



The IP Beacon[®] The Intellectual Property Law Newsletter of Haynes and Boone, LLP

JUNE 2017



Brian C.
Kwok



Jason W.
Whitney

Supreme Court Ruling Reins in Patent Infringement Forum Shopping

Brian C. Kwok and Jason W. Whitney

On Monday, the U.S. Supreme Court in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, No. 16-341 (May 22, 2017) unanimously overruled a longstanding Federal Circuit decision that allowed patent infringement suits to be filed nearly anywhere, even in venues where accused infringers sold no more than a few allegedly infringing products. The effect of the *TC Heartland* ruling is expected to be immediate, limiting where plaintiffs may bring suit and reshaping the landscape of patent infringement actions.

The Federal Circuit's Prior *VE Holding Corp.* Decision Permitted Broad Forum Shopping

Prior to the Supreme Court's decision in *TC Heartland*, plaintiffs routinely relied on the Federal Circuit's interpretation of the patent venue statute to bring suit against a corporation in any judicial district in which the corporation was subject to personal jurisdiction. See *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583-84 (Fed. Cir. 1990) (expanding the meaning of "resides" in the patent venue statute 28 U.S.C. § 1400(b) to incorporate the general federal venue statute of 28 U.S.C. § 1391(c), which includes personal jurisdiction). This interpretation of the statute created what some believe to be an absurd situation where corporate defendants were being sued in venues to which they had almost no connection, including districts where only a single alleged offer or sale occurred.

The Supreme Court Overrules *VE Holding Corp.* and Narrows Plaintiffs' Ability to Forum Shop in *TC Heartland*

In *TC Heartland*, the Supreme Court made clear that under § 1400(b) of the patent venue statute, a domestic corporation can be sued only in its "State of incorporation," or where it "has committed acts of infringement and has a regular and established place of business." *TC Heartland*, slip op. at 1-2 (reaffirming *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222 (1957) and holding that "a domestic corporation 'resides' only in its State of incorporation for purposes of the patent venue statute"). The court further stated that had Congress intended to expand the definition of residence in the patent venue statute beyond the state of incorporation, it would have done so unambiguously. *TC Heartland*, slip op. at 8. And Congress did not. *Id.* at 8-10.

The Immediate Implications of *TC Heartland* on Pending and Future Patent Lawsuits

For pending patent cases, courts are likely to see an increase in both motions to dismiss and motions to transfer based on improper venue. Although a defendant who properly preserved its right to challenge venue may have the upper hand, it is possible that even those defendants that did not timely raise a venue defense may challenge venue nonetheless in light of the Supreme Court's decision. Defendants may even file declaratory judgment actions in their preferred venue while seeking such relief from the court they are presently in. On the other side of the equation, plaintiffs in pending infringement cases where venue was premised on the now-overruled *VE Holding* case may conclude that seeking a joint motion to transfer or filing a new action in another venue present more palatable options than possible outright dismissal for improper venue. Thus, both patentees and accused infringers are likely to engage in more motions practice based on the *TC Heartland* opinion. Among the district courts whose patent dockets will be affected by such motions practice under *TC Heartland*, there is likely to be a disproportionately large number of venue disputes in the Eastern District of Texas, a venue that many view as plaintiff-friendly.

For future patent lawsuits, the *TC Heartland* ruling will likely prompt a shift in patent cases to states where many corporations are incorporated. States with large numbers of incorporated entities such as Delaware, California (with its technology hub), Texas, Illinois, and New York will probably see case filings increase. Similarly, judicial districts with corporate headquarters or significant manufacturing facilities are likely to see an increase in patent litigation. More than 30 percent of all Fortune 500 headquarters are located in just three states (Texas, New York, California), and as a result increases in patent litigation are likely in the district courts for the Northern and Central Districts of California, Northern and Southern Districts of Texas, and the Southern District of New York. Further increases in the Northern District of Illinois's already sizable patent docket are also likely. Finally, the Eastern District of Texas also still has many U.S. headquarters and large business operation centers located particularly in Dallas's northern suburbs, so there will still be significant litigation activity there.

Unresolved Venue Questions and Future Uncertainty

Although the *TC Heartland* opinion reconfirms that a domestic corporation "resides" only in its state of incorporation for purposes of patent infringement actions, the decision also leaves several issues unresolved, and these issues are likely to generate yet more litigation in the future.

First, the Supreme Court expressly "confined [its] analysis to the proper venue for corporations," leaving to the lower courts consideration of where a non-corporation "resides" under Section 1400(b). *TC Heartland*, slip op. at 2 n.1; see also *id.* at 3 (noting "*Fourco's* holding that a corporation resides only in its State of incorporation for patent infringement suits"). The narrow holding—and the possibility of additional litigation on the issue—will create uncertainty for unincorporated entities.

Second, the *TC Heartland* opinion explicitly stated that the Supreme Court did not address "the implications of petitioner's argument for foreign corporations," nor did it express any opinion on its prior decision "determining [the] proper venue for foreign corporation under then existing statutory regime." *TC Heartland*, slip op. at 7-8 n.2 (referring to *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.*, 406 U. S. 706 (1972)). Thus, the opinion relates only to "domestic corporations" and it is unclear how the opinion in *TC Heartland* will apply to foreign corporations, particularly those with no "regular and established place of business" in the United States.

Third, because the Supreme Court made clear that a domestic corporation "resides" only its state of incorporation, we expect more litigation concerning the second prong of the patent venue statute, which permits suit to be brought "where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). For example, the Court suggests that merely shipping allegedly infringing products into a state is not in itself enough to demonstrate an established place of business. *TC Heartland*, slip op. at 2 (stating that while petitioner "does ship the allegedly infringing products into" Delaware, it "has no meaningful local presence there").

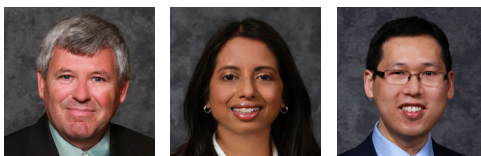
Fourth, because the Supreme Court narrowed the available jurisdictions in which a defendant may be sued, plaintiffs may need to file their patent lawsuits in various venues across the country. This may not only be more costly for them, but also poses the potential for inconsistent opinions by different courts. One tool for dealing with this possibility is multidistrict litigation under 28 U.S.C. § 1407, which can allow a single district court to manage pre-trial proceedings and discovery for multiple cases involving common questions of fact pending in different districts.

Conclusion

TC Heartland turns nearly three decades of patent practice in the United States on its head—forum shopping is not what it used to be. Plaintiffs accustomed to the relatively permissive venue law of the past will need to carefully rethink their litigation strategies. Multiple lawsuits against different defendants in different venues may be costly and pose the risk of inconsistent decisions. And proving a corporation has a “regular and established place of business” outside of its state of incorporation creates additional uncertainty. On the other hand, domestic corporations wanting to avoid exposure to certain patent venues need to be thoughtful about their operational footprints. True, there may be many jurisdictions in which they may no longer be sued, but simply shifting a lawsuit from one district to another does not necessarily mean defending a patent lawsuit will be any easier.

