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Invention by Another - How the Prior Art Status of a Reference Can Be Affected by the Significance of a Joint Inventor's Contribution to that Reference

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At times, a patent owner's previous patent can be used as a prior art reference against their later filed patents. A reference is prior art under pre-AIA 35 U.S.C. 102(e) if it was "described in ... an application for patent ... *by another*." A patent is "by another" if it lists a different set of inventors than the patent at issue. In other words, if a patent owner's previously filed patent lists one inventor that is not listed on their later filed patent, the previously filed patent is "by another" and may qualify as prior art for the later filed patent. This issue was explored further in *Duncan Parking Technologies, Inc., v. IPS Group Inc.*, (Appeal No. 2018-1205, Fed. Cir. Jan. 31., 2019), where the Federal Circuit overturned the PTAB's finding that portions of the anticipatory reference used in an *Inter Partes Review* (IPR) proceeding were not *by another* and therefore did not anticipate the challenged claims.

Background

IPS Group Inc. ("IPS") designs parking meter technology and is run by CEO Dave King and CTO Alexander Schwarz. King and Schwarz developed parking meter technology that allows for the retrofitting of coin-operated parking meters to be credit-card enabled and solar powered. While King was responsible for conceiving of the overall concept, Schwarz conceived many of the implementation details for how to make the technology work, particularly with regard to the electronic systems.

IPS filed a PCT application on December 4, 2006, which eventually issued as U.S. Patent No. 8,595,054 ('054 patent). The '054 patent listed both King and Schwarz as the inventors. Later, on February 27, 2008, IPS filed another patent which ultimately issued as U.S. Patent No. 7,854,310 ('310 patent). The '310 patent listed King and others, but not Schwarz, as the inventors.

IPS filed suit against Duncan Parking Technologies ("Duncan") alleging infringement of both the '310 and '054 patents. Duncan responded in part by filing an IPR petition against the '310 patent using the '054 patent as an anticipatory reference (IPR2016-00067). After institution, IPS did not dispute that the teachings

of the '054 patent anticipated the claims of the '310 patent, and instead argued that the teachings of the '054 patent relied upon in the Petition were conceived of by King alone, and not Schwarz. Specifically, IPS argued that while the record showed that Schwarz had contributed to the electronic diagram of Fig. 8, "Schwarz's conception of aspects of Figure 8 not recited in the '310 claims is irrelevant." *Duncan Parking Technologies* at 14. Therefore, IPS argued, the teachings of the '054 patent relied upon in the Petition were not "by another" and therefore not prior art. The PTAB agreed with IPS and issued a Final Written Decision holding that the claims were not unpatentable. See *id.* at 12-13.

Appeal

Upon review, the Federal Circuit disagreed with the PTAB and held that the teachings of the '054 patent relied upon in the Petition were indeed "by another", and therefore such teachings qualified as prior art. The Court noted that a patent is anticipated under 35 U.S.C. § 102(e) if "the invention was described in . . . a patent granted on an application for patent *by another* filed in the United States before the invention by the applicant for patent" (emphasis added). "The statute's reference to 'by another' means that an application issued to the same inventive entity cannot qualify as § 102(e) prior art." *EmeraChem Holdings, LLC v. Volkswagen Grp. of Am., Inc.*, 859 F.3d 1341, 1345 (Fed. Cir. 2017) (citing *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1355-56 (Fed. Cir. 2003)).

The Court provided the test to be used in such situations. Specifically, to decide whether a reference patent is "by another" for the purposes of 35 U.S.C. § 102(e), the Board must (1) determine what portions of the reference patent were relied on as prior art to anticipate the claim limitations at issue, (2) evaluate the degree to which those portions were conceived "by another," and (3) decide whether that other person's contribution is significant enough, when measured against the full anticipating disclosure, to render him a joint inventor of the applied portions of the reference patent. *Duncan Parking Technologies* at 15-16.

Based on the record, the Court found that Schwarz had conceived of "much of the '054 patent's electrical system, including designing the diagram showing how

all the electronic components are connected." *Id.* at 17. According to the record, Schwarz invented "how the various electrical components of the meter are interconnected and operate together." *Id.* Schwarz's block diagram, depicted in Figure 8, organizes 26 separate electrical components and specific electrical connections between them. '054 patent Fig. 8; *Duncan Parking Technologies* at 17. The Court concluded that the record showed that Schwarz conceived many of these details. See *Duncan Parking Technologies* at 17.

The Court further found that these details were significant in light of the invention as a whole, characterizing the creation of the diagram as "no minor task." *Id.* at 18. The record showed that Schwarz went to great lengths to create the diagram and that the concepts therein were used to overcome the "two big hurdles" for the invention. *Id.* The Court gave further weight to the fact that the '054 patent described only a single embodiment, and that Fig. 8 was essential to that embodiment. See *id.* The Court thus concluded that "the anticipating embodiment was the joint invention of King and Schwarz, an inventive entity different from that of the '310 patent, and the '054 patent is prior art under 35 U.S.C. § 102(e)." *Id.*

Conclusion

For IPR practitioners, this case identifies a potential pitfall associated with using a patent owner's own references as prior art under pre-AIA 35 U.S.C. 102(e). While the facts in this case turned out favorably for the Petitioner, other cases may not go the same way. For example, it may come out during discovery that the "other" inventor did not contribute much to the patent at all, and the Board may conclude that the "other" inventor's contributions were not "significant enough," thereby rendering the prior art reference not "by another." Accordingly, it may be worthwhile to exhaust other options before relying on a patent owner's own reference as prior art under pre-AIA 35 U.S.C. 102(e).

