

Emily C. & John E. Hansen Intellectual Property Institute

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LAW & POLICY**

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**SESSION 8: COMPETITION & PATENT LAW
8C. U.S. Patent Developments**

Moderator:

Martin J. Adelman

The George Washington University Law School, Washington, D.C.

Speakers:

John Richards

Ladas & Parry LLP, New York

U.S. Patent Developments Overview

Kevin B. Collins

Covington & Burling LLP, Washington, D.C.

Willfulness After Halo

Panelists:

Tryn T. Stimart

Gibbons P.C., New York

Nicholas P. Groombridge

Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York

Joshua D. Sarnoff

DePaul University College of Law, Chicago

Matthew W. Siegal

Dilworth & Barrese, LLP, New York

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PROF. ADELMAN: It's time to get to work. We are standing between everyone and drinks, so we will move along.

We have in our book a description of the players up here, but you see some different faces.

Dimitrios, who has been doing the twenty-five-minutes perfectly for the past 15 years or so, is in trial. There was only one person who could possibly substitute. He's next to me now. But whether he can achieve the precision and finish exactly in twenty-four minutes and fifty-nine seconds has yet to be determined.

Then we have Kevin Collins, who is substituting for George Pappas. I don't know that George Pappas has ever been on our panel, so I guess he's not substituting for him.

MR. COLLINS: He told me he was.

PROF. ADELMAN: Kevin is from Covington & Burling.

Down there is Matt Siegal. He has been around forever on this panel.

Tryn Stimart is with Gibbons. He's new.

Nick Groombridge has been around forever. Everybody knows him. He's from Paul Weiss. He keeps half the firm busy and half the revenue. He's spending a little bit of time with us, but he's unbelievable.

Then we have Josh Sarnoff. His job is to fight me; whatever I say, he'll disagree with. He's at DePaul, writes a lot, well-known.

That's our group.

Now the program. In twenty-four minutes and fifty-nine seconds John will present U.S. developments. We'll have some discussion, and then Kevin will talk about *Halo*,¹ a case designed to increase attorney fees to support the legal profession and slap the Federal Circuit for trying to make rules so people will know what the law is. That's really not what the Supreme Court likes; they like to stretch it so they have more power and lawyers make more money. He'll tell us about that.

With all that, John, are you ready?

MR. RICHARDS: I'm about as ready as I'm ever likely to be, so I guess I should get started. Thank you, Marty.

We have had four Supreme Court cases since this time last year, which I think most people know something about, but I will go over them very quickly.

*Oil States Energy Services v. Greene's Energy*²: People were musing as to whether the Supreme Court might say that inter partes review and post-grant review proceedings were unconstitutional because they could result in the taking of property by the PTAB, which is not an Article III court. People were saying that if you went back and looked at what the law was in England at the time of U.S. independence, only the courts could do that, the Privy Council had lost its right to do that, and that was part of the Executive as opposed to the courts.

The Supreme Court said: *No. We look at the post-grant inter partes review proceedings as basically something where the Patent Office is correcting itself. We've already said that the grant of a franchise can be subject to administrative review; therefore, that's it; the Patent Office can correct its mistakes by review. We are not going to worry about whether an Article III court should be required, at least on the basis of the way in which the case has been pleaded* — which left open the possibility that if the case had been pleaded in some other way — for example as a takings issue, rather than whether it should be an Article III court — the inter partes review proceedings, etc., would have been found to be unconstitutional.

¹ Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923 (2016).

² Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC, 138 S. Ct. 1365 (2018).

That issue was raised in *Advanced Audio Devices v. HTC*,³ and a petition to the Supreme Court was filed in that case to see whether the Supreme Court would in fact take it up. It did not. So I think these proceedings are probably now safe.

The second Supreme Court proceeding, decided on the same day, was *S.A.S. Institute v. Iancu*.⁴ That has been discussed already in this Conference in the context of the PTAB proceedings.

Basically, the PTAB Rules as laid down by the Patent Office permitted the PTAB when instituting a review to decide that it was only going to look at some of the claims that were being challenged and not all of them. The problem with that was that 35 U.S.C. 318 says “[i]f an inter partes review is instituted and not dismissed under this chapter, the [Board] shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner. ...”

Basically, the argument was that if a claim has been challenged, the PTAB has to make a decision on it. The Supreme Court says: *Yes, we are going to interpret the statutory language as written* — which is pretty common for the Supreme Court these days — *not look at the policy issues; therefore, once you have a PTAB review instituted, then all claims that were in the challenge have got to be considered and there has to be a final decision on that.*

Judge Newman, who unfortunately cannot be here, had been arguing for some time before that decision that the way in which the PTAB and the Patent Office were addressing only some of the claims was raising issues having regard to what is estopped. You’ll recall that anything which could reasonably have been raised in these reviews was estopped from being used later in court or International Trade Commission (ITC) proceedings.

What has happened since the *S.A.S.* decision is, of course, now anything that has been raised in a challenge, or could reasonably have been raised in a challenge, is being regarded as estoppel from raising that issue in subsequent proceedings. Some people have said that has put a damper on challenges. I’m not sure. There are others who are more involved in this on a day-to-day basis on this panel than I am, so I will leave that to them.

