

The Biggest Patent Rulings Of 2021: A Midyear Report

By Ryan Davis

Law360 (July 6, 2021, 4:54 PM EDT) -- Two U.S. Supreme Court cases have dominated patent news this year, but courts also restricted antibody patents, further muddied patent eligibility and rebuked the Western District of Texas for denying transfer motions. Here are the most notable patent rulings so far in 2021.

Supreme Court Action

The justices kept the patent world waiting until the end of their term to hand down decisions in two patent cases, but after all the buildup, the holdings might only have a limited impact on the law, attorneys say.

In *U.S. v. Arthrex*, the high court spurned a call from patent owners to discard the inter partes review system and tell Congress to revise it. While the justices did find that the way Patent Trial and Appeal Board judges are appointed is unconstitutional, they resolved the issue in a way observers suspect won't change much.

To confer upon judges the necessary oversight from the executive branch, the Supreme Court gave the director of the U.S. Patent and Trademark Office the authority to review and overturn the board's decisions. Although that appears to be a significant new power, attorneys say they don't foresee it being exercised often.

"The court's remedy requires only that the director have the discretion to decide whether or not he will rehear any of the IPRs," said George E. Quillin of Foley & Lardner LLP. "The cynic can imagine a busy bureaucrat's easy choice on such a decision."

In *Minerva v. Hologic*, the justices refused to eliminate a doctrine that bars inventors from challenging the validity of their own patents after they assign them to others but restricted its application.

Under the ruling, challenges are allowed in some situations, including when inventors assign patent rights as a condition of employment or when the patent is changed after the assignment. But inventors only want to invalidate their own patents in limited situations, such as when they're involved with a new, competing company, said Imron Aly of Schiff Hardin LLP.

"As a practical matter, the impact of this decision is likely to be rarely seen, but critically important when

it does happen," he said.

Amgen Inc. v. Sanofi

In a February ruling, the Federal Circuit held that broad patent claims for antibodies, which are frequently obtained by drugmakers, will often not meet the requirements for patenting, putting many lucrative patents in limbo.

In a case involving Amgen's cholesterol drug Repatha, the appeals court held that with rare exceptions, defining antibody patents based on what the antibodies bind to doesn't enable others to use the invention, as required by patent law.

Such functional claims, which describe an invention in terms of what it does rather than what it is, have long been disfavored under the law. But they are common in the pharmaceutical industry and those now in effect may be at risk under the ruling.

"I think it's going to be difficult for parties with these functional claims to really rely heavily on them," said Brian Nolan of Mayer Brown LLP.

Mark Remus of Brinks Gilson & Lione said the ruling made clear that pharmaceutical inventions are subject to the same requirements as all other patents, and the court "is not going to create a different set of rules for different technologies."

The full court **rejected** Amgen's petition for en banc review in June. The three judges on the original panel wrote separately to criticize what it called the company's "sky is falling" claim that the ruling will "devastate" the drug industry, declaring that "enablement is part of our law, and for good reason."

Yu v. Apple Inc.

The Federal Circuit stirred alarm among observers with this June ruling that seemingly expanded the reach of the Supreme Court's 2014 Alice v. CLS Bank ruling on patent eligibility to more technologies.

In Alice, the justices held that abstract ideas implemented using a computer are not patent-eligible. Scores of patents have since been invalidated under that reasoning, but most of them have been software-related. The invalidation of Yu's patent on a type of digital camera therefore raised eyebrows.

The holding that the patent covers only the abstract idea of enhancing photographs appears to potentially herald that Alice can threaten considerably more patents than many had envisioned.

"To suggest that something that is a tangible object like a camera is now an abstract idea that is no longer patentable, I think it's causing some people concerns and getting far beyond whatever Alice ever contemplated," Remus said.

He noted that the Supreme Court is now considering another patent eligibility case, which challenges the invalidation of a car driveshaft patent. If the justices are concerned about the ramifications of that case and the Yu decision, they might be inspired to delve into the issue, he said.

PerDiemCo LLC v. Trimble Inc.

The Federal Circuit potentially made it easier in May for recipients of patent licensing demand letters to file suit for declaratory judgment in a venue they see as favorable, which observers say may prompt patent owners to forgo sending letters in order to retain the ability to sue in their preferred district.

The appeals court held that despite a 1998 decision that simply notifying someone of suspected infringement doesn't give rise to declaratory judgment jurisdiction, the extensive communications from patent owner PerDiemCo gave the recipient, Trimble, the ability to file suit seeking a ruling that it doesn't infringe.

"The result of this is going to be that [patent owners] will start filing the lawsuit first, and then sending the demand letter, if they care about jurisdiction," said Fabio Marino of Polsinelli PC.

PerDiemCo cited that possibility in its rehearing petition, which was denied in late June, saying the additional suits engendered by the ruling will "waste the time and resources of litigants and the judiciary alike."

All Eyes on Albright

Western District of Texas Judge Alan Albright's courtroom is home to 25% of all patent cases filed in America in 2021, and after the Federal Circuit criticized his reluctance to transfer them elsewhere this year, it appears to have become slightly easier for accused infringers to escape from Waco.

In February, the Federal Circuit dinged Judge Albright for sitting on a transfer motion by SK Hynix for eight months, calling it an "egregious delay" and showing "blatant disregard for precedent." In April, the circuit criticized his "clearly flawed" decision not to transfer another case.

The following month, the judge issued a standing order pledging to rule on transfer motions "promptly," and in some instances he has granted transfers, which "definitely seems to be him listening to what the Federal Circuit has been saying," said Emma Frank of Wolf Greenfield & Sacks PC.

Harper Batts of Sheppard Mullin Richter & Hampton LLP said that following the Federal Circuit's rulings, "there's certainly been a significant shift at least in Judge Albright's transfer patterns, because he was denying every single motion to transfer that I could ever see," but he has recently "shown more of a willingness to transfer depending on the specific facts of a case."

Mylan Laboratories Ltd. v. Janssen Pharmaceuticals NV

The PTAB's policy of refusing to review patents when a trial is looming in district court has angered tech companies and other accused infringers, but a March ruling indicates the Federal Circuit all but foreclosed appellate review of the practice.

The appeals court said that since direct appeals of decisions not to review a patent are not permitted by the America Invents Act, the only avenue is a mandamus petition, but "it is difficult to imagine" an argument that would be successful.

With the bar set that high, "I just think that this almost shuts the door to petitioner appeals on denials of institution," said Kenneth Weatherwax of Lowenstein & Weatherwax LLP.

But according to Stuart Duncan Smith of Wolf Greenfield, it's notable that the court didn't completely

foreclose the possibility of appellate review in this scenario.

The court "left the door cracked open for a future constitutional challenge," he said. "The challenge here didn't work, the court found, but it didn't preclude them categorically."

--Editing by Orlando Lorenzo.

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