U.S. Supreme Court Issues Two Decisions Impacting Copyright Owners in One Day

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The Supreme Court recently issued two unanimous copyright decisions—one clarifying when a copyright claimant may file suit and the other defining the limits of “full costs” awards under Section 505 of the Copyright Act. Both have important implications for copyright litigants going forward. In the first case, the Court resolved a long-standing circuit-split by holding that copyright claimants must obtain a registration certificate from the Copyright Office before proceeding with suit—a process which can take several months. In the second, the Court held that the costs recoverable to prevailing copyright claimants are limited to the standard costs recoverable to prevailing parties in federal court litigation, and do not include additional costs such as expert and e-discovery fees.

***Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC et al.*, Case No. 17-571, 586 U.S. ____ (Mar. 4, 2019)**

In *Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, LLC*, the Supreme Court settled a split among U.S. Courts of Appeals regarding whether a copyright owner can sue for infringement before the Copyright Office grants registration. The Copyright Act of 1976 gives copyright protection to “original works of authorship fixed in any tangible medium of expression,” and rights in such works attach as soon as the works are created. However, 17 U.S.C. §411(a) conditions that “no civil action for infringement of the copyright in any United States work shall be instituted until...registration of the copyright claim has been made in accordance with this title.” The parties in *Fourth Estate* disputed the meaning of “registration” in §411(a).

Fourth Estate Public Benefit Corporation (“Fourth Estate”), a news organization, sued Wall-Street.

com and its owner (“Wall-Street”) for copyright infringement after Wall-Street failed to remove Fourth Estate’s news articles from its website despite having canceled the parties’ license agreement. Before filing suit, Fourth Estate had filed copyright applications for the news articles, but the Copyright Office had not yet granted or refused registration.

The district court dismissed the complaint because the Copyright Office had not yet processed Fourth Estate’s applications at the time the suit was commenced, and the Court of Appeals for the Eleventh Circuit affirmed the dismissal.

Fourth Estate appealed, arguing that “registration” for the purposes of §411(a) occurs when a copyright owner submits the application, materials, and payment to the Copyright Office, a theory known as the “application approach.” Wall-Street, in line with a previous holding by the Eleventh Circuit, promoted the “registration approach,” arguing that §411(a)’s registration requirement is satisfied only when the Copyright Office grants registration.

The Supreme Court unanimously agreed with Wall-Street and the lower courts, holding that “registration” in §411(a) “refers to the Copyright Office’s act of granting registration, not to the copyright claimant’s request for registration.” In other words, “registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright.” The statute provides several exceptions to this rule. For example, owners of material susceptible to predistribution infringement, such as movies or musical compositions, can apply for preregistration, a limited review of the application after which the copyright owner may commence an infringement suit. The statute also provides an exception for live broadcasts, where a copyright owner may sue for infringement before obtaining a registration. In addition, copyright owners may institute an infringement suit after the Copyright Office refuses registration. These exceptions, the Court reasoned, would be “superfluous” if a copyright application alone satisfied the requirements of §411(a).

The Supreme Court also assuaged Fourth Estate’s concerns that the three-year statute of limitations could expire before the Copyright Office reviews an application, stating that the seven-month average

processing time for copyright applications “leaves ample time to sue after the Register’s decision, even for infringement that began before submission of an application.”

Thus, *Fourth Estate* clarifies that, save for the exceptions noted above, a copyright owner may bring an infringement suit only after the Copyright Office grants registration. However, because a suit may cover infringement that occurs before and after registration, copyright owners can still protect rights granted before receiving an official grant of protection.

The Court’s decision is important for copyright owners who may need to assert a claim quickly, but do not have a registration certificate. Because it can take the Copyright Office in excess of seven months to grant or deny an application, Copyright owners who have not yet registered their works must either pay a special handling fee of \$800 per work to speed up the registration process, or take the risk of waiting to assert their claims until the Copyright Office has acted. This can, in certain circumstances, result in the expiration of the statute of limitations, the disappearance of infringing goods, or the failure to enjoin an act of infringement. It is therefore important that copyright claimants that expect to enforce their rights through litigation take early action to register their works before claims arise. Early registration can also benefit claimants by entitling them to recover statutory damages and attorneys’ fees.

***Rimini Street, Inc. v. Oracle USA, Inc.*,
Case No. 17-1625, 586 U.S. __ (Mar. 4, 2019)**

The second Supreme Court copyright decision handed down this week, *Rimini Street, Inc. v. Oracle USA, Inc.*, addressed the limits of courts’ discretion to award costs to a prevailing copyright litigant under Section 505 of the Copyright Act. In this latest chapter of the nearly decade-long dispute between the two tech companies, the Supreme Court handed Rimini Street a major victory, setting aside a \$12.8 million award against it based on Oracle’s litigation costs. The decision clarified that a district court’s discretion to award a prevailing party ‘full costs’ under the Copyright Act does *not* extend beyond the categories of expenses identified in the general costs provisions of the Judicial Code; as a result, the district court

exceeded its statutory authority by entering the \$12.8 million award for expenses not identified within the general costs statutes.