The other issue is that the time limits that are imposed on many pending cases had to be extended in order to allow for consideration of all of the grounds that are challenged rather than just those on which the PTAB had initially decided to institute a proceeding.

Just as a corollary to that, the estoppel issue that the Federal Circuit had previously decided, that no review could be instituted on a claim which was challenged, meant that you were not estopped with respect to that. Now, of course, you are.

The next Supreme Court case chronologically is *WesternGeco LLC v. Ion Geophysical Corporation*.⁵ This was a case where there was export from the United States of a component that was then incorporated overseas into a product that had it been produced in the United States would have infringed. It is basically the 35 U.S.C. § 271(f)(2) situation, what I think of as the overseas contributory infringement provision.

The Federal Circuit had said: *Yes, there is infringement under that provision; but no, we are not going to grant damages with respect to the consequences of that infringement overseas. The patent laws are territorial, so therefore we don’t feel that we can do that.*

The Supreme Court said: *Nope, you’ve got it wrong. 35 U.S.C. § 284 basically says that the court shall award damages adequate to compensate for the infringement, and that there was no reason why one should exclude damages that occurred outside the United*

³ *Advanced Audio Devices, LLC v. HTC Corp.*, 139 S. Ct. 334 (2018).

⁴ *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

⁵ *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018).

States when making that assessment as to what the total damage resulting from the infringement was. The question was whether there was an “act of infringement” within the United States; if there was, then any damage flowing from that is compensable.

Justice Gorsuch dissented on that, raising the question of whether this might result in other countries now starting to award damages against acts taking place in the United States if it could be said that it was a possible infringement of their laws which would cause that damage to flow into the United States.

I’m not so certain that many other countries actually have a provision corresponding to 35 U.S.C. § 271(f)(2), so that may be something that we are concerned about without having need to worry too much.

That decision basically reopened the 2013 *Power Integrations v. Fairchild Semiconductor International*⁶ case, which is still sort of lumbering its way through the courts, where the act of infringement was a sale in the United States, but damages resulted outside the United States from that sale. So we are not just now talking about the situation in which there was export and Section 271(f); we are going to a 271(a) situation, basic direct infringement.

The Federal Circuit has agreed to reconsider its decision that damages occurring abroad could not be compensated in that case. So there could be an opening up now to floodgates of case law addressing the question of when damage arising outside the United States deriving from an act of infringement inside the United States can lead to compensation.

In the final Supreme Court decision this period, *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA Inc.*,⁷ the Supreme Court went in — an unusual decision for the Supreme Court — and actually put policy ahead of the literal wording of the statute.

When the America Invents Act was passed, the definition of what constituted prior art was changed and the underlined wording was added at that point: “A person shall be entitled to a patent unless — The claimed invention was patented or described in a printed publication or in public use or on sale *or otherwise available to the public*, before the effective filing date of the claimed invention.” The question was whether that additional language affected the meaning of what went before.

Case law prior to the America Invents Act had made it clear that if you put something on sale before the critical date, you did not necessarily have to disclose what the invention was in order for that to be relevant prior art. And, the argument was, that as a matter of grammar, once you added “or otherwise available to the public,” that affected what went before it; in particular, whether it now had to be that the thing that was put on sale prior to the critical date made the invention available to the public.

The Supreme Court says: *No, there was not an intention to change the law, or at least we don’t believe that Congress intended to change the law.* It had been the law since 1829 that once you put the product on the market you had — in 1829 you didn’t have any time to file your patent application; then in 1839 it went to two years to file a patent application; in 1939 it went to one year to file your patent application — but that was it; once you’d done that and you missed that date, then that was prior art against you. The Supreme Court basically says: *We don’t see any reason why just the addition of a few words in an act of Congress should change what had been established law since the 1830s.*

⁶ *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348 (Fed. Cir. 2013).

⁷ *Helsinn Healthcare S.A. v. Teva Pharm. USA, Inc.*, 139 S. Ct. 628 (2019).

There are other cases that the Supreme Court has actually decided. We've got two cases where *Certiorari* has already been granted. Neither of them is particularly dramatic in terms of where we are going with substantive patent law.

In *Return Mail Inc. v. U.S. Postal Service*,⁸ the issue is whether the U.S. Postal Service is a "person" entitled to bring a challenge under the covered business method review provision of the America Invents Act that provides that in order to be able to bring a proceeding under the covered business method challenge provisions, you must have been charged with infringement. The U.S. government, which runs the U.S. Postal Service, is entitled to use any patent subject to a personal claim for compensation. Does that constitute "infringement" under the terms of the statute; and is the U.S. government in fact a "person" under the terms of the statute?

The Federal Circuit said: *Yes, it is a "person" and a charge that you've got to pay compensation is equivalent to a charge of infringement; therefore, enough to enable the Postal Service to bring the challenge.*

The Supreme Court has accepted this case and will look at it.

The second case that is definitely before the Supreme Court is *Iancu v. NantKwest*.⁹ This relates specifically to the question of whether the Patent Office can obtain attorney fees if, instead of appealing a decision against you in the PTAB in examination proceedings, you take the case to the district court in an action against the Patent Office for the grant of a patent.

