

## Patent Cases To Watch In The 2nd Half Of 2019

By Ryan Davis

*Law360 (July 3, 2019, 10:16 AM EDT)* -- The Federal Circuit and the Patent Trial and Appeal Board could issue decisions in the coming months on whether patents that pre-date the America Invents Act can be challenged at the board and when PTAB challenges have been filed too late. Here's a look at what's on tap.

### **Collabo Innovations Inc. v. Sony Corp.**

This Federal Circuit case has the potential to shield millions of patents from AIA reviews if the court accepts an argument that it is unconstitutional for the PTAB to review patents that were issued before the law was passed in 2011.

That type of outcome is so sweeping that it is probably a long shot. But if the court ends up ruling that way, it would upend the patent system by severely restricting a tool for challenging patents that has become a regular part of most infringement disputes.

"It's one of those cases where there's a small chance of things changing, but if they do change, the impact will be massive," said Kfir Levy of Mayer Brown LLP.

The appeals court heard oral arguments in March. The judges seemed skeptical of Collabo's position that since owners of patents that pre-date the law were unaware that a new review system would be created, retroactively subjecting those older patents to review violates the U.S. Constitution's guarantee of due process.

U.S. Circuit Judge Richard Taranto pointed out that inter partes reviews allow patents to be challenged as anticipated or obvious, which are grounds that had been available in patent reexaminations proceedings for decades, suggesting that the new system is not much of a change.

He did note that it could be a closer question on another AIA program, the covered business method patent review, which allows for types of challenges that weren't previously available.

The question of whether AIA review proceedings apply retroactively was expressly left open by the U.S. Supreme Court when it ruled last year that the PTAB has the constitutional authority to invalidate patents.

Since then, numerous companies whose patents have been invalidated by the board have argued that the retroactive application of the reviews is unconstitutional, and the Collabo case appears to be the farthest along. The Federal Circuit judges seemed to recognize at the argument that if they don't resolve the issue in this case, it will keep coming up until there is a definitive ruling, Levy said.

"There certainly seemed to be an understanding that it's an issue that will need to be addressed," he said.

At the time the AIA became law, the U.S. Patent and Trademark Office had issued over eight million patents. If Collabo were to prevail, it's possible that all of them that are still in effect would be immunized from AIA reviews, making the system available only for patents issued over the last eight years.

### **DodoCase VR Inc. v. MerchSource LLC**

The Federal Circuit ruled in April that a forum selection clause in a license agreement requiring disputes to be litigated in California barred a company from challenging patents at the PTAB. The full court is now considering whether to sit en banc and reconsider the ruling, which as it stands could block AIA reviews of many patents.

Scott McKeown of Ropes & Gray LLP said the panel decision "is obviously notable because it provides parties with an opportunity to insulate themselves from the PTAB." By including standard forum selection language in contracts, patent owners can bar licensees from filing inter partes review challenges.

"Should the court take that en banc, and I think there's probably a pretty good chance that they do, that is something that will get some attention," McKeown said.

MerchSource, the patent challengers and the owner of the Sharper Image brand, argued in its en banc petition that AIA reviews of questionable patents serve an important public purpose that shouldn't be inhibited by the language of private contracts. The company got support from several law professors who argued in an amicus brief that the panel decision "permits the strong public interest to effectively be swept aside."

If left intact, the ruling could be particularly beneficial to large companies that frequently license their patents, allowing them to protect those patents from challenges by anyone who licenses them.

### **Federal Trade Commission v. Qualcomm Inc.**

In a significant ruling in May, U.S. District Judge Lucy Koh found that Qualcomm's patent licensing practices violate antitrust law, but attorneys will be closely watching both the progress of the chip giant's appeal and the possibility of a settlement in the months to come.

Judge Koh imposed an injunction mandating sweeping changes to Qualcomm's business, including renegotiating its licenses and barring its so-called no license, no chips policy of refusing to sell chips to companies unless they license its patents.

The judge on Wednesday rejected Qualcomm's request for a stay of the injunction as it appeals the substance of the ruling to the Ninth Circuit. The company said that if it prevails on appeal, it could be

stuck with less-lucrative deals it was forced to negotiate under court order. The FTC maintained that staying the order would just let Qualcomm continue its anti-competitive ways.

Judge Koh did not explain why she denied the stay, but Qualcomm is now likely to renew its request with the appeals court. Given the impact such major changes in Qualcomm's business could have on the tech space as a whole, the outcome of the stay request and the appeal briefing will be closely watched, Levy said, as will the possibility of a deal that could end the case.

"If it's resolved this year, it will come as a result of some sort of settlement between FTC and Qualcomm," he said.

The case, which the FTC began at the very end of the Obama administration, has unusual political dimensions, since it seems to lack support from the current commission under President Donald Trump. One FTC commissioner, Christine Wilson, wrote an op-ed in the Wall Street Journal calling Judge Koh's decision in favor of the FTC "dangerous antitrust overreach" that undermines patent law.

"It's not just watching it at the court and watching the briefing at the appellate level, but there's some measure of watching the politics at the FTC to see if things change there" in order to allow the commission and Qualcomm to work out some kind of resolution, Levy said.

#### **Hulu LLC v. Sound View Innovations LLC and GoPro Inc. v. 360Heros Inc.**

These two separate cases will give the PTAB's Precedential Opinion Panel, which is made up of top patent office officials and sets precedent for the board, a chance to clarify the types of prior art that can be used in validity challenges, and how the AIA's time-bar for petitions works.

In the Hulu case, the POP will decide what patent challengers must do to establish that a textbook or other printed publication was publicly available, as is required to use it as evidence that a patent is invalid. The challenger in the case maintains that a copyright date or similar information is sufficient, while the patent owner says much more detail must be included in the petition.

The PTAB's past decisions on the issue "had gotten to the point where they had a very strict interpretation" of what is required, McKeown said. The POP, which heard arguments in June, has the potential to loosen those rules somewhat, but whatever the panel decides, getting more guidance on the issue is something "a lot of practitioners are looking forward to," he said.

The GoPro case, which was also argued in June, will address the question of whether an infringement suit by someone other than the patent owner starts the clock running on the one-year window defendants have to challenge a patent at the PTAB after being sued.

Over a year before GoPro challenged 360Heros' patent, GoPro was accused of infringement, but 360Heros' suit was dismissed because the company didn't actually own the patent. A PTAB panel said that suit didn't count toward the time-bar because ownership of the patent is required, but 360Heros argues the clock starts running when a suit is filed, with no exceptions.

Such standing defects sometimes arise in patent suits. But if the panel finds a requirement that suits must come from the patent owner to trigger the time bar, it could more broadly limit patent challenges when licensees, who have rights to the patent but don't own it outright, file the infringement suit, McKeown said. The POP's ruling could provide clarity on that issue.

"This comes up enough that it'll be an interesting decision," he said.

--Editing by Emily Kokoll.

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