Rimini Street is a third-party provider of software maintenance services to Oracle customers. In 2010, Oracle filed a copyright infringement and data theft lawsuit against Rimini Street, alleging that the company copied Oracle’s software without obtaining the proper licenses. The case went to trial in Nevada, where Oracle obtained an award of \$50 million in damages, as well as awards of \$28.5 million in attorneys’ fees and \$3.4 million in taxable costs. The district court also awarded Oracle \$12.8 million for additional nontaxable litigation expenses, including costs associated with retaining expert witnesses, jury consultant fees, and e-discovery costs. Rimini Street appealed the \$12.8 million award, arguing that the nontaxable expenses are not considered ‘costs’ under the general costs statutes of the Judicial Code, 28 U.S.C. §§1821 and 1920. The Ninth Circuit affirmed the district court’s cost award.

The Supreme Court granted Rimini Street’s petition for *certiorari*, and on Monday it unanimously reversed the Ninth’s Circuit’s decision. Justice Kavanaugh, writing for the Court, held that while Section 505 of the Copyright Act grants district courts discretion to award ‘full costs’ to prevailing copyright litigants, this discretion is nevertheless limited by the general definition of ‘costs’ codified at 28 U.S.C. §§1821 and 1920. These general cost statutes establish six categories of litigation expenses that constitute ‘costs’; because the Copyright Act does not explicitly authorize an award of any expenses beyond these six enumerated types, other expenses (such as the expert witness fees, e-discovery expenses, and jury consultant fees constituting the \$12.8 million award against Rimini Street) are not subject to cost-shifting under Section 505 of the Copyright Act.

In arriving at this holding, the Supreme Court rejected Oracle’s principal argument that the word ‘full’ provided authorization for district courts to award costs beyond those six categories enumerated in the general costs statute. Rather, the Court held, the adjective ‘full’ merely conveys that all costs that otherwise could be awarded under the general costs

statute may be awarded under Section 505. As Justice Kavanaugh explained:

The word ‘full’ operates in the phrase ‘full costs’ just as it operates in other common phrases: A ‘full moon’ means the moon, not Mars. A ‘full breakfast’ means breakfast, not lunch. A ‘full season ticket plan’ means tickets, not hot dogs. So too, the term ‘full costs’ means costs, not other expenses.”

The Court also rejected Oracle’s argument that “full costs” was a term of art borrowed from English copyright statutes, finding no evidence that the term had any established definition in English or American law. Lastly, the Court observed that it was unpersuaded by Oracle’s arguments based on surplusage, observing that Plaintiff’s theory made “little sense” considering the history of the Copyright Act and, regardless, that “[r]edundancy is not a silver bullet.”

Ultimately, this decision provides courts and litigants with valuable clarity regarding types of expenses that may be considered part of a “full costs” award under the Copyright Act. Accordingly, copyright litigants should consider these award limitations when assessing which expenses may ultimately be recoverable by a prevailing party under Section 505 of the Copyright Act.

No Likelihood of Confusion Found Between I’M SMOKING HOT and SMOKIN’ HOT SHOW TIME Marks

Alexander B. Lutzky



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The U.S. Patent and Trademark Office (USPTO) Trademark Trial and Appeal Board (TTAB), in an August 23, 2018, precedential decision, reversed a finding of likelihood of confusion between an application for the mark I’M SMOKING HOT and a cited registration for SMOKIN’

HOT SHOW TIME. Even though the goods covered under both marks were “identical,” the different overall

commercial impression and weakness of a common term in the two marks made confusion unlikely. *In re FabFitFun, Inc.*, 127 USPQ2d 1670, 1677 (TTAB 2018).

FabFitFun, Inc., a California-based retailer of beauty products, applied for a U.S. trademark registration for the word mark I’M SMOKING HOT for a list of goods in International Class 3, including “cosmetics and makeup.” The USPTO refused registration under Section 2(d) of the Lanham Act, asserting a likelihood of confusion existed with a registration for the word mark SMOKIN’ HOT SHOW TIME for “cosmetics, mascara.” FabFitFun appealed to the TTAB.

Using the well-worn multifactor analysis from the seminal *In re E. I. du Pont de Nemours & Co.* case, the TTAB determined that several factors weighed in favor of a finding of likelihood of confusion. For example, one of the goods described under the application and cited registration, “cosmetics,” was identical. In addition, the “channels of trade,” “classes of consumers,” and “conditions of sale” factors favored confusion as well.

Despite the above, FabFitFun prevailed based on two arguments. First, it presented a “modest amount of evidence” showing that the common term “Smoking Hot” is relatively weak due to its suggestive nature and use in advertising in the beauty industry. The TTAB considered this evidence along with the definition of the phrase and found that its relative weakness weighed against a likelihood of confusion.

Second, the TTAB analyzed whether the two marks were similar, focusing on their overall meaning due in part to the weakness of the common term “Smoking Hot.” It found that the “applicant’s mark connotes an individual’s declaration that ‘I am attractive or sexy looking,’ [but] the registered mark connotes the time for sexy entertainment or activity to begin.” *In re FabFitFun, Inc.*, at 1677.

As a result, even though several *du Pont* factors leaned toward a finding of likelihood of confusion, the TTAB reversed the refusal because the marks conveyed different overall commercial impressions. The USPTO did not appeal the TTAB decision, and FabFitFun’s application has been allowed for registration.