Is the One Year Time Bar for Filing an IPR Subject to Appellate Review?

Paul E. Dietze, Ph.D., Whitney Remily and Yongjin Zhu, Ph.D.



Paul E. Dietze, Ph.D. Whitney Remily Yongjin Zhu, Ph.D.

On May 4, 2017, the *en banc* Federal Circuit heard oral arguments in *Wi-Fi One, LLC v. Broadcom Corp.*, Appeal 2015-1944 (Fed. Cir. Sept. 16, 2016)¹ to consider whether the findings of the Patent Trial & Appeals Board (“PTAB”) regarding 35 U.S.C. § 315(b), which governs the timeliness of filing a petition for *inter partes* review (“IPR”), are subject to judicial review on appeal.² Specifically, the Federal Circuit is considering whether it should overrule its panel decision in *Achates Reference Publishing Inc. v. Apple Inc.* 803 F.3d, 652 (Fed. Cir. 2015), *cert. dismissed*, 136 S. Ct. 998 (2016) that judicial review is unavailable to challenge a determination by the PTAB that the petitioner satisfied the requirement of 35 U.S.C. § 315(b). Whether *Achates* is upheld or overruled will hinge on how broadly the Court construes the scope of 35 U.S.C. § 314(d).³

Achates

In *Achates*, the Court held that it lacked jurisdiction to review a PTAB decision that a petition to institute an IPR was not time barred because such decisions “are final and nonappealable under 35 U.S.C. § 314(d).” *Achates* at 653. In particular, the Court held

¹ Appeal 2015-1944 consolidated appeals in *Wi-Fi One*, 837 F.3d 1329 (Fed. Cir. 2016); *Wi-Fi One, LLC v. Broadcom Corp.*, 2016 WL 4933344 (Fed. Cir. 2016) (per curiam); and *Wi-Fi One, LLC v. Broadcom Corp.*, 2016 WL 4933418 (Fed. Cir. 2016) (per curiam).

² 35 U.S.C. § 315(b) states:
An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

³ 35 U.S.C. § 314(d) states:
The determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable.

that, similar to their holding in *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. 2015), judicial review was precluded because “the § 315(b) time bar does not impact the Board’s authority to invalidate a patent claim — it only bars particular petitioners from challenging the claim.” *Achates* at 657. According to the Court, the time bar is also not a “‘defining characteristic’ of the Board’s ‘authority to invalidate’ a patent.” *Id.* The Court further held that 35 U.S.C. § 314(d) is properly construed as not limiting preclusion of judicial review to determinations “under this section,” but as extending the preclusion to 35 U.S.C. § 315(b), and that review is precluded even if the determination is reconsidered during the merits phase and restated in the final written decision. *Id.* at 658.

Wi-Fi One in Front of the PTAB and the Federal Circuit

In *Wi-Fi One*, Broadcom petitioned the PTAB to institute IPRs challenging the validity of various claims of three patents owned and asserted by Wi-Fi One (“the Wi-Fi One patents”). Wi-Fi One argued that the IPR should not have been instituted because Broadcom’s petition was time-barred under 35 U.S.C. § 315(b). Specifically, Wi-Fi One asserted that, although the defendants in a district court litigation were not petitioners in the IPR, the defendants were a real party-in-interest or a privy of petitioner Broadcom, and, thus, the one year time bar of 35 U.S.C. § 315(b) for filing a petition had expired. The PTAB disagreed and instituted the IPR proceedings. Wi-Fi One’s motion requesting additional discovery to determine if any of the defendants were a real party-in-interest or a privy of Broadcom was denied by the PTAB, as was Wi-Fi One’s request for a rehearing on the order denying discovery. A request for writ of mandamus filed by Wi-Fi One’s predecessor-in-interest asking the Federal Circuit to compel that discovery was also denied. *In re Telefonaktiebolaget LM Ericsson*, 564 F. App’x 585 (Fed. Cir. 2014). Ultimately, the IPR proceedings concluded with a determination that the challenged claims of the Wi-Fi One patents were unpatentable. A request for rehearing was denied, and Wi-Fi One appealed to the Federal Circuit.

On appeal, Wi-Fi One again argued, *inter alia*, that the district court defendants were a real party-in-interest or a privy of Broadcom and, therefore, Broadcom’s

petition was untimely under 35 U.S.C. § 315(b). The Federal Circuit, citing its earlier decision in *Achates*, declined to review the PTAB’s decision to institute the IPR. The Court held that a PTAB decision to institute an IPR proceeding, which involves an assessment by the PTAB as to whether or not the time bar of 35 U.S.C. § 315(b) has been met, is not reviewable because such review is precluded under 35 U.S.C. § 314(d).

The Court was not persuaded by Wi-Fi One’s argument that *Achates* was implicitly overruled by the Supreme Court decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016). The Court stated that “[w]e see nothing in the *Cuozzo* decision that suggests *Achates* has been implicitly overruled” and held that a PTAB decision as to whether or not 35 U.S.C. § 315(b) bars institution of an IPR proceeding is a “question[] that [is] closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate *inter partes* review.” *Wi-Fi One* at 1334. The Court then concluded that, following *Cuozzo*, “the prohibition against reviewability applies.” *Id.* However, Judge Reyna’s concurrence in *Wi-Fi One* suggested that *Achates* may have been improperly decided in view of *Cuozzo* and suggested that *Achates* should be revisited by the *en banc* Court.⁴

Wi-Fi One petitioned the Federal Circuit for rehearing *en banc*, and that petition was granted on January 4, 2017. *Wi-Fi One, LLC v. Broadcom Corp.*, 851 F.3d 1241 (Fed. Cir. 2017). The Court requested supplemental briefs limited to the question of whether the Court should overrule *Achates*. *Id.*

Wi-Fi One’s Arguments on Appeal

In its appeal brief, Wi-Fi One argues that *Achates* should be overruled because the Supreme Court’s

⁴ Similarly, in *Click-to-Call Technologies, LP v. Oracle Corp.*, 622 Fed. Appx. 907 (Fed. Cir. 2015) the Federal Circuit, on remand from the Supreme Court for further consideration in light of *Cuozzo*, held, being bound by *Wi-Fi One* and *Achates*, that it did not have jurisdiction to hear Click-to-Call Technologies LP’s (“Click-to-Call’s”) appeal of a PTAB decision invalidating one of its patents in an IPR proceeding where Click-to-Call asserted that the IPR should not have been instituted because of the time bar under 35 U.S.C. § 315(b). Concurring opinions by Judges O’Malley and Taranto in *Click-to-Call* also suggested that *Achates* may have been improperly decided in view of the *Cuozzo* decision and urged the full court to address the issue.