The statute says that, irrespective of whether you win or lose under those circumstances, the Patent Office is entitled to recover its "expenses" from the person who instituted the case. The Federal Circuit said that "expenses" do not include the cost of the Patent Office attorneys who ran the case. That has gone to the Supreme Court, and the Supreme Court will address the question as to whether under those circumstances attorney fees can be awarded.

There are five cases where the Supreme Court has requested the advice of the Solicitor General on whether to grant *Certiorari*. In order for *Certiorari* to be granted, four Justices have to say the case is worth looking at. They have asked for assistance from the government on this.

*RPX Corporation v. ChanBond LLC*¹⁰ arises from case law of the Federal Circuit on the question of what rights a challenger has if it loses in inter partes review or post-grant review?

The statute says that the losing party can appeal to the Federal Circuit. The Federal Circuit has said: *Well, it's not as simple as that. We are an Article III court. The Constitution limits our power to deal with cases and controversies. If the challenger is not in a situation where it has a case or controversy against the patent owner but is simply trying to clear up the patent portfolio, get rid of bad patents, then it has no standing to come to the Federal Circuit on appeal.*

It is going to be interesting to see what the Supreme Court does. The statute clearly says the party has the right to appeal, but you may not have a case or controversy such that it meets the Article III requirement.

In *Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Electronics America, Inc.*,¹¹ the Court has asked the Solicitor General to opine on the fairly consistent practice at

⁸ 868 F. 3d 1350 (Fed. Cir. 2018).

⁹ *Iancu v. NantKwest, Inc.*, 139 S. Ct. 1292 (2019).

¹⁰ *RPX Corp. v. ChanBond LLC*, No. 17-2346, ECF 39 (Fed. Cir. Jan. 17, 2018).

¹¹ *Texas Advanced Optoelectronic Sols., Inc. v. Renesas Elecs. Am., Inc.*, 895 F.3d 1304 (Fed. Cir. 2018), *cert. denied*, 139 S.Ct. 2741 (2019).

the Federal Circuit for a number of years, going back to *Transocean Offshore Deepwater Drilling v. Maersk Contractors USA, Inc.*¹² a few years ago, that when the statute says that it is an act of infringement to put a product on sale, the final sale resulting from that putting on sale must be in the United States. Again watch this space, but it could be that again we've got an aspect of extraterritoriality creeping in.

Another case where the Solicitor General's opinion has been requested is *Ariosa Diagnostics, Inc. v. Illumina, Inc.*,¹³ which is a case where there has been the practice in Federal Circuit decisions for a while that if you have a disclosure in a provisional application that resulted in a published patent, then the disclosure of that provisional application can only be treated as prior art against a later application if there is a valid claim to priority going back to that original provisional application.

The Federal Circuit basically said: *There can only be such a valid claim to priority if what was described in the original provisional application finishes up as being claimed subject matter in the final published document.* This seems a little counterintuitive, and we will see whether the Supreme Court does in fact agree to take that case.

There are two other two cases in which the Solicitor General's opinion has been requested.

*HP Inc. v. Berkheimer*¹⁴ has caused a change of practice in the Patent Office. The decision in this case was that although issues of patent eligibility under 35 U.S.C. § 101 are matters of law, there can be a factual underpinning that needs to be addressed particularly when you are looking to see whether what is being claimed is an obvious, conventional, etc. application of the judicial exception.

The practical effect is that the examiners have now been told that when they want to rely on the second step of the Alice/Mayo test, they have to set out why they believe it is conventional, etc.; they cannot just assert that.

Second, in terms of litigation, it has meant that there can now be delays. You cannot necessarily rely on a district court to give a quick opinion that the patent is lacking eligibility because there is now the possibility of factual issues coming up, and factual issues cannot be dealt with in summary judgment. So that has had a practical effect.

The other case where the Solicitor General's opinion has been requested is *Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals International Inc.*,¹⁵ in which the Federal Circuit held that a claim to a medical method of treatment based on a diagnostic activity was patent-eligible.

Chief Judge Prost dissented, saying that this was contrary to what was set out in *Mayo*. The case really highlights the internal contradictions in *Prometheus v. Mayo*,¹⁶ where the Supreme Court said: *Natural laws are not eligible for patent protection, but of course we don't intend to bar patents for specific applications of those natural laws, such as methods of treatment.*

But the problem is once you have done the diagnostics, then probably the rest of what you are doing, or at least in many cases the rest of what you are doing, could be a conventional application.

We will see how the Supreme Court deals with that.

I will skip the other cases where petitions for *certiorari* have been raised.

¹² *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296 (Fed. Cir. 2010).

¹³ *Ariosa Diagnostics, Inc. v. Illumina, Inc.*, 139 S. Ct. 445 (2018).

¹⁴ *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018).

¹⁵ *Vanda Pharm. Inc. v. W.-Ward Pharm. Int'l Ltd.*, 887 F.3d 1117 (Fed. Cir. 2018).

¹⁶ *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012).

The question of *Athena Diagnostics v. Mayo Collaborative Services*¹⁷ was touched on this morning. It came down earlier this year, on approximately the same date as Andrei Iancu's new guidance came out as to how to deal with the question of judicial exceptions under Section 101. It basically divided Step 1 of the *Alice/Mayo* test into two parts, the second prong being to see whether there was a practical application of the natural law, etc.