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Broadening Statements Can Save You During Claim Construction

Andrew Cohn



Andrew Cohn

Many experienced practitioners have come to realize that a fair amount of wordsmithing is required to ensure that an invention is not unduly limited. The Federal Circuit has consistently taken the approach that the intrinsic evidence contained

within the patent is most highly regarded during claim construction, to the point where inventor statements characterizing the invention may be irrelevant. In *Continental Circuits LLC v. Intel Corp.*, (Appeal Number 2018-1076, Fed. Cir. February 8, 2019) (“*Continental Circuits*”), the Federal Circuit looked at a limitation that was read into the claims by the District Court and found that the exacting requirements to infer a claim limitation had not been met.

Continental Circuits LLC (“Continental”) owned four patents directed to a “multilayer electrical device... having a tooth structure.” *Continental Circuits* at 2. The four patents at issue, U.S. Patent No. 7,501,582 (“the ‘582 patent”), U.S. Patent No. 8,278,560 (“the ‘560 patent”), U.S. Patent No. 8,581,105 (“the ‘105 patent”), and U.S. Patent No. 9,374,912 (“the ‘912 patent”), disclose a solution to the common problem of delamination in electric device construction and usage that occurs in printed circuit boards. See the ‘582 patent at column 1, lines 28-46. When combining multiple conductive and dielectric layers, delamination, blistering, and other separation issues between layers can arise during the construction and use of such electric devices (e.g., due to thermal stress). *Id.*

To reduce these issues, the ‘582, ‘560, ‘105, and ‘912 patents provide “a unique surface structure” that mechanically grips two layers together and prevents

delamination. The ‘582 patent states: “it is still better to use teeth that are fang-shaped to enable a mechanical grip... By using the fanged, angled, canine, or otherwise hooked teeth... there is a multidirectional, three dimensional interlacing or overlapping of layers.” *Id.* at column 1, lines 58-66.

To form this layer, the ‘582, ‘560, ‘105, and ‘912 patents propose using “a dielectric material [having] a non-homogeneous composition or thickness to bring about an uneven chemical resistance” that forms teeth during etching, instead of providing a uniform etch, *Id.* at column 2, lines 25-30, and the patents describe a “swell and etch” or “desmear” process that may be used to form the teeth. However, unlike the prior art, the patents propose a “double desmear” process in order to form the teeth, *id.* at column 5, lines 40-46, and the ‘582 patent described the double desmear process and its benefits as follows:

...[E]xcept that contrary to all known teachings in the prior art, in effect, a “double desmear process” is utilized. That is, not merely increasing the times and temperatures and other parameters for the desmear process, but instead completing the process a first time, and then completing the process a second time.” *Id.*

Accordingly the peel strength produced in accordance with the present invention is greater than the peel strength produced by the desmear process of the prior art, i.e., a single pass desmear process. *Id.* at column 7, lines 3-9.

Continental sued Intel Corporation, its supplier Ibiden U.S.A. Corporation, and the supplier’s parent company Ibiden Co. Ltd. (collectively “Intel”) for infringement of the ‘582, ‘560, ‘105, and ‘912 patents. The key element of dispute between Continental and Intel was whether Continental had limited the etching or desmear process (that provides for the generation of the teeth on a layer) to a repeated or “double desmear” process. See *Continental Circuits* at 4. In particular, the District Court found that the claim limitations should be limited to a repeated desmear process.

To make its construction, the District Court first looked at intrinsic evidence for claim construction within the patent history. *Id.* at 7. They found that the

specification repeatedly distinguished the “double desmear” process described in the patent from the prior art single etching or desmear processes. *Id.* Additionally, the prosecution history included an expert declaration that stated that “the ‘etching’ process disclosed in the specification uses ‘this known Probelec XB[] 7-81 resin’ and ‘two separate swell and etch steps’ as ‘a technique which forms the teeth.’” *Id.* at 7-8. Furthermore, additional extrinsic evidence of statements by the inventors that they use a “two pass desmear cycle”, and that “we use a double pass desmear to achieve the tooth structure” was found persuasive in finding that the claims required a double desmear process. Thus, the District Court held that “Intel had ‘met the exacting standard required’ to read a limitation into the claims.” *Id.* at 7.

Exacting Requirements for Clear Disavowal of Claim Scope – Drafting and Prosecution Techniques

On appeal, Continental argued that “the plain language of the claims does not include a repeated desmear process,” and that “the specification does not clearly and unmistakably limit the claims to require a repeated desmear process.” *Id.* at 9. Continental argued that although the patent discussed a preferred embodiment using a repeated desmear process, the language of the patent did not limit the invention to only this embodiment. *Id.* In response, Intel contended that it was clear that “the patentees repeatedly disparaged and disavowed the single-pass desmear process, and expressly defined ‘the present invention’ [in the patent] as requiring a repeated desmear.” *Id.* Intel further argued that this was supported by the prosecution history’s expert declaration stating that “the claimed invention is directed to surface roughening performed by ‘two separate’ passes of a desmear process.” *Id.* at 10.