decision in *Cuozzo* “exposed at least two fundamental flaws in the reasoning of *Achates*.” Wi-Fi One’s En Banc Brief at 2. Specifically, Wi-Fi One argues that the decision in *Achates* improperly failed to consider the strong presumption for judicial review of administrative action, which can only be rebutted by a clear and convincing indication of Congressional intent to preclude judicial review, and erroneously focused on whether 35 U.S.C. § 315(b) was a “jurisdictional” statute. *Id.*

In particular, Wi-Fi One argues that *Achates* applied an improper analytical framework for deciding if the preclusion of judicial review under 35 U.S.C. § 314(d) extended to determinations under 35 U.S.C. § 315(b) by focusing on whether 35 U.S.C. § 315(b) was a “jurisdictional” statute, as the Supreme Court had abrogated any distinction between “jurisdictional” and “non-jurisdictional” agency statutes, and “all statutory directives to an agency are jurisdictional.” *Id.* at 36-37. Rather, Wi-Fi One argues that the proper analytical framework for assessing whether the preclusion of judicial review under 35 U.S.C. § 314(d) extends to 35 U.S.C. § 315(b) is provided by *Cuozzo*, *i.e.*, an approach that considers the strong presumption of judicial review and then considers if the text of the statute, the overall statutory structure, and the legislative history provides a clear and convincing indication that Congress intended to overcome that presumption. Applying the standard set forth in *Cuozzo*, Wi-Fi One argues that the scope of preclusion under of 35 U.S.C. § 314(d) did not preclude judicial review of a PTAB determination under 35 U.S.C. § 315(b).

Specifically, Wi-Fi One argues that the strong presumption of judicial review dictates a narrow construction of 35 U.S.C. § 314(d) that limits the scope of § 314(d) to precluding review of institution decisions under 35 U.S.C. § 314(a)⁵ and other statutes or issues that are “closely related” to the institution decision. *Id.* at 41. According to Wi-Fi One, determinations under 35 U.S.C. § 315(b) are not “closely related” and, as such, judicial review is appropriate. *Id.* at 46. Wi-Fi One acknowledges that, although the plain text of §314(d) limits appeals to institution decisions under §314(a), *Cuozzo* applied the preclusion to an institution decision under 35 U.S.C. § 312(a)(3).⁶ Wi-Fi One, however, argues that a decision based on petition requirements

under 35 U.S.C. § 312(a)(3) is different from a statutory time bar under 35 U.S.C. § 315(b) because a decision based on 35 U.S.C. § 312(a)(3), unlike a decision based on 35 U.S.C. § 315(b), is “closely related” to a decision based on 35 U.S.C. § 314(d). *Id.* at 41. Indeed, Wi-Fi One notes that the Court in *Cuozzo* identified the challenge to review under 35 U.S.C. § 312(a)(3) as simply a “mine-run challenge to the director’s institution decision under § 314(d).” *Id.* at 39.

Wi-Fi One additionally argues that the process used by the PTAB to make its determination under 35 U.S.C. § 315(b) raised “issues of constitutional due process and violations of procedural protections guaranteed by the APA [Administrative Procedures Act]” and, even if the PTAB’s ultimate timeliness determination under §315(b) is not subject to judicial review, procedural irregularities are subject to review absent “clear indications that Congress intended to grant the PTAB discretion to make its §315(b) determinations in ways that violate constitutional due process, or with disregard to important procedural requirements of the APA-with no judicial oversight.” Wi-Fi One characterizes this burden as one that the United States Patent & Trademark Office (“USPTO”) will be unable to meet. *Id.* at 51-53.

Thus, Wi-Fi One concludes that *Achates* should be overruled and its appeal considered on the merits or, in the alternative, that the PTAB decision should be vacated and remanded for further proceedings on the 35 U.S.C. § 315(b) time bar issue.

⁵ 35 U.S.C. § 314(a) states:

The Director may not authorize an *inter partes* review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

⁶ 35 U.S.C. § 312(a)(3) states:

A petition filed under section 311 may be considered only if— ... (3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

- (A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and
- (B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions.

Broadcom's Arguments on Appeal

In its reply brief, Broadcom argues that *Achates* was properly decided and should not be overturned because "*Achates* properly recognized that the plain language of 35 U.S.C. § 314(d) prohibits appeals of the Board's determination whether to institute *inter partes* review, including the closely related issue of whether the petition is timely." Broadcom's En Banc Brief at 2. According to Broadcom, the plain meaning of 35 U.S.C. § 314(d) prohibits appeal of PTAB determinations whether to institute an IPR. Furthermore, Broadcom cites *Cuozzo* to argue that the bar to challenges under § 314(d) "at a minimum, bars challenges that are *closely tied* to the application and interpretation of statutes related to the Patent Office's decision to initiate *inter partes* review," and that 35 U.S.C. § 315(b) is "just such a statute." *Id.* at 12 (emphasis in original, internal quotations omitted). Broadcom further argues that *Cuozzo's* holding that a decision to institute an IPR under 35 U.S.C. § 312(a)(3) was not appealable "bolsters" the conclusion that 35 U.S.C. § 314(d) is properly construed as not limiting preclusion of judicial review to decisions to institute under 35 U.S.C. § 314(a). *Id.* at 12.

Broadcom also argues that the legislative history of 35 U.S.C. § 314(d) supports the position that 35 U.S.C. § 314(d) precludes judicial review of a determination as to whether or not the time bar of 35 U.S.C. § 315(b) has been met. Specifically, Broadcom argues that Congress created IPR to "improve patent quality and restore confidence in the presumption of validity that comes with issued patents" and that allowing appeals of institution decisions "would undercut [this] important congressional objective." *Id.* at 24-25. Further, Broadcom argues that Congress intended IPR to provide a "speedy and efficient alternative" to district court litigation for challenging the validity of patents, and that allowing parties to "relitigate not only the threshold time-bar issue but also all the underlying discovery disputes related to that issue would severely undermine [this] goal." *Id.* at 25-26.

Broadcom goes on to argue that the presumption of judicial review does not apply. Specifically, Broadcom argues that "the statute on its face precludes judicial review" and, as held in *Cuozzo*, "the language of §

314(d) and the legislative history of the AIA sufficiently establish Congress's intent to bar review of challenges 'closely tied' to the Board's institution decision." *Id.* at 31. According to Broadcom, by "implicitly recognizing — as *Cuozzo* confirms — that the statutory text and purpose sufficiently rebut the presumption in this case," the Court in *Achates* "gave the presumption the weight it deserved." *Id.* at 30-31. Broadcom further notes that *Cuozzo* preserved the availability of judicial review of "shenanigans" related to institutional decisions, such as determinations that violate the Constitution, *ultra vires* decisions, and decisions exceeding the PTAB's authority to invalidate a patent. Broadcom takes the position that *Achates* recognized these exceptions, but that none of them are applicable to the present matter. *Id.* at 34-46. Broadcom argues that challenges under the Administrative Procedures Act, based on the process by which the PTAB makes a decision, are also not available when, as here, the statute precludes judicial review. *Id.* at 46-48.