Judge Newman's dissent basically set out reasoning exactly along the same lines as the guidance. The majority of the Federal Circuit, however, said she was wrong because this was contrary to what the Supreme Court had done in *Prometheus v. Mayo*.

So we're going to see. This case really does put into context the question of whether the guidance issued by the Patent Office will in fact have real impact going forward.

There has been a group of cases under Section 102 that have basically clarified to some extent what the law is with respect to situations in which there have been disclosures to a group of people who are interested in the topic but there may not necessarily have been a permanent record of it.

In *GoPro, Inc. v. Contour IP Holding*,¹⁸ it was found that disclosure at a trade-only show was sufficient to constitute a printed publication.

The other one that I think is interesting is *Barry v. Medtronic*,¹⁹ where a surgeon had carried out a method that finished up being part of the patent claim. He had charged patients for doing that and he had done three such surgeries before the critical date. He had evaluated two of them before the critical date; the third one he hadn't.

The Federal Circuit said: *No anticipation. It is still either an experimental use until he has done the third evaluation; or the invention was not ready for patenting until he had done the third evaluation.* I found that a little surprising.

There are other slides in the slide deck that are available on the Conference website.

I will mention very briefly two design cases, which typically do not feature in our annual review.

The first is *In re Maatita*²⁰ in which the Federal Circuit held that a claim to a shoe bottom that showed a lot of stuff in dotted lines, which had been rejected by the Patent Office as not showing the depth of various indentations or protrusions on the shoe bottom, failed the written description of enablement and definiteness requirements of Section 112.

The Federal Circuit said: *No; you can see where the indentations and the protrusions are; it's addressed with a two-dimensional design; that is all that is needed. Had you claimed the shoe itself, then maybe you should have shown the depth of the indentations and protrusions.*

The final case is *Advantek Marketing v. Shanghai Walk-Long Tools*.²¹ This is one where you actually have to see the picture in order to understand what the issue is about.

The application that had been filed had these two embodiments, one with a roof and the other without a roof. There had been a restriction requirement. They opted for the one without the roof. The alleged infringement had the roof. The argument was that it was prosecution history estoppel because you had given up the one with the roof.

¹⁷ *Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 915 F.3d 743 (Fed. Cir. 2019).

¹⁸ *GoPro, Inc. v. Contour IP Holding LLC*, 908 F.3d 690 (Fed. Cir. 2018).

¹⁹ *Barry v. Medtronic, Inc.*, 914 F.3d 1310 (Fed. Cir. 2019).

²⁰ 900 F.3d 1369 127 USPQ2d 1640 (Fed. Cir. 2018).

²¹ *Advantek Mktg., Inc. v. Shanghai Walk-Long Tools Co.*, 898 F.3d 1210 (Fed. Cir. 2018).

The Federal Circuit said: *Nope, there is infringement because what you have includes the structural framework of the bottom which is all that's required.*

One final note is in the area of protection for plants. The Plant Patent Act has been regarded as being the method for obtaining protection for asexually reproduced plants, whereas the Plant Variety Protection Act as the way for obtaining protection for plants reproduced by seeds.

That Plant Variety Protection Act was amended last December to now cover asexually reproduced plants as well, which might make the ability to obtain real protection for asexually reproduced plants easier because the Plant Patent Act basically has fallen into disuse in recent years as the result of certain cases which have construed the statute in a narrow way.

Sorry I overshot, but I'm done.

PROF. ADELMAN: That's okay. You're done.

PROF. SARNOFF: It was the substantial equivalent of the time.

MR. RICHARDS: Thank you.

PROF. ADELMAN: I always push the question of how much damage the Supreme Court does. We heard, of course, about the Court of Justice in the last program. But I think our Supreme Court is special in making a mess.

The first question is: I haven't seen, and nobody has given me, a computer-related case involving Section 101 where they say, "There was clearly an invention and it should have gotten a patent"; they start with something abstract, "that's obvious"; and then they say, "If you do obvious things to something, that's obvious." Maybe we can come up with one. So think.

But with respect to biotech, now we all agree that there are inventions that should be patented, that the rest of the world patents, and because our Supreme Court is either technically ignorant, anti-patent, or they don't give a damn, we have a problem. That's number one. We have had some discussion already, so I don't know how much we want to beat on that.

I then want to turn to *Helsinn*, which I think is the dumbest case of all — and that is difficult — where the United States goes from a first-to-invent system, which has all kinds of policy arguments, to a first-to-file system.

Now, everywhere in the world secret prior art in first-to-file systems is not prior art. Maybe in the first-to-invent system it would make some sense — I might argue about that — but at least that's possible.

I don't see how there is any sense in what the Supreme Court said, that we go back to 1829, the beginning of the first-to-invent system. So maybe you want people to get to the Patent Office quickly and you need some incentive, and maybe you even say, "Well, let's make the incentive 'even if it's secret'" — although that wasn't the law in 1829 — but you can understand that, because otherwise there is no incentive to go to the Patent Office. But in a first-to-file system there is tremendous incentive to go to the Patent Office. In fact, some people argue it pushes people to the Patent Office too quickly.