The Federal Circuit agreed with Continental that none of the intrinsic or extrinsic evidence met the high burden in a manner required to read a limitation into a claim. *Id.* at 10. In finding this, the Federal Circuit referred to the main tenets of claim construction found in *Phillips v. AWH Corp.* 415 F.3d 1303 (Fed. Cir. 2005) and *Markman v. Westview Instruments* 517 U.S. 370 (1996). The Federal Circuit proceeded to review the specification to determine whether either the

patentee had “act[ed] as its own lexicographer”, or performed “an intentional disclaimer, or disavowal, of claim scope.” *Continental Circuits* at 11-12. Although the Federal Circuit noted the “difficulty in drawing the ‘fine line between construing the claims in light of the specification and improperly importing a limitation from the specification into the claims,’” the Federal Circuit did not find that any of the statements in the specification rose to the level of a “clear and unmistakable disclaimer.” *Id.* at 12.

The Federal Circuit examined the specification and found that statements such as “[o]ne technique for forming the teeth” was the double desmear process in contrast to those known in the art, that “the present invention *can be carried out* by a new use,” and that “[f]or example, the present invention differs... as a way of forming the teeth”, were insufficient to introduce a limitation into the claims. *Id.* Furthermore, statements such as “that the peel strength produced... is greater than that of ‘the prior art,’” indicated that the patent merely described a preferred embodiment and the patentee did not intend to clearly limit claim scope. *Id.* at 12-13. The court stated “[h]eeding the warning in *Phillips*... phrases such as ‘one technique,’ ‘can be carried out,’ and ‘a way’ indicate that using Probelec XB 7081 is only one method for making the invention and does not automatically lead to finding a clear disavowal of claim scope.” *Id.* at 13. Thus, disclosure of only a single embodiment does not disavow claim scope without “words or expressions of manifest exclusion or restriction.” *Id.*

For experienced patent prosecution practitioners, this type of language is second nature to include when drafting patents, and the Federal Circuit appears to support the position that the use of such legal techniques and terminology in application drafting can provide additional claim scope and expand an invention further than what the inventors originally disclosed or imagined (as evidenced by the statements of the inventors in the extrinsic evidence in this case). The Federal Circuit also noted that statements regarding the “double desmear” process as “contrary to” or “in stark contrast” with the single desmear process also did not present “clear and unmistakable limiting statements.” *Id.* Merely comparing and contrasting with the prior art does not disavow

claim scope, nor do descriptions of “the present invention.” *Id.* at 14. For example, the Federal Circuit found that “the use of ‘the present invention’ through the specification does not uniformly require use of a repeated desmear process,” noting that the term “desmear” did not even appear in the summary of the invention. *Id.* at 14.

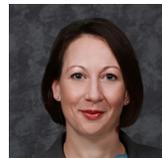
However, describing “the present invention” contrasts with many often-followed principles of modern patent application drafting. For example, in *Verizon Service Corp. v. Vonage Holdings Corp.*, the Federal Circuit stated “[w]hen a patent thus describes the features of the ‘present invention’ as a whole, this description limits the scope of the invention.” 503 F.3d 1295, 1308 (Fed. Cir. 2007). There, the Federal Circuit stated “[i]n the course of describing the ‘present invention,’ the specification then states that ‘[t]he gateway compresses and decompresses voice frequency communication signals and sends and receives the compressed signals in packet form via the network.’” *Id.* This served to be a limiting issue. However, in *Verizon*, the patent at issue begins by stating “the present invention” and the “inventive system,” while later referring to preferred embodiments *within the summary of the invention*. See column 4, lines 6-33 of U.S. Patent No. 6,359,880. This limiting description, as well as wording in the “Disclosure of the Invention” (i.e., the summary of the invention), may be the cause of this appearance of inconsistency in Federal Circuit claim construction rulings.

With regard to the prosecution history, the Federal Circuit did not find a disclaimer in the description of the process of “a technique which forms the teeth.” *Continental Circuits* at 15. The court explained, “clearly describing a particular claim term to overcome an indefiniteness or written description rejection is not the same as clearly disavowing claim scope”, characterizing that explanation as only one technique, and not the only technique available for desmear. *Id.* Instead, because the patentees had not made it clear that it was essential that the repeated desmear process was part of “a product claim,” reading “a process limitation into a product claim” was improper. *Id.* at 15-16.

Regarding the extrinsic evidence that included documents authored by the inventors that stated that the inventors had utilized “two passes through desmear” and a “double desmear process,” the Federal Circuit found that “those statements reflect use of the preferred embodiment but give the public no indication that they have any limiting effect.” *Id.* at 16-17. The extrinsic evidence merely “confirm[ed] that their alleged invention was limited to a repeated desmear process,” which confirmed that the District Court improperly read a limitation into the claims. *Id.* As the Federal Circuit stated in another case, “[u]ltimately, the only meaning that matters in claim construction is the meaning in the context of the patent.” *Poly-America, L.P. v. API Industries, Inc.*, 839 F.3d 1131, 1137 (2016). As such, this extrinsic evidence was insufficient to limit the claims from the broader terminology utilized when drafting and prosecuting the patents, which reflects the care and nuances of patent legalese that should be considered when characterizing an invention in a patent application.

Patent Term Adjustment Deductions For Applicant Delay Are Only Appropriate When The Applicant Could Have Taken Steps To Advance Prosecution But Failed To Do So

Elizabeth Crompton



Elizabeth Crompton

In *Supernus Pharmaceuticals, Inc. v. Iancu*, No. 2017-1357 (Fed. Cir. Jan. 23, 2019), the Federal Circuit rejected the U.S. Patent and Trademark Office’s practice of deducting time from the patent term adjustment (PTA) for applicant delays during periods of time when the applicants had no reasonable steps to take to advance prosecution. [Slip op.](#) at 19.

