LJN LAW JOURNAL NEWSLETTERS

The Intellectual Property Strategist®

An ALM Publication

November 2020

# IP NEWS

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## Federal Circuit: HP Not Estopped from Challenging Claims Deemed Unchallengeable in IPR That It Had Joined

On Sept. 24, 2020, a Federal Circuit panel of Chief Judge Prost, Judge Newman, and Judge Bryson issued a decision in *Network-1 Techs., Inc. v. HP Co.*, No. 2018-2338 (Fed. Cir. 2020). In a unanimous decision, the Federal Circuit vacated the district court's finding that claims of U.S. Patent No. 6,218,930 (the '930 patent) were valid over the prior art, determined that the district court erred in its claim construction, and remanded to the district court for proceedings consistent with its opinion.

The '930 patent is directed to an apparatus and methods for "allowing electronic devices to automatically determine if remote equipment is capable of accepting remote power over Ethernet." Slip op. at 3. The '930 patent includes nine claims, including two independent claims: claims 1 and 6. *Id*. The '930 patent was subject to two reexamination proceedings: claims 6, 8 and 9 were confirmed as patentable and claims 10-23 were added in reexamination No. 90/012,401, and claims 6 and 8-23 were confirmed patentable in reexamination No. 90/013,444. *Id*. at 4-5.

Network-1 Technologies, Inc. (Network-1) sued numerous defendants, including Hewlett-Packard Co. (HP) and Avaya Inc. (Avaya), alleging infringement of the '930 patent. *Id*. at 5. Avaya then filed a petition for *inter partes* review (the Avaya IPR). The Patent Trial Appeal Board (the Board) instituted review of claims 6 and 9 of the '930 patent for anticipation under 35 U.S.C. §102(b) by Japanese Unexamined Patent Application Publication No. H10-13576 (Matsuno") and for obviousness under 35 U.S.C. §103 by Matsuno and U.S. Patent No. 6,115,468 (De Nicolo). *Id*. at 5-6.

HP then filed a petition for *inter partes* review together with a motion to join the Avaya IPR. *Id*. at 6. HP's petition included grounds that were different from the grounds instituted in the Avaya IPR and the Board denied HP's request. *Id*. Thereafter, HP filed a new petition, including only the grounds that were previously instituted during the Avaya IPR, and another motion to join the Avaya IPR. *Id*. This time, the Board granted HP's motion to join the Avaya IPR. In its final written decision, the Board determined that neither claim 6 nor claim 9 of the '930 patent was invalid over the prior art cited in the instituted grounds, and the Federal Circuit affirmed. *Id*.

In the district court litigation, the jury found that the asserted claims of the '930 patent were invalid over prior art not raised in the Avaya IPR. *Id*. at 7. However, the district court granted Network-1's motion for judgment as a matter of law (JMOL), finding that "because of HP's joinder to the Avaya IPR, HP should have been estopped under 35 U.S.C. §315(e) from raising the

remaining obviousness challenges, which it determined 'reasonably could have been raised' in the Avaya IPR." *Id*. at 8.

On appeal, the Federal Circuit held that HP was not estopped from presenting obviousness challenges "as a consequence of its joinder to the Avaya IPR." *Id*. The district court had rejected HP's argument that "it could not have raised new grounds in the Avaya IPR because it was a joined party." *Id*. at 18. The Federal Circuit disagreed, stating that "according to the [America Invents Act], under 35 U.S.C. §315(c), HP was permitted to join the Avaya IPR 'as a party' even though HP was time-barred under § 315(b) from bringing its own petition." *Id*. Since a party is only estopped "from challenging claims in the final written decision based on grounds that it 'raised or reasonably could have raised' during the IPR," and since "a joining party cannot bring with it grounds other than those already instituted, that party is not statutorily estopped from raising other invalidity grounds." *Id*. The Federal Circuit determined that HP was estopped only from arguing that claims 6 and 9 of the '930 patent were invalid over Matsuno and De Nicolo. *See, id*. Since HP was not statutorily estopped from challenging the asserted claims of the '930 patent based on the other cited references, the Federal Circuit vacated the district court's JMOL decision on validity, and remanded to the district court. *Id*. at 20.

The jury also had determined that HP did not infringe any of the asserted claims of the '930 patent. The district court denied Network-1's request for a new trial on infringement, concluding that "the jury's verdict was not against the great weight of the evidence that HP's accused devices did not meet either limitation," focusing on the construction of the claim terms "low level current" and "main power source." *Id*. at 8. While the Federal Circuit noted that the district court's construction of "lower level current" to require a "lower boundary of current" was proper, *id*. at 11, it determined that the district court erred in its construction of the term "main power source." Because that error in claim construction provided HP with some of its non-infringement arguments presented to the jury, the Federal Circuit determined that Network-1 was entitled to a new trial on infringement. *Id*. at 9.

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## Federal Circuit: A New Process Does Not Transform an Old Product Into a New One

On Sept. 28, 2020, a Federal Circuit panel of Judges Newman, Linn, and Hughes issued a decision in *EMD Serono, Inc. v. Bayer Healthcare Pharms. Inc.*, No. 2019-1133 (Fed. Cir. 2020). In a unanimous decision, the Federal Circuit vacated the district court's finding that the asserted claims of U.S. Patent No. 7,588,755 (the '755 patent) were invalid as a matter of law, and reinstated the jury's findings that those claims were invalid as anticipated under 35 U.S.C. §102.

Biogen MA, Inc. (Biogen) sued EMD Serono, Inc. and Pfizer, Inc. for contributory and induced infringement of the '755 patent. The '755 patent is directed to "a method of treating viral condition, a viral disease, cancers or tumors, by administration of a pharmaceutically effective amount of a recombinant polypeptide related to human interferon-B (IFN-B)." Slip op. at 3. Claims 1 and 2 of the '755 patent "define the claimed polypeptide by reference to the DNA sequence