So the Supreme Court is just plainly wrong. The Supreme Court is supposed to be textual. Let me read the statute: "The claimed invention was patented or described in a printed publication or in public use or on sale *or otherwise available to the public.*" Certainly that implies we adopted the standard of the rest of the world.

"No," says the Supreme Court, "you know that you read public use as secret use." Do you know that public use is a secret use in case law going back to 1948? "Public use means secret use?" If somebody read "Public use means secret use," they'd say, "You're crazy!"

MR. RICHARDS: Only certain secret use, Martin.

PROF. ADELMAN: Of the inventor's secret uses, yes. But it doesn't mean secret use by a third party. This is crazy! There's no other way around it.

So I throw that open. What's wrong with this Court? They can't even get a simple case right!

MR. SIEGAL: Even a broken clock is right twice a day, and this time they got it exactly right.

PROF. ADELMAN: Again you're wrong. Why?

MR. SIEGAL: I don't know where to begin.

I can start with statutory construction. You are saying that the words — patented, printed publication, public use, sale — are all superfluous; all it should say is "available to the public."

The fact that we have gone to first-to-file does not mean that we have necessarily adopted every law of certain countries in Europe. Our on-sale law has always been about not extending the patent monopoly by letting you start economically benefitting while you keep your invention secret with confidentiality agreements, protections, disclosures, or whatever, and then wait two or three or four years before you file your application.

PROF. ADELMAN: That is insane in the modern world! I mean that is insane. That is such a stretch of common sense. If you have a first-to-file —

MR. SIEGAL: Are you saying it is not secret prior art? Your big complaint about secret prior art is that it is really not secret?

MR. RICHARDS: It should not be prior art, period. In the old system, first-to-invent, I could keep something secret and get trade secret protection.

MR. SIEGAL: But you couldn't put it on sale.

PROF. ADELMAN: Listen, I could file in the Patent Office right away and stall for years, like the Selden patent was in the Patent Office for twenty years. This idea that it encourages early filing isn't even true. It only became true in 1995 and we've had the law far before that. Under the old law you could file and sit on the application. Selden filed on an automobile in, I think, 1883, and every two years he filed some paper because he figured that later there would be an automobile industry and it would be bigger than it was then. It issued in 1901. Then he sued Henry Ford. I could give you all kinds of examples of things that stayed in the Patent Office for years. In fact, we developed an estoppel theory based on that.

So certainly there was this incentive to file. It just doesn't hold water.

And the policies are totally different. I disagree with my dear friend John.

MR. SIEGAL: How do you really feel?

PROF. ADELMAN: John thinks there was policy. I think there were no brain cells. I mean they should put something on the bottom of their opinion: "No neurons were used in this opinion." This is terrible! [Laughter]

PROF. SARNOFF: I totally agree with everything Marty said.

PROF. ADELMAN: I knew he would.

PROF. SARNOFF: NOT. [Laughter]

It is another example of why legislative drafting shouldn't be left to lawyers and judging shouldn't be left to judges, because we don't have clear standards for interpretation and we don't have clear standards for how to construe revisions to language.

All of this could have been easily avoided by moving "otherwise publicly available" to the front rather than the back so that you didn't have to choose the rule of the last antecedent but rather the series modifier method of interpretation.

This is why we have a problem, because the Supreme Court refuses to say how we are supposed to do interpretation and bind themselves to the mast like Ulysses.

PROF. ADELMAN: No. This is just to trick foreigners into destroying their patents because they read English.

I had a Chinese student who said, “I’m trying to learn English and you’re telling me that public use means secret use. How can I learn English?”

But at least allegedly there was a policy. I mean Learned Hand was wrong in 1946.

MR. SARNOFF: So again, the Supreme Court would have had to say, notwithstanding the traditional rules that they have applied in lots of other statutory interpretation contexts, that unless the legislation is perfectly clear, the prior interpretations are carried forward, and because the rule of the last antecedent applies — you know, Congress have made this clear. They didn’t. That’s the problem. Your complaint is not with the Supreme Court; it is with the legislative drafters. That’s the problem. If they do it clearly, you don’t have these issues, Marty.

PROF. ADELMAN: I can just see it now.

MR. SIEGAL: Put “otherwise publicly available” at the front of the sentence.

PROF. ADELMAN: I’m a legislator and I ask somebody, “Read this. Everybody in the world, I’m told, doesn’t have secret prior art for good reasons. Is there a way you can twist this language so ‘secret prior art’ isn’t in there?”

MR. GROOMBRIDGE: Marty, I know you are fired up about this, but what difference will it make?

PROF. ADELMAN: We will invalidate.

MR. GROOMBRIDGE: Will it make any difference at all?

PROF. ADELMAN: We will invalidate patents for the unsuspecting, particularly the Europeans. The good part about this is this requires professors to go around the world and explain to people that we have silly laws.

PROF. SARNOFF: I’m available, Marty.

MR. RICHARDS: Marty, the Europeans, as you’ve just pointed out, have this as their law anyway, so they are not going to come here relying on your interpretation of the statute because they have already had to deal with this at home.

PROF. ADELMAN: No they haven’t. Their secret uses, their secret sales, would not be considered prior art. It’s just the opposite. They would be fooled. It’s wonderful; you will have all kinds of business because of this.