The PTA statute provides that PTA will be reduced by the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application. 35 U.S.C. § 154(b). The U.S. Patent and Trademark Office (USPTO) promulgated regulations relating to PTA, including 37 C.F.R. § 1.704(c)(8), which states

Submission of a supplemental reply or other paper, other than a supplemental reply or other paper expressly requested by the examiner, after a reply has been filed, in which case the period of adjustment set forth in § 1.703 [that extends the patent's term due to USPTO delay] shall be reduced by the number of days, if any, beginning on the day after the date the initial reply was filed and ending on the date that the supplemental reply or other such paper was filed

Slip op. at 4-5. Relying on this regulation, the USPTO taxed applicants with delay if they submitted an information disclosure statement (IDS) after filing an RCE, even when the applicants did not know of the information disclosed and therefore could not have filed the IDS sooner. This is the specific practice challenged in *Supernus*.

Supernus had filed a request for continued examination in a pending application. *Id.* at 6. About 18 months after filing the RCE, Supernus received notice from the European Patent Office that an opposition had been filed against a related European patent. *Id.* at 6-7. Supernus submitted a supplemental IDS to the USPTO, informing it of the opposition and providing the cited documents. *Id.* at 7. More than nine months later, the USPTO issued the first office action responding to Supernus's RCE. *Id.* When the patent issued from that application, the USPTO calculated the PTA and subtracted 646 days of applicant delay for the period between when the RCE was filed and when Supernus filed the IDS with information about the opposition. *Id.* at 7-8. Supernus conceded that it was responsible for 100 days of delay after it received notice of the opposition before filing the IDS but challenged the USPTO's attribution of applicant delay to the time between filing the RCE and receiving notice of the opposition. *Id.* at 8-9.

The USPTO rejected Supernus's request for reconsideration of the PTA calculation. *Id.* at 8. According to the USPTO, the Federal Circuit's decision in *Gilead Sciences, Inc. v. Lee*, 778 F.3d 1341, 1350-51 (Fed. Cir. 2015) required charging the applicant with a delay for submitting an IDS after filing an RCE. *Id.* The USPTO explained that Supernus's IDS submission was subject to the same rationale as *Gilead*, which required reduction for applicant delay "under 37

C.F.R. § 1.704(c)(8) because any relevant information submitted to the USPTO after an initial reply interferes with the USPTO's ability to process an application." *Id.* So analogously, "[t]he same analysis applies to submission of an IDS document after the filing of an RCE" because "[a]ny IDS submission by [a] patentee after the filing of a[n] RCE 'interferes' with the [USPTO's ability] to process an application because the examiner may be forced to go back and review the application again." *Id.* (alterations in original).

On appeal to the U.S. District Court for the Eastern District of Virginia, Supernus moved for summary judgment on the grounds that the regulations relied on by the USPTO are arbitrary, capricious, and contrary to the PTA statute. *Id.* The district court agreed with the USPTO, holding that the Federal Circuit's decision in *Gilead* required the outcome. *Id.*; *Gilead*, 778 F.3d at 1350-51.

The Federal Circuit reviewed the decision relating to PTA in accordance with the Administrative Procedure Act. *Slip op.* at 10. Under this standard, the Federal Circuit would set aside the USPTO's actions if they were found to be "in excess of statutory jurisdiction, authority, or limitations," or "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. §§ 706(2)(A), (C).

The Federal Circuit discussed its prior decision in *Gilead*, in which the Court considered the reasonableness of 37 C.F.R. § 1.704(c)(8) and whether the PTA statute required deduction for applicant delay in instances where the applicant's conduct did not actually delay the conclusion of prosecution, and specifically whether "filing a supplemental IDS after submitting a reply to a restriction requirement constitutes a failure to engage in reasonable efforts to conclude prosecution of the application." 778 F.3d at 1346; see also *slip op.* at 11. The USPTO charged Gilead with applicant delay for the time between filing a response to a restriction requirement and filing a supplemental IDS. *Gilead*, 778 F.3d at 1345; see also *slip op.* at 11. The Federal Circuit agreed, holding that the USPTO's interpretation of the statute and its application in 37 C.F.R. § 1.704(c)(8) were reasonable because submitting an IDS after responding to a restriction requirement "interferes with the PTO's

ability to conclude the application process because of significant time constraints faced by the PTO.” *Gilead*, 778 F.3d at 1350; see also [slip op](#) at 11. “A supplemental IDS, such as the one that Gilead submitted, [may] force[] an examiner to go back and review the application again, while still trying to meet his or her timeliness obligations under § 154.” *Gilead*, 778 F.3d at 1350 (quoting *Gilead Scis., Inc. v. Rhee*, 976 F. Supp. 2d 833, 837-38 (E.D. Va. 2013) (alterations in original)); see also [slip op](#) at 11.

The Federal Circuit distinguished its holding in *Gilead*, explaining that *Gilead* only ruled that “the regulation reasonably drew no line between actual and potential delay and could include a supplemental IDS. It did not hold the regulation was reasonable in reducing PTA for periods during which there was no failure to engage in reasonable efforts to conclude prosecution.” [Slip op.](#) at 11-12. *Gilead* did not decide whether the circumstances challenged by Supernus would constitute failure to engage in reasonable efforts to conclude prosecution.