Oral Arguments

During oral arguments, the questions posed showed that the Court was considering statutory language, legislative history, public policy, and the guidance provided by *Cuozzo*. For example, some of the questions showed that there was concern as to whether permitting review of institution decisions would stifle the legislative intent of the America Invents Act to improve patent quality in a fast and cost effective manner.

With regard to statutory language, Judge Chen queried why, if 35 U.S.C. § 314(d) was intended to extend to other sections, it states "under this section," rather than "under this chapter" (as in 35 U.S.C. § 318(a)), and Judge O'Malley, noting that 35 U.S.C. § 315(b) is directed to instituting *inter partes* review, asked whether the USPTO would be exceeding its statutory authority by instituting a review that does not meet the requirements of this section.

There were also numerous questions concerning the guidance provided by the Supreme Court in *Cuozzo* as to the scope of preclusion under 35 U.S.C. § 314(d), in particular, whether it encompasses 35 U.S.C. § 315(b). For example, there were questions as to what

is a “question closely tied to the application and interpretation of statutes” and what is a “less closely related statute.” Judge Chen also wanted to know what to make of the fact that, while the majority in *Cuozzo* addressed the dissent’s concerns about limiting judicial review, the majority did not address the dissent’s discussion of precluding review under 35 U.S.C. § 315(b). Other questions were directed to what conduct amounts to a “shenanigan.”

The USPTO took part in the argument in support of the position that a determination under 35 U.S.C. § 315(b) should be precluded from judicial review. Specifically, it argued that a proper construction of the phrase “under this section” in 35 U.S.C. § 314(d) extends the preclusion of judicial review to 35 U.S.C. § 315(b). The USPTO also asserted that, although the USPTO is bound by 35 U.S.C. § 315(b), the determination whether or not to institute *inter partes* review under this section is not appealable for the reason that public policy supports not overturning a proper decision regarding patentability due to an error in an institution decision. Finally, the USPTO indicated that such an approach considers the interest of the public, which is an “absent party” in this proceeding.

Conclusion

Thus, the *en banc* Federal Circuit will consider statutory construction, Congressional intent, and legislative history to decide whether *Achates* was properly decided and preclusion of judicial review under 35 U.S.C. § 314(d) extends to all institution decisions, except for those characterized in *Cuozzo* as “shenanigans,” including decisions that involve a determination under 35 U.S.C. § 315(b), or whether *Achates* should be overruled because judicial review under 35 U.S.C. § 314(d) is limited to decisions to institute under 35 U.S.C. § 314(a) and closely related statutes. If the Court agrees with Wi-Fi One to overrule *Achates*, the Court will also need to decide if 35 U.S.C. § 315(b) is a statute closely related to 35 U.S.C. § 314(a). If the Court agrees with Broadcom that *Achates* was properly decided, the Court will need to decide if a failure to consider the time bar under 35 U.S.C. § 315(b) and its limitations on USPTO authority is a “shenanigan.”

A decision by the Court upholding *Achates* would strictly limit appellate review of PTAB institution

decisions, while a decision reversing *Achates* would suggest that other issues, such as the USPTO’s conclusion that a dismissal without prejudice avoids a 35 U.S.C §315(b) time bar, would more likely be subject to judicial review.

AIA On-Sale Bar and USPTO’s Practices After Helsinn

Thomas Kelton and Pranay K. Pattani



Thomas Kelton

Pranay K. Pattani

In the recently decided *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.*, the Federal Circuit tackled the issue of when on-sale bars can apply under the America Invents Act (“AIA”).

No. 2016-1284 (Fed. Cir. May 1, 2017). Although the decision addresses situations involving public sales of inventions, questions about situations involving private or secret sales remain open.

Prior to enactment of the AIA, §102 included an on-sale bar if “the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b) (Pre-AIA). Under the AIA, modified §102 also includes an on-sale bar that applies if “the claimed invention was . . . on sale, or otherwise available to the public before the effective filing date of the claimed invention.” 35 U.S.C. § 102(a)(1) (Post-AIA). Disagreements in parties’ understandings of the effect of the AIA’s modification of §102, as it relates to applicability of the on-sale bar, were recently on display in *Helsinn*.

Helsinn sued Teva for infringement. *Helsinn*, No. 2016-1284 at 3. Facts established at trial include: (i) the invention was sold more than one year before the application for patent, (ii) the existence of the sale was public, and (iii) the terms of the sale did not make the technical details of the invention publicly available. *Id.* at 6-8. Teva argued that, like the pre-AIA bar that applies to public and private sales, the AIA on-sale bar also applies to *Helsinn*’s sale. *Id.* at 19. On the other hand, *Helsinn* argued that the AIA on-sale bar “does not encompass

secret sales and requires that a sale make the invention available to the public in order to trigger application of the on-sale bar.” *Id.* Helsinn relied on the “otherwise available to the public” phrase in modified §102 to support its argument that the AIA on-sale bar should not apply. *Id.* at 22. According to Helsinn, regardless of whether the existence of the sale itself is public or remains secret, it is necessary that terms of the sale make the invention publicly available before the AIA on-sale bar can apply. *Id.*

The Federal Circuit rejected Helsinn’s argument based on *Pennock v. Dialogue*, a precedent set by the Supreme Court long before the AIA. *Id.* at 23. *Pennock* also involved a situation in which existence of the sale was public, but the terms of sale did not make details of the invention publicly available. *Id.* The Supreme Court found *Pennock*’s public sale invalidating based mostly on a policy concern that failing to do so would lead to impediments in progress of science and useful arts. *Id.* The Federal Circuit relied on *Pennock* to conclude that, “if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of sale” for the AIA on-sale bar to apply. *Id.* at 27.

However, the Federal Circuit did not address the situation in which existence of the sale remains secret. *Id.* at 21. The Federal Circuit declined to address this situation explaining that it was not pertinent because Helsinn’s sale of its invention was indisputably public. *Id.* Therefore, although the court clarified that the AIA on-sale bar can apply when existence of a sale is public, it provides little guidance in situations where the existence of the sale remains secret.

Interestingly, the Federal Circuit’s ruling squarely contradicts the USPTO’s position on AIA on-sale bars to sales that are public. The MPEP states the USPTO’s position:

The phrase “on sale” in AIA 35 U.S.C. 102(a)(1) is treated as having the same meaning as “on sale” in pre-AIA 35 U.S.C. 102(b), **except that the sale must make the invention available to the public.**

MPEP §2152.02(d) (emphasis added). The USPTO argued at the Federal Circuit in support of Helsinn’s arguments, which were rejected. The Helsinn ruling places the USPTO in the difficult position of deciding whether to continue to apply its stated position or whether to change its position to align with the Federal Circuit in the near term. Nonetheless, the USPTO

is likely to defer its decision on the matter until all appeals in the Helsinn case have been exhausted.

If the Helsinn ruling stands after all appeals are exhausted, the USPTO’s position would become obsolete. In addition, it would call into question the validity of any patents relying on the USPTO’s understanding of the on-sale bar.