Okay, enough of this, unless somebody else wants to chime in. I’ve ranted too long. The Supreme Court is a very rich target for ranting.

PROF. SARNOFF: The two examples that John gave of the printed publication (or not) are actually better examples of what the statutory language was meant to cover, which were oral disclosures. They should have just said, “These are available to the public” and that would have resolved both cases. But that’s a different issue.

PROF. ADELMAN: Does anybody have one case where a computer-related invention that should be patented that Section 101 precludes from patenting, an example? Maybe there are none. I’ve always thought there were none, but nobody has ever told me that.

So this is totally unimportant; the *Alice* case means nothing. What matters, I assert, is *Mayo*. And it goes back to 1948 — it is not new — to *Funk Brothers*,²² the first case with this irrational doctrine.

The interesting thing that I think has been raised in this conference, particularly by former Chief Judge Michel, is: would it really work to have a legislative fix in this area? I mean nobody in the world does what we are doing because if you read our opinions, nobody would take them seriously. Would that work?

²² *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127 (1948).

MR. RICHARDS: What has happened in other countries where they have attempted to do this is that the courts have finished up by having to construe the statute even more bizarrely than the Supreme Court does here in order to meet the needs of industry. So I'm skeptical, frankly.

MR. SIEGAL: I think either Director Iancu or Judge Michel said that we have fixed this legislatively, that in *Funk Brothers* where they were talking about invention, we have now separated that out into Sections 112, 102, and 103; that if you just read the case carefully, you would understand that, even though they're using the word "invention," they were talking about obviousness. That is his point.

PROF. ADELMAN: But that's not relevant.

MR. SIEGAL: That's seeds under a bridge.

But at his point do we really need Congress to come in and do something because it's a disaster?

Judge Frankfurter in *Funk Brothers* said, "Every invention involves a law of nature or a natural phenomenon."²³ And when you say, "Well, if you've got a natural phenomenon have you added some inventive concept to it?" that is going to fail 100 percent of the time because when you write a patent you do not claim something inventive and then add more to it. Therefore, if the "something extra" was patentable, that would be your whole patent; you would stop right there.

If I discover that a particular drug cures a particular disease, that only works because of a natural phenomenon. Applying the drug to someone who has the disease, that's obvious; we know how to give people pills or injections or infusions.

The natural result is that every method of treatment is invalid. We really need to fix this.

PROF. ADELMAN: I think in 1948, in spite of the attempt to distinguish it, the Supreme Court has never done that. In fact, Mr. Justice Douglas, the brightest man on the Court — I don't think he ever got anything right; he gives intelligence a bad name — and there were dissents. In that case, neurons did function, but in modern cases very rarely.

Any other comments on whether legislation would help? I read the legislation and I can just hear Mr. Justice Breyer say, "Ooh, that's the same."

MR. GROOMBRIDGE: Right. It is not clear that the legislative fixes would really make things clearer.

PROF. ADELMAN: Yes. Can you address that?

MR. GROOMBRIDGE: I'm not sure that I want to. I certainly have views about that.

PROF. ADELMAN: What do you want me to say? I'll do it for you.

MR. GROOMBRIDGE: *Vanda*²⁴ is my case.

PROF. ADELMAN: I know.

MR. GROOMBRIDGE: So I'm not that anxious to express a lot of views about this. But I do think that it is probably unhealthy that we have come to a situation where diagnostic methods, many would say, are effectively ineligible in the United States. There could be policy reasons why we want to have different measures of protection for diagnostics — the level of investment required is a lot lower than to develop a new therapeutic — but right now what we've got is a rule that just seems to be arbitrary.

PROF. SARNOFF: I filed an *amicus* in *Vanda*.

MR. GROOMBRIDGE: On the other side, the wrong side. [Laughter]

²³ See *Funk Bros.*, 333 U.S. at 135 (Frankfurter, J., concurring).

²⁴ *Vanda Pharm. Inc. v. W.-Ward Pharm. Int'l Ltd.*, 887 F.3d 1117 (Fed. Cir. 2018).

PROF. SARNOFF: The only thing I want to add, because I just can't let Marty say something that's not right —

PROF. ADELMAN: Josh and I are always arguing. I know I'm right when he takes the other position.

PROF. SARNOFF: The 1948 *Funk Brothers* case wasn't the first example of inventive application.

PROF. ADELMAN: Yes it was.

PROF. SARNOFF: Further, if you read the *Application of Ducci*²⁵ case, P.J. Federico, the other co-author of the 1952 Patent Act, successfully argued for the Patent Office in the Court of Customs and Patent Appeals that the definition of "process" in the 1952 Act incorporated a "non-analogous use standard," which is essentially the same as the "markedly different" standard, that is the same standard that we are applying in the *Myriad* context and it is the same basic principle of inventive application. So it has been there for a while. It has been the interpretation of the 1952 Act since 1955, according to the courts of appeals. This isn't the Supreme Court now just coming to it.

PROF. ADELMAN: No. I said 1948.

PROF. SARNOFF: *O'Reilly*²⁶ also is an inventive application case, as are so many — *Ansonia Brass* is an inventive application case.

PROF. ADELMAN: Oh come on.

PROF. SARNOFF: But let me move on.