In contrast to *Gilead*, Supernus could not have taken any steps to conclude prosecution of the patent during the 546-day period between when the RCE was filed and the EPO notification of the opposition. [Slip op.](#) at 12. So the question to be considered was “whether the USPTO may reduce PTA by a period that exceeds the ‘time during which the applicant failed to engage in reasonable efforts to conclude prosecution.’” 35 U.S.C. § 154(b)(2)(C)(i); [slip op.](#) at 12-13. This was a completely different question from *Gilead*. Therefore, the Federal Circuit explained, *Gilead* is not controlling, and the district court erred in granting summary judgment to the USPTO based on the holding in *Gilead*. [Slip op.](#) at 13.

The Federal Circuit considered the USPTO’s interpretation of the PTA statute under *Chevron U.S.A. Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984) and found its answer at Step 1. [Slip op.](#) at 13. The first question in an analysis under *Chevron* is “whether the statute’s plain terms ‘directly address[es] the precise question at issue.’” *Nat’l Cable & Telecomms. Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 986 (2005) (quoting *Chevron*, 467 U.S. at 843); see also [slip op](#) at 13.

According to the Federal Circuit, the PTA statute’s language was clear and unambiguous. *Pereira v. Sessions*, 138 S. Ct. 2105, 2113 (2018); see also *Chevron*, 467 U.S. at 842-43 (“If the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress.”); [slip op](#) at 13. The PTA statute clearly states, “The period of adjustment of the term of a patent under paragraph (1) shall be reduced by a period **equal to the period of time during which the applicant failed to engage in reasonable efforts** to conclude prosecution of the application.” 35 U.S.C. § 154(b)(2)(C)(i) (emphasis added); [slip op](#) at 14. Therefore, based on the plain language of the statute, the Federal Circuit held that the USPTO could not deduct, as applicant delay, time during which the applicant could not do anything to advance prosecution of the application. [Slip op.](#) at 14. Such a deduction would exceed the time “during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.” 35 U.S.C. § 154(b)(2)(C)(i); [slip op](#) at 14.

The Federal Circuit explained that the statute has two clear limitations on the amount of time that can be considered applicant delay for reducing PTA: (1) any reduction to PTA must be equal to the period of time during which the applicant fails to engage in reasonable efforts, and (2) the reduction is expressly tied to the specific time period during which the applicant failed to engage in reasonable efforts. [Slip op.](#) at 15. The Federal Circuit analyzed both limitations.

First, the Federal Circuit considered the meaning of the term “equal to the period of time during which the applicant failed to engage in reasonable efforts.” *Id.* at 15. The Federal Circuit explained, “PTA reduction cannot exceed the period of time during which an applicant failed to engage in reasonable efforts. Thus, if there is no period of time during which the applicant could have but failed to engage in reasonable efforts, there can be no reduction to the PTA.” *Id.* The Court continued, “The word ‘during’ is similarly understood to mean ‘from the beginning to the end of (a particular period)’ or ‘at some time between the beginning and the end of (a period).’”

Thus, the statutory period of PTA reduction must be the same number of days as the period from the beginning to the end of the applicant's failure to engage in reasonable efforts to conclude prosecution. PTA cannot be reduced by a period of time during which there is no identifiable effort in which the applicant could have engaged to conclude prosecution because such time would not be "equal to" and would instead exceed the time during which an applicant failed to engage in reasonable efforts. This is consistent with the PTA extensions of "1 day for each day" granted for the A, B, and C types of USPTO delays.

Slip op. at 15-16.

Next, the Federal Circuit examined the legislative intent, explaining that the intention of the "equal to" limitation was that "applicants will be charged the full amount of time corresponding to their own delay." *Id.* at 16. But this provision also protects applicants because the PTA is only reduced by the amount of time during which the applicant failed to engage in reasonable efforts. *Id.* The Federal Circuit explained, "The USPTO cannot, therefore, count as applicant delay any period of time during which there were no efforts in which the applicant could have engaged to conclude prosecution of the patent." *Id.* Thus, if no identifiable efforts could have been undertaken during a given time period, that period cannot be "equal to" the statutory period of time during which the applicant failed to undertake reasonable efforts. *Id.* Otherwise, the "reasonable efforts" language in the statute would be superfluous. *Id.*

Turning to the specifics of the case, the Federal Circuit noted that during the 546 days between when Supernus filed its RCE and when it received notice of the opposition from the EPO, there were no efforts Supernus could have taken to conclude prosecution. *Id.* at 18. As such, because the applicants did not fail to take available steps to conclude prosecution, the 546 days of applicant delay charged by the USPTO was contrary to the plain meaning of the statute. *Id.* "The USPTO's interpretation of the PTA statute applied in these circumstances exceeds the statutory limitations for PTA reduction and therefore, the USPTO actions are 'in excess of statutory . . . authority.'" *Id.* (alteration in original) (citing 5 U.S.C. § 706(2)(C)). The Federal Circuit reversed the district court's grant of summary judgment and remanded. *Id.* at 19.

This decision underscores the importance for patent applicants to check the USPTO's PTA calculation. A deduction for applicant delay is only appropriate when the applicant could have taken steps to advance prosecution but failed to do so. However, neither this decision nor the decision in *Gilead* makes clear whether submission of a supplemental IDS based on newly-discovered prior art that could have been found sooner would count as failure to take reasonable steps to advance prosecution. The best practice is still to submit IDSs as early as possible and avoid supplemental submissions.