With respect to sales that are secret, there is no clarity on whether the AIA on-sale bar can apply because the Federal Circuit declined to address that situation. Interestingly, the MPEP also states the USPTO’s position regarding AIA on-sale bars to sales that are secret:

AIA 35 U.S.C. 102(a)(1) uses the same “on sale” term as pre-AIA 35 U.S.C. 102(b). **The “or otherwise available to the public” residual clause of AIA 35 U.S.C. 102(a)(1), however, indicates that AIA 35 U.S.C. 102(a)(1) does not cover secret sales or offers for sale.** For example, an activity (such as a sale, offer for sale, or other commercial activity) is secret (non-public) if it is among individuals having an obligation of confidentiality to the inventor.

MPEP §2152.02(d) (emphasis added). The secret sale issue remains open for litigation. Applicants, patent owners, and practitioners will be interested to see how secret sales are handled by the USPTO and courts in the meantime.

Conclusions

The Helsinn decision informs us that the AIA on-sale bar can apply to all public sales, whether or not the terms of a public sale disclose details of the invention. But, it is not yet clear whether the AIA on-sale bar can apply to secret sales. Assuming Helsinn stands, applicants and practitioners should understand that a public sale (or an offer to sell) starts the clock ticking on the one-year grace period. Conservative practitioners may adopt a similar view even when a sale (or offer to sell) remains secret to avoid being susceptible to the AIA on-sale bar, at least until a future case clarifies otherwise.

First published in [Law360](#) (subscription required).

The Biologics Tango: Reading Tea Leaves on the Patent Dance and Pre-Marketing Notice Requirements

Scott Cunning, Elizabeth M. Crompton, Ph.D., Yifang Zhao* and Yongjin Zhu, Ph.D.



Scott Cunning



Elizabeth M. Crompton, Ph.D.



Yifang Zhao



Yongjin Zhu, Ph.D.

On Wednesday, April 26, 2017, the Supreme Court heard oral argument in *Sandoz Inc. v. Amgen Inc. et al.*, a landmark case that many hope will provide clarity and guidance for consumers and the pharmaceutical industry on the regulatory approval pathway for biosimilar drugs under the Biologics Price Competition and Innovation Act of 2009 (“BPCIA” or “Biosimilars Act”).

Biosimilars refer to complex biologic drugs made within cells or organisms that are highly similar to medicines already approved by the FDA. The two questions to be decided by the high court are (1) whether the BPCIA requires the biosimilar applicant (*i.e.*, the company seeking approval of a biosimilar) to engage in the “patent dance” by providing the reference product sponsor (*i.e.*, the company that markets the original biologic drug) a copy of its biologics license application and certain related manufacturing information, and (2) whether the BPCIA’s 180 days’ pre-marketing notice requirement can be made only after the biosimilar applicant has obtained FDA approval. If the answer to this second question is yes, the additional question arises whether a court may issue an injunction preventing a biosimilar applicant from marketing its biosimilar product for 180 days after notice, thereby increasing the reference product sponsor’s exclusivity by 180 days.

The Underlying Facts and Lower Court Decisions

Amgen has marketed the biologic filgrastim since 1991, a drug used for reducing the incidence of infection

in certain cancer patients. Sandoz’s application for biosimilar filgrastim was accepted by the FDA for review on July 7, 2014. Sandoz provided notification to Amgen the following day, including its intent to begin commercial marketing immediately upon FDA approval. Later that month, Sandoz informed Amgen that it would not provide its biosimilar application to Amgen. In October 2014, Amgen brought a claim under California’s Unfair Competition Law against Sandoz, alleging that Sandoz violated the BPCIA by not providing Amgen with Sandoz’s biosimilar application within 20 days of the FDA’s acceptance of Sandoz’s application, and by giving a premature notice of commercial marketing before obtaining FDA approval.

The district court found in favor of Sandoz on both issues, but the Federal Circuit, on appeal, held otherwise on the pre-marketing notice issue. With respect to the first question, two of the three judges on the Federal Circuit panel (Judge Lourie and Judge Chen) agreed with Sandoz in holding that the statutory interpretation of the BPCIA allows an applicant to choose whether or not to take the first step in the patent dance by disclosing its application to the sponsor. The Federal Circuit held that the statute provides a specific and exclusive remedy for a biosimilar applicant’s failure to comply with the disclosure requirement, *i.e.*, a declaratory judgment action for infringement. On the second question, a second majority of the panel (Judge Lourie and Judge Newman) held against Sandoz, and interpreted the Biosimilars Act’s notice of commercial marketing provision to mean that the “applicant may only give effective notice of commercial marketing after the FDA has licensed its product.” The Federal Circuit interpreted the word “licensed” to be synonymous with “FDA approval,” and held that notice can be effective only after the application is approved by the FDA. In addition, the Federal Circuit reasoned that the 180-day pre-market notice provision would allow the reference product sponsor time to assess and act upon its patent rights.

The Supreme Court Examines Congress’s Tea Leaves at the Oral Hearing

During oral argument at the Supreme Court, the Justices seemed reluctant to delve into the depths of

the Biosimilars Act. Justice Breyer called the statute ambiguous and requested guidance from the FDA on the proper interpretations of this highly technical statute, even while acknowledging that the FDA does not have proper rulemaking authority in this scenario. Justice Gorsuch fired his first question of the morning at the Government, inquiring whether the state law cause of action under which this case was originally filed was preempted by the federal statute. Other Justices explored preemption further, despite noting that the issue was not briefed, wondering whether any state court could intervene and disrupt the BPCIA procedures. Neither the parties nor the Government argued that the case was preempted, or that the FDA or the PTO should be left to provide clarity on the statute. They urged the high court to render a decision on the merits.

Regarding the substantive statutory construction issues, the Court focused mainly on the implications of each side's interpretation of the statute. The emphasis of the questions was less on the technicalities of the statutory language than on the remedies for biosimilar applicants and reference product sponsors and the implications for the pharmaceutical industry. Justice Sotomayor took the lead in attempting to understand the current biosimilar approval process, and this curiosity was echoed by other Justices. The Court asked questions about the agencies involved, the timeline for filing and approval of biosimilar applications, number of biosimilar applications approved by FDA, etc. The Court allowed Amgen's counsel to explain, without much interruption, the reference product sponsor's side of story and the contrast between the BPCIA and the Hatch-Waxman Act relating to generic drugs.

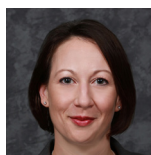
The Court spent a significant amount of time on the 180-day pre-marketing notice requirement. Justice Breyer and the others questioned the utility of a notice that does not provide any detailed information on the biosimilar product to be marketed. As Amgen argued, a notice given before FDA approval would be inherently defective because the approved biosimilar product could be drastically different from the original application, in terms of chemical structure, approved indications, and methods of manufacturing. Thus, Justice Breyer questioned whether the notice

without sufficient details would be considered a notice as prescribed by the statute in the first place. Justice Kagan, however, seemed to be sympathetic to Sandoz's argument that if Congress wanted to provide an extra 180-day exclusivity for the reference product sponsor, they would have explicitly done so.