One comment that was made in an earlier panel was that we can push this all into Section 103 law by just taking the categorically ineligible discovery and not having that contribute to technical effect. Although that is true and it would get us closer to what the European system looks like, there is a big difference.

That difference is, at least the way the courts are applying the 101 law based on the language of *Flook*,²⁷ which again goes back to language from *O'Reilly*, which improperly understood the *Neilson*²⁸ case, is that you treat the discovery as if it is prior art against the applicant. That is precisely why you need a different inventive concept than just practical application of the discovery.

The important point to make is that the reason that we do that is because otherwise if the discovery itself shouldn't be eligible, any practical application that's narrow just allows you to claim the public domain of that discovery in piecemeal fashion. I can file 70,000 narrow claims, and now I essentially own the discovery that I am not supposed to claim outright. That is the reason that we do inventive application.

PROF. ADELMAN: That's very inventive.

PROF. SARNOFF: I also wrote about it in all three briefs.

PROF. ADELMAN: I know you did.

PROF. SARNOFF: So it's not new.

PROF. ADELMAN: I know you did. It's absolutely wrong. Nobody implies that. You start with whatever is scientific discovery.

The first case where the prior art was not what we call prior art but was a discovery of a natural phenomenon that you will find is 1948 in *Funk Brothers*.

PROF. SARNOFF: In the Supreme Court. But you have *Morton v. Eye Infirmary*²⁹ and lots of other earlier cases.

²⁵ *Application of Ducci*, 225 F.2d 683 (C.C.P.A. 1955).

²⁶ *O'Reilly v. Morse*, 56 U.S. 62, 63, 14 L. Ed. 601 (1853).

²⁷ *Parker v. Flook*, 437 U.S. 584, 585, 98 S. Ct. 2522, 2523, 57 L. Ed. 2d 451 (1978).

²⁸ *Neilson v. Harford*, Webster's Patent Cases 295, 371 (1841).

²⁹ *Morton v. New York Eye Infirmary*, 17 F. Cas. 879 (C.C.S.D.N.Y. 1862).

PROF. ADELMAN: That was not a Supreme Court case. They were arguing about what *Flook* meant. I'm talking about Mr. Justice Douglas, the anti-patent Supreme Court Justice, and he never got anything right, including that opinion, and did a lot of damage because Breyer learned from that.

Now another what I would claim is not a major mistake, it's a minor mistake, because it helps out attorneys and gives us more fees, is our willfulness law after *Halo*. Arguably it is pro-patent.

Kevin, do you want to spend a few minutes on that?

MR. COLLINS: Sure. Thanks, Professor.

The precursor, as the U.S. practitioners who engage in willful infringement analysis know, was *Seagate*. In 2016 the Supreme Court reversed various parts of *Seagate*, finding that the two-pronged standard that they had set up was too onerous, specifically the objective recklessness requirement. What was going on was defendants were coming up with defenses during the litigation that they had no reason to come up with prior to the time of infringement, and that, frankly, made obtaining willful infringement very, very difficult.

In 2016 in the *Halo* case the Supreme Court again reversed the Federal Circuit and eliminated the objective recklessness requirement. Basically, the Court said that future courts in terms of evaluating willful infringement should focus on the actions that the accused infringer took at the time of the accused infringement, not just actions and positions taken during litigation, therefore breathing life back into willful infringement.

That then brought up opinions of counsel. After *In re Seagate*,³⁰ the use of opinions of counsel became much less important, given the objective recklessness requirement. That has now brought back the use of opinions of counsel. This raises issues of privilege and waiver and whether defendants should seek opinions of counsel in response to allegations of infringement. This causes strategy concerns and issues for trial; waiver; whether you need separate opinion counsel.

Prior to *Seagate*, it used to create all kinds of issues for trial counsel and for inhouse counsel: Do we need an opinion? Is the opinion of counsel going to be separate? Are we going to disclose the opinion?

Those have now been resurrected as a result of *Halo*. But we are also in the world of IPRs now, so I'll raise the question to the practitioners — Nick, Tryn, and Matthew — whether you all have seen the rise of opinions of counsel since *Halo*.

MR. STIMART: I have. In fact, I've had several clients ask, "What should we do?" I said, "When you get a sense that you are going to be accused of infringement, go out and get yourself an opinion of counsel." We have actually used that strategically in a litigation where we disclosed the opinion, we made it very narrow, subject to waiver, and it effectively scared off the other side. They didn't expect it. They tried to challenge us.

I have counseled in some instances the other way, but I think, on balance, I have recommended more that they go back now and get something early on in writing from an outside firm that is very tight, very narrow on the issue that they are concerned about, and hold that, and we'll see how we are going to use it.

MR. GROOMBRIDGE: I would say we have seen a resurgence in getting opinions. That has become more common. It's my view that they are probably more important for indirect infringement than they are for willfulness as a practical matter.

PROF. ADELMAN: Has it increased attorney fees? I mean let's get down to basics.

³⁰ *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007), abrogated by *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016).

MR. GROOMBRIDGE: Well, somewhat, but the cost of getting an opinion is a tiny fraction of the cost of having a lawsuit.

PROF. ADELMAN: Yes. So maybe it doesn't matter.

MR. GROOMBRIDGE: I throw out to you, Marty, just to chew on — or Josh or anyone else — why doesn't Section 298 refer to contributory infringement? You don't have to answer it. You can just tell me over drinks.