Haynes and Boone Featured as Go-To Firm for PTAB Petitioners

Law360 included Haynes and Boone in a feature about patent litigation trends in 2018. While 2018 was a year of slowdown for patent case filings, Haynes and Boone maintained its position as one of the most active firms representing petitioners at the Patent Trial and Review Board.

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***World Trademark Review*: Haynes and Boone's Trademark Practice a 'Force to be Reckoned With'**

The 2019 edition of the *World Trademark Review 1000 (WTR 1000)* directory of leading trademark professionals extolls Haynes and Boone as a top 20 firm nationally, one of the leading firms in California, and the top full-service firm in Texas. Nine lawyers across six of the firm's offices were recognized individually as top practitioners.

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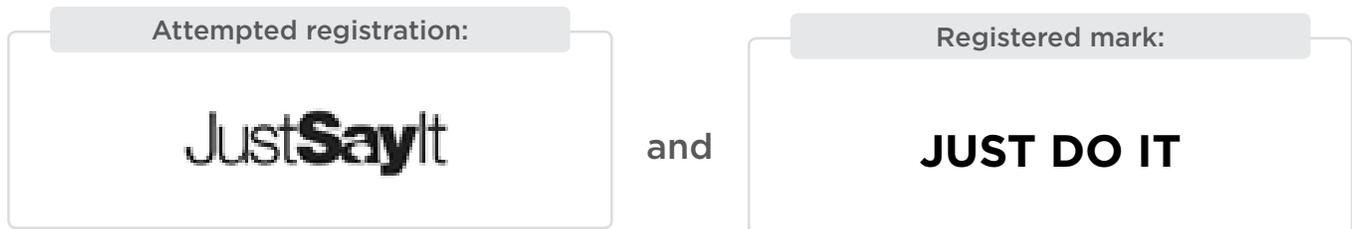
More than 50 Haynes and Boone lawyers and 18 practice areas will be included in the 2019 edition of the *Chambers USA* legal directory when it publishes in May. Five lawyers from the intellectual property practice will be individually recognized.

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IP QUIZ

Trademark Trivia

Is there a likelihood of confusion?



For books and downloadable e-books in the field of promoting healthy lifestyles encompassing physical, social, emotional and spiritual aspects of positive human oral communications.

For clothing, footwear, bags, eyeglass frames, cell phone cases, and bottles sold empty.

According to the U.S. Trademark Trial and Appeal Board, the answer is YES.

The Trademark Trial and Appeal Board sustained Nike's opposition to registration of the mark JUST SAY IT, finding that the mark would be likely to cause confusion with and dilute Nike's JUST DO IT mark.

Not only did both parties stipulate that Nike's JUST DO IT mark is famous, but the Board found it to be "exceedingly so" and "entitled to the highest level of protection against confusion." As support, the Board referenced a third-party case study that called the mark "one of the most famous and easily recognized slogans in advertising history." The Board also cited Nike's tens of millions of social media followers, the \$5 billion in advertising that uses the JUST DO IT mark, and other evidence strongly indicating that the mark is a household name.

Next, the Board assessed the similarity of the marks, finding them to be "more similar than dissimilar." Both marks consist of three short words beginning with "JUST" and ending with "IT," and both are commands that "convey the idea of not thinking or hesitating too much." Although the middle words "DO" and "SAY" differ, the Board reasoned that "SAY" is a more specific verb than "DO," and Nike's command "could implore the listener to SAY something." Thus, the meanings of the differing words were not so significant as to distinguish Applicant's mark from Nike's mark.

The Board also held that Applicant's and Nike's goods are related, even though Nike's registrations do not cover books and there is no evidence that Nike uses JUST DO IT for books. First, the Board stated that the "physical" aspects of human oral communications in the application could encompass physical activities associated with Nike's clothing and other goods. Further, Nike uses JUST DO IT in connection with several mobile apps for running and training, and the Board denied "any substantive difference

between information provided through books, and especially e-books, on the one hand, and mobile apps on the other." The Board also reasoned that Applicant's books and e-books cover some of the same social, emotional, and spiritual communication themes touched on by Nike's advertising campaigns, such as a billboard showing Colin Kaepernick, JUST DO IT, and the phrase "believing in something, even if it means sacrificing everything." Thus, keeping in mind the widespread fame of JUST DO IT, the Board found that consumers would likely consider Applicant's books and e-books to be "an extension" of Nike's advertising campaigns.

The Board held that there was sufficient evidence to find an overlap in trade channels, but the classes of consumers overlapped in part, as consumers of Nike's and Applicant's products are interested in healthy lifestyles, and the consumers of Applicant's books would likely be interested in the messages in Nike's JUST DO IT advertisements. Finally, the Board noted that the variety of goods offered under the JUST DO IT mark also weighed in favor of a likelihood of confusion.

In assessing the dilution claim, the Board found that although there was no evidence that Applicant intended to create an association with Nike, the similarity of the marks, the similarity of the goods, Nike's substantially exclusive use of JUST DO IT, and the mark's degree of recognition weighed in favor of dilution.

Thus, the Board sustained the opposition, finding a likelihood of confusion with and dilution of Nike's famous slogan.

Nike, Inc. v. Cheryl Bauman-Buffone, Opposition No. 91234556 (March 20, 2019) [not precedential]

If you have any questions, please visit the Haynes and Boone [Intellectual Property Law](#) page of our website.



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