If anything, the oral argument highlighted the complicated nature of this highly anticipated case. The Court's questions suggested that they may avoid resolving these issues for now by deciding the case on non-substantive grounds, *i.e.*, preemption. Otherwise, the oral argument was as illustrative as the mystical art of tasseography, which is to say not much at all.

Differing Burdens of Proof in the PTAB and District Courts can Allow Patent Challengers a Second Bite at the Apple

Elizabeth M. Crompton, Ph.D.



Elizabeth M. Crompton, Ph.D.

The different burdens of proof in the Patent Trial and Appeal Board (PTAB) and in district court means that the PTAB may find patent claims unpatentable even after the claims were held valid over the same evidence in litigation. *Novartis AG v. Noven Pharm. Inc.*, No. 2016-1678, 2016-1679 (April 4, 2017).

In two separate Inter Partes Review (IPR) proceedings, the PTAB found the asserted claims of Novartis's U.S. Patent Nos. 6,316,023 and 6,335,031 unpatentable for obviousness over various combinations of prior art references. *Novartis*, No. 2016-1678, 2016-1679 at 2, 4. However, those same claims had previously been litigated in the U.S. District Court for the District of Delaware. *Id.* at 6. Based on the "same" arguments and the "same" evidence considered by the PTAB, the Delaware District Court held the claims not obvious, and the Federal Circuit affirmed the court. *Id.*; *Novartis Pharm. Corp. v. Watson Labs., Inc.*, 611 F. App'x 988 (Fed. Cir. 2015); *Novartis Pharm. Corp. v. Noven Pharm., Inc.*, 125 F. Supp. 3d 474 (D. Del. 2015).

Novartis argued that *In re Baxter International, Inc.* required that the PTAB must reach the same conclusion as the Delaware District Court and the Federal Circuit in the earlier proceedings. *Id.* at 6, 8 (discussing *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1365 (Fed. Cir. 2012) (“When a party who has lost in a court proceeding challenging a patent, from which no additional appeal is possible, provokes a reexamination in the PTO, using the same presentations and arguments, even with a more lenient standard of proof, the PTO ideally should not arrive at a different conclusion.”)).

The Federal Circuit disagreed with Novartis. First, the Federal Circuit explained, the record at the PTAB differed from the record in the earlier trial proceeding. *Id.* at 6. According to the Federal Circuit, the PTAB correctly found that the Federal Circuit and Delaware District Court opinions were not controlling because additional evidence was present before the PTAB. *Id.* at 6-7.

The Federal Circuit further explained that Novartis’s argument would have been incorrect even if the trial record had been the same. *Id.* at 7. The PTAB determines unpatentability by a preponderance of the evidence, while litigation in the district court requires proof of invalidity by clear and convincing evidence. *Id.* With a lower burden of proof, the PTAB may properly find patent claims unpatentable even though a district court had considered the same evidence and reached the opposite conclusion. *Id.* at 7-8. The Federal Circuit found support for its decision in the Supreme Court’s opinion in *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016):

A district court may find a patent claim to be valid, and the [USPTO] may later cancel that claim in its own review. ... This possibility, however, has long been present in our patent system, which provides different tracks — one in the [USPTO] and one in the courts — for the review and adjudication of patent claims. As we have explained ..., inter partes review imposes a different burden of proof on the challenger. These different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress’[s] regulatory design.

Cuozzo, 136 S. Ct. at 2146. Thus, the Federal Circuit concluded that the prior decisions were not controlling on the PTAB. *Novartis*, No. 2016-1678, 2016-1679 at 8.

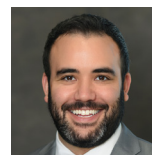
The Federal Circuit also distinguished the *Baxter* opinion Novartis relied on. *Id.* Although *Baxter* stated that the USPTO “ideally should not arrive at a different conclusion” as a district court faced with the same evidence and argument, this is an aspiration, not a rule. *Id.* *Baxter* also recognized that the different standards in the USPTO and the district courts allow for potentially different results. *Id.* at 8-9; *Baxter*, 678 F.3d at 1365.

The Federal Circuit also reviewed the factual findings behind the PTAB’s obviousness determination. *Id.* at 9. The Federal Circuit found that the PTAB’s findings were supported by substantial evidence and declined to reweigh the evidence as Novartis requested. *Id.* at 10-12.

This case highlights the different burdens of proof used in PTAB proceedings versus those in district court litigation. The preponderance of the evidence standard at the PTAB may be seen as an advantage for an accused infringer challenging a patent, and in this case, it seems to have given the accused infringer a successful second bite at the apple.

Anything You Say may be Used Against You in a Court of Law

Andrew B. Cohn



Andrew B. Cohn

For patent practitioners, prosecution disclaimer is an often forgotten patent law principle that can find its way back into the formalistic claim construction adhered to in many Federal Circuit decisions. In some cases, patentees may disclaim more than is necessary to overcome cited art during prosecution. That was exactly the case in *Technology Properties Ltd. v. Huawei Tech, et al.*

(Case Numbers 2016-1306, 2016-1307, 2016-1309, 2016-1310, and 2016-1311, Fed. Cir. March 3, 2017) (“*Tech. Prop. Ltd.*”), where a patentee’s remarks during prosecution ultimately led to narrowing limitations being read into the issued claims.

In *Tech. Prop. Ltd.*, Technology Properties Limited LLC, Phoenix Digital Solutions LLC, and Patriot Scientific Corp. (“Technology Properties”) asserting U.S. Patent No. 5,809,336 (“‘336 patent”) against several defendants, including Huawei Technologies Co., Samsung Electronics Co., Nintendo Co., and LG Electronics, Inc. (“Appellees”). The ‘336 patent is directed to decoupling a variable frequency system clock connected to a CPU from a fixed frequency clock connected to an I/O system interface. By decoupling the fixed and variable frequency clocks, the patent purports to provide improvements to the microprocessor by disposing the variable frequency system clock, in the form of a ring oscillator, on the same substrate as the CPU, allowing the variable frequency system clock and the CPU to react similarly to external factors (e.g., temperature, voltage, etc.) and provide the maximum possible processing speeds. During a *Markman* hearing at the District Court level, several statements made by the patentees during prosecution were introduced. The portions of representative claim 6 at issue, as well as some of the exemplary prosecution statements, are reproduced below.

A microprocessor system comprising: ...*an entire oscillator* disposed upon said integrated circuit substrate and connected to said central processing unit ... (Claim 6, Emphasis added).

During prosecution, when arguing the patentability of the claims in the application over U.S. Patent No. 4,503,500 to Magar (“Magar”), the patentee made the following statements:

[C]rystal oscillators have never, to Applicant’s knowledge, been fabricated on a single silicon substrate with a CPU, for instance. Even if they were, as previously mentioned, crystals are by design fixed-frequency devices whose oscillation frequency is designed to be tightly controlled and to vary minimally due to variations in manufacturing, operating voltage and

temperature. The oscillation frequency of a crystal on the same substrate with the microprocessor would inherently not vary due to variations in manufacturing, operating voltage and temperature in the same way as the frequency capability of the microprocessor on the same underlying substrate, as claimed. *Tech. Prop. Ltd.* at 8-9.