PROF. SARNOFF: Poor legislative drafting.

MR. SIEGAL: I think, as Nicholas said, the cost of an opinion is so small compared to the cost of litigation.

And not only that, in my experience you can look at a patent, you can look at prior art, and you can come to some conclusions relatively quickly, but until you write them down, until you make claim charts, until you really start finding each and every limitation and where there is support, and where for a particular issue you might need some expert to say "it would be obvious to combine these" or "here is what this particular thing means" — writing that opinion and being very rigorous about it is going to flesh out the claim interpretation issues and it is going to help you figure out who you need to provide the evidence for those claim interpretations.

I've always counseled that getting an opinion is one of the most valuable things you can get.

PROF. ADELMAN: But that doesn't answer the question. This discretion — the Federal Circuit was solidly slapped because it had the audacity to set out a set of rules. The Supreme Court didn't say, *The rules are bad; we just don't like rules*. My impression is that if you don't have rules that builds up attorney fees. My question is, is that happening?

MR. SIEGAL: In this case, I think it has actually reduced attorney fees. It used to be you needed that opinion and you were beholden to your attorney.

PROF. ADELMAN: After *Seagate*?

MR. SIEGAL: Prior to.

PROF. ADELMAN: But *Seagate* was overturned.

MR. SIEGAL: Right, so this is a return. You now have a little more basis to say, "You should really get an opinion."

PROF. SARNOFF: Let me ask a question, though. After *Commil*³¹ distinguished that you can still induce even if you believe the patent's invalid, are the opinion letters that are being obtained limited to the issue of noninfringing conduct and not addressing invalidity, or is there still value to getting the invalidity judgment so that you don't get willfulness on a direct infringement basis going forward from the time that you got the opinion?

MR. SIEGAL: I think any good litigator can figure out a way to make an invalidity opinion a noninfringement opinion and use that as a "get out of jail free" card for your inducement issue. I think that whole issue is really kind of a disaster waiting to happen. You could come up with a pretty good procedure for never infringing a patent in that area, which sort of avoids answering that question.

PROF. ADELMAN: Audience questions to anybody on the panel?

QUESTION [Judge Hans van Walderveen, District Court The Hague, The Hague]: An interesting difference between the U.S. patent system and our system in Europe is that your system is much more emotional. I like that.

PROF. SARNOFF: We are also the only system that would be stupid enough to do design protection in patent law. The *Maatita*³² case and the other case that you saw just go

³¹ *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1923 (2015).

³² *In re Maatita*, 900 F.3d 1369 (Fed. Cir. 2018).

to show that that is even more messed up than utility law. Designs are always understood as a whole. The concept of partial design shouldn't exist in patent law. But enough said.

MR. RICHARDS: One practical consequence of what has been going on in design law is we are now seeing an increasing number of rejections from the Patent Office of design patents on the ground of obviousness, and nobody's got a clue what is meant by an obvious design.

PROF. SARNOFF: Exactly.

PROF. ADELMAN: And now we find out that our system is better because it's emotional, and we have juries because we otherwise wouldn't have a Constitution if we didn't have juries.

Another question?

QUESTION: Jamie Love, Knowledge Ecology International.

PROF. ADELMAN: Oh my God! Jamie, we've got to have a drink. One question.

QUESTIONER [Mr. Love]: Are you familiar with CAR-T treatment?

MR. GROOMBRIDGE: I am.

QUESTIONER [Mr. Love]: It's a treatment for cancer where they draw your blood, isolate your T cells, modify the T cells with a virus, multiply the modified cells, and reinject them back into your body. To us that looks like a procedure. In U.S. patent law, like in many countries, there is a limitation on the ability to enforce a patent for medical procedures. I'm just wondering what elements of CAR-T treatment do you think are protected from enforcement of patents by this provision on surgical and medical procedures and which parts do you think are not protected by that exception?

PROF. ADELMAN: Anybody want to take that on? Nick?

MR. GROOMBRIDGE: I think it gets into a set of issues around where you draw the line between a method of treatment and a procedure, which is going to exceed the amount of time that we have by a long way.

PROF. SARNOFF: The only other thing I'll say is that there are also provisions of that section that do not apply to contributory infringement.

MR. GROOMBRIDGE: Correct.

PROF. SARNOFF: But they do apply to inducement. Further, you can still sue the patient even if you can't sue the doctor. It's just poorly drafted to begin with.

QUESTIONER [Mr. Love]: You can sue the patient for being treated?

PROF. SARNOFF: Yes, you sue the patient for the infringement, or for inducing the infringement by the person who does the CAR-T cells treatment. Yes, you can do it. This is really poorly drafted.

QUESTIONER [Mr. Love]: Has that ever happened? Has anyone ever sued the patient in those circumstances?

MR. GROOMBRIDGE: Not that I know of. Again, you're going to sue for the patient inducing the doctor. You sue the patient as a means of trying to shut down the practice.

PROF. ADELMAN: I don't know that any patient has ever been sued anywhere in the world. But we have a statute.

It's time to have some drinks. I want to thank the panel. I especially want to thank John for stepping in and trying his best. He was over time, but next year he'll be better.