipates that, by the April session, all oral arguments will be live audio streamed online while the courthouse remains closed to the public.

Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit are available on the court's website.

Key Case Summaries (February 2021)

Amgen, Inc. v. Sanofi (Fed. Cir. No. 20-1074): Amgen appealed from the district court's grant of JMOL of lack of enablement of its claims to antibodies that bind to a protein and block it from binding to low-density lipoprotein ("LDL") receptors (elevated LDL cholesterol is linked to heart disease). The claimed antibodies are defined by their function: *binding* to a combination of sites on the protein and *blocking* the protein/LDL receptor interaction. The district court concluded, based on the *Wands* factors, that the claims are not enabled because they require undue experimentation.

The panel (Lourie, J., joined by Prost, C.J., and Hughes, J.) affirmed. The panel explained that, under the court's precedents, "the enablement inquiry for claims that include functional requirements can be particularly focused on the breadth of those requirements, especially where predictability and guidance fall short." It further explained that "[w]hile functional claim limitations are not necessarily precluded in claims that meet the enablement requirement, such limitations pose high hurdles in fulfilling the enablement requirement for claims with broad functional language." The panel held that the claims were not enabled because undue experimentation would be required to practice the full scope of these claims.

In re: SK hynix Inc. (Fed. Cir. No. 21-113): SK hynix petitioned for a writ of mandamus directing the district court (Judge Albright in the Western District of Texas) to transfer the underlying case to the Central District of California. On May 4, 2020, SK hynix moved to transfer the case and, although briefing was complete by May 26, 2020, the court had yet to rule. Meanwhile, Judge Albright ordered the parties to engage in extensive discovery and scheduled a *Markman* hearing for March 19, 2021. After SK Hynix petitioned the Federal Circuit, on January 28, 2021, the district court issued an order setting a hearing on the transfer motion for the morning of February 2, 2021.

The panel (Moore, J., joined by Newman and Stoll, JJ.) granted the petition to the extent that the district court must stay all proceedings concerning the substantive issues of the case and all discovery until such time that it has issued a ruling on the transfer motion. The panel agreed with SK hynix that the district court's handling of the transfer motion "amounted to [an] egregious delay and blatant disregard for precedent," and that disposing of transfer motions should "unquestionably take top priority."

In re: SK hynix Inc. (Fed. Cir. No. 21-114): The day after the court granted SK hynix's petition, the district court denied its transfer motion and issued an opinion with its reasoning. SK hynix petitioned for mandamus again. The panel (Taranto, J., joined by Dyk and Bryson, JJ.) denied the petition, concluding that SK hynix had not shown that the district court clearly abused its discretion.

M & K Holdings, Inc. v. Samsung Electronics Co. (Fed. Cir. No. 20-1160): M & K Holdings appealed from a Board decision in an IPR proceeding that all claims are unpatentable. M&K argued that the Board erred by finding one claim anticipated when the petition for IPR asserted only obviousness as to that claim. Although the Board stated it was holding that claim to be invalid as obvious, the Board's analysis of the patentability of the claim was based on anticipation, not obviousness.

The panel (Bryson, J., joined by Moore and Chen, JJ.) vacated the Board's holding that the claim is unpatentable, reasoning that the Board's reliance on anticipation deprived M&K of the notice it was due. The panel explained that the Board's anticipation finding was "not inherent" in Samsung's obviousness theory. And, in fact, Samsung's position before the Board contradicted such a conclusion. M&K was not put on notice that the Board might find that the reference disclosed all of the claim limitations and might invalidate the claim based on anticipation. That amounted to a "marked deviation" from the invalidity theory set forth in Samsung's petition.

Chudik v. Hirshfeld (Fed. Cir. No. 20-1833): Dr. Chudik's patent issued eleven and a half years after the application was filed. The PTO ultimately awarded Dr. Chudik a patent term adjustment of 2,066 days under 35 U.S.C. § 154(b), but it rejected Dr. Chudik's argument that he was entitled to an additional

655 days, under 35 U.S.C. § 154(b)(1)(C)(iii) (C-delay), for the time his four notices of appeal were pending in the PTO. The PTO concluded that the provision does not apply here because the examiner reopened prosecution during each of his four appeals so the Board never had jurisdiction. The district court affirmed the PTO's decision (35 U.S.C. § 154(b)(4)(A)).

The panel (Taranto, J., joined by Bryson and Hughes, JJ.) also affirmed. The panel held that, under any framework (*Chevron* or not) and even without *Skidmore* deference, the best interpretation of the statutory language is the one the PTO adopted.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Federal Circuit. Please contact the Gibson Dunn lawyer with whom you usually work or the authors of this alert:

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