Additionally, when attempting to differentiate the claims in the application from U.S. Patent No. 4,670,837 to Sheets (“Sheets”), the patentee stated:

Even if the Examiner is correct that the variable clock in Sheets is in the same integrated circuit as the microprocessor of system 100, that still does not give [sic] the claimed subject matter. In Sheets, a command input is required to change the clock speed. In the present invention, the clock speed varies correspondingly to variations in operating parameters of the electronic devices of the microprocessor because both the variable speed clock and the microprocessor are fabricated together in the same integrated circuit. No command input is necessary to change the clock frequency. *Tech. Prop. Ltd.* at 11.

These statements were interpreted by the District Court in a manner that provided for a construction of the claims that resulted in the parties stipulating to non-infringement. *Tech. Prop. Ltd.* at 3. The District Court construed “an entire oscillator disposed upon said integrated circuit substrate and connected to said central processing unit” to require “an oscillator located entirely on the same semiconductor substrate as the central processing unit that does not require a control signal and whose frequency is not fixed by any external crystal.” *Id.* at 6. While the parties agreed to the first portion of the construction, the parties disputed the second portion, “that does not require a control signal and whose frequency is not fixed by any external crystal.” *Id.*

The Federal Circuit broke up this construction into two separate prosecution disclaimer issues. First, the District Court construed the “entire oscillator” to require one “whose frequency is not fixed by any external crystal” based on the prosecution statements

made while arguing that the claims were patentable over the Magar reference. *Tech. Prop. Ltd.* at 13. In litigation, the patent owner attempted to argue that the statements made during prosecution were not necessary to overcome the Magar reference and, rather, it was only necessary to argue that Magar required an off-chip crystal oscillator while claim 6 “generates the CPU clock signal on-chip.” *Id.* The Federal Circuit was not swayed by this argument, stating that “the scope of surrender is not limited to what is absolutely necessary to avoid a prior art reference; *patentees may surrender more than necessary...* When this happens, we hold patentees to the actual arguments made, not the arguments that could have been made.” (Emphasis added). *Id.* at 15.

However, the Federal Circuit also found that the District Court erred in a portion of their claim construction. *Tech. Prop. Ltd.* at 15. During the *Markman* hearing District Court originally construed the patentee’s disclaimer statements, when arguing over Sheets, to require an “entire oscillator” “that does not require a control signal.” The Federal Circuit instead reviewed the disclaimer statements made by the patentee and concluded that proper construction required that the proper construction is instead, “entire oscillator... that does not require a command input to change the clock frequency.” (Emphasis added). *Id.* In order to support this construction, the Federal Circuit reviewed the entire statements made by the patentee when arguing over the Sheets reference, as well as the context that such statements were made during prosecution, and found the patentee only disclaimed use of the control signal “to change to clock frequency.” *Id.* at 16. Thus, the Federal Circuit vacated the District Court’s claim construction and remanded for further proceedings consistent with the Federal Circuits construction. *Id.* at 16-17.

Statements that Give Rise to Prosecution Disclaimer

The basic tenants of claim construction, and the evidentiary sources used during claim construction, are described and clarified in *Phillips v. AWH Corp.*, which sets precedent for a flexible approach to construing claims during litigation. These basic canons tell us that

words in a claim are generally given their “ordinary and customary meaning” and, as such, the meaning of the claim terms is not otherwise limited where the claim language is obvious “even to lay judges.” *Phillips* at 1313-1314.

However, unlike the flexible approach provided by *Phillips* to claim construction, prosecution disclaimer may limit the meaning of claim terms based on evidence extrinsic to the patent claims, such as that found in the prosecution history when statements made in the prosecution history are “clear and unmistakable.” *Tech. Properties Ltd.* at 12 citing *Elbex Video, Ltd. v. Sensormatic Electronics. Corp.*, 508 F.3d 1366, 1371 (Fed. Cir. 2007) (see also *Omega Engineering, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1325-26 (Fed. Cir. 2003) and *Standard Oil Co. v. American Cyanamid Co.*, 774 F. 2d 448, 452-453 (Fed. Cir. 1985)). The Federal Circuit has stated that “[i]f the challenged statements are ambiguous or amendable to multiple reasonable interpretations, prosecution disclaimer is not established.” *Tech. Properties Ltd.* at 12.

The patentee in *Tech. Prop. Ltd.* attempted to argue that Magar required an “off-chip crystal oscillator, while claim 6 of the ’336 patent generates the CPU clock signal on-chip.” *Tech. Prop. Ltd.* at 13. They then went on to argue that proper interpretation of the references, and corresponding prosecution disclaimer, was that the Magar reference required a clock signal generated off-chip, while the “entire oscillator” at issue instead generates the clock signal on-chip and is not limited to having a frequency that is “not fixed by any external crystal.” The Federal Circuit responded that, while that argument “may have been sufficient to traverse the Magar rejection and avoid a narrower construction,” the arguments made by patentee on appeal were not the same as those made during prosecution. *Id.*

The Federal Circuit found the repeated arguments that the “entire oscillator” was not fixed-frequency, including the argument that “[t]he Magar microprocessor in no way contemplates a variable speed clock as claimed,” and that the Magar crystal clock rate “is at a fixed, not a variable, frequency,” were sufficient to properly exclude a “fixed-frequency

crystal oscillator.” *Tech. Prop. Ltd.* at 14. Similarly, further arguments that the “entire oscillator” did not require an external crystal, such as the argument that “Magar’s clock generator relies on an external crystal... to oscillate,” and that the claimed invention was novel because “it oscillates without external components (unlike the Magar reference),” were sufficient to exclude an external crystal from fixing the frequency of the “entire oscillator.” *Id.* Thus, the Federal Circuit found that, although the arguments presented by the patentee on appeal may have had merit in overcoming the Magar reference during prosecution, “the patentee likely disclaimed more than was necessary to overcome the examiner’s rejection” during that prosecution. The Federal Circuit framed the controlling question as “what a person of ordinary skill would understand the patentee to have disclaimed during prosecution, not what a person of ordinary skill would think the patentee needed to disclaim during prosecution.” *Id.* at 15.

The second portion of the Federal Circuit’s decision is also noteworthy for the rigid test that was applied when determining the scope of prosecution disclaimer. The Federal Circuit went out of its way to note that the District Court erred in its claim construction by not considering the totality of the arguments made by the patentee during prosecution. *Tech. Prop. Ltd.* at 15. For example, the Federal Circuit cited the patentee’s arguments that no “command signal” was used “to change the clock speed,” and “[n]o command input is necessary to change the clock frequency.” *Id.* at 15-16. The Federal Circuit felt that, because every mention of a control signal or command input was “only in the context of using a command input to modify the frequency of the CPU clock,” the patentee had only disclaimed a particular use of the control signal, and a proper interpretation required that the “entire oscillator” “does not require a command input to change the clock frequency.” *Id.* at 16.

At the outset, it is noteworthy (but not surprising) that the prosecution history was used to read additional limitations into the claims in this case. Where arguments of this nature are made during prosecution, the patentee runs a gamble of how the

claims will be construed during litigation. During prosecution, if these types of arguments are necessary to convince the Examiner of the novelty of the invention, patent applicants should be conscious of how these types of arguments may affect and limit the claims. If a potential risk such as this presents itself, reconsideration of the applicant’s strategy, amendments, and arguments may be appropriate.

An alternative approach may include avoiding such strong, characterizing arguments of this nature, and instead letting the claim language speak for itself. Additionally, other strategic considerations may be given to alternative prosecution strategies, including Examiner interviews and other Examiner-applicant discourse. Of course, for patent practitioners, persuasive prose and shorter file histories are goals that are often at odds with each other.

Haynes and Boone Expands its IP Litigation and Brand Management Practices with Addition of New York Partner

Adam Siegartel has joined the New York office of Haynes and Boone as a partner in the firm's renowned Intellectual Property Practice. Adam is a first-chair litigator and experienced IP counselor who will lead the firm's brand management group in New York.

[Read more.](#)

Five Haynes and Boone Lawyers Elevated to Counsel

In addition to its new partner announcement earlier this year, Haynes and Boone proudly announced five associates being promoted to counsel: IP lawyer Jade Laye, along with Pierre Grosdidier, Chris Kang, Ryan Paulsen, and Jorge Torres.

[Read more.](#)

D.C. *Super Lawyers* Features Five Haynes and Boone Lawyers

Washington, D.C.'s 2017 *Super Lawyers* directory includes four Haynes and Boone partners and a senior counsel across four practice areas in its annual award listing.

[Read more.](#)

Three Haynes and Boone Partners Featured in 2017 *World IP Review* Leaders Directory

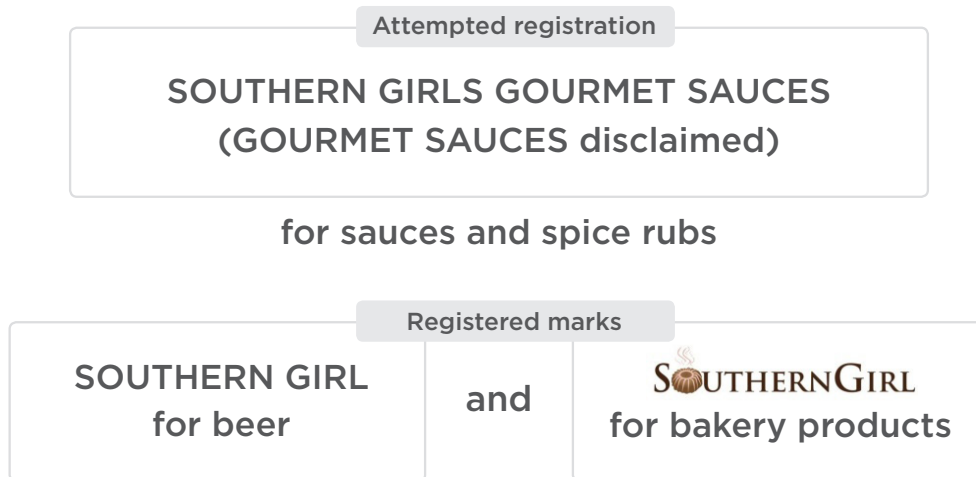
Haynes and Boone congratulates Partners Purvi Patel Albers, Jeff Becker and David McCombs for their inclusion in the *World Intellectual Property Review* 2017 Leaders Directory (Newton Media Ltd.).

[Read more.](#)

IP QUIZ

Trademark Trivia

Is there a likelihood of confusion?



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

The Board affirmed the refusal to register the mark SOUTHERN GIRLS GOURMET SAUCES, disclaiming “GOURMET SAUCES” and covering sauces and spice rubs.

The Board determined that the term SOUTHERN GIRL, whether singular or plural, was the dominant feature of both the applicant’s and each of the registered marks, and that there were no differences in sound or appearance, including with regard to design, sufficient enough to weigh against a likelihood of confusion. Further, the Board found that the term GOURMET SAUCES was descriptive, if not generic, of Applicant’s goods, and therefore did not aid in distinguishing the applicant’s mark from the prior marks.

Despite the applicant’s arguments that because the two cited registrations were owned by unrelated parties, but apparently peacefully coexisting, that the marks are relatively weak and that the applicant’s mark should also be registrable, the Board was not persuaded. In particular, The Board found that the coexistence of only two registrations was insufficient to support the conclusion that the

term SOUTHERN GIRLS was so weak in the food and drink industry that consumers would be able to distinguish the source of the applicant’s goods from those of the registrants’ goods based on slight variations in the respective marks.

Finally, the Board concluded that the goods at issue, (sauces and spices, beer, and bakery products,) were all comestibles and flavorings for food often sold by the same source, and were related because such goods are commonly offered by the same entity under the same mark, and in the same stream of commerce to the same class of consumer. To support this, the Board pointed to evidence provided by the Examining Attorney of web pages showing the sale of sauces and spices, bakery products, and beer under the same mark. In light of the similarity of the marks, the goods, and the channels of trade, and the lack of sufficient coexistence for a finding that the term SOUTHERN GIRL is weak in the industry, the Board found that confusion was likely and affirmed the refusal.

In re Southern Girls Gourmet Sauces LLC, Serial No. 86932732 (April 19, 2017) [not precedential].

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



SCOTT CUNNING
PARTNER
scott.cunning@haynesboone.com
+1 202.654.4563



PAUL E. DIETZE, PH.D.
PARTNER
paul.dietze@haynesboone.com
+1 202.654.4580



THOMAS KELTON
PARTNER
thomas.kelton@haynesboone.com
+1 972.739.6923



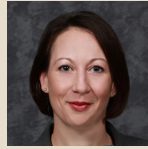
BRIAN C. KWOK
PARTNER
brian.kwok@haynesboone.com
+1 650.804.7818



WHITNEY REMILY
PARTNER
whitney.remily@haynesboone.com
+1 202.654.4530



ANDREW B. COHN
ASSOCIATE
andrew.cohn@haynesboone.com
+1 949.202.3068



ELIZABETH M. CROMPTON, PH.D.
ASSOCIATE
elizabeth.crompton@haynesboone.com
+1 202.654.4539



PRANAY K. PATTANI
ASSOCIATE
pranay.pattani@haynesboone.com
+1 972.739.6975



JASON W. WHITNEY
ASSOCIATE
jason.whitney@haynesboone.com
+1 210.978.7440



YIFANG ZHAO*
ASSOCIATE
eva.zhao@haynesboone.com
+1 202.654.4506



YONGJIN ZHU, PH.D.
ASSOCIATE
yongjin.zhu@haynesboone.com
+1 202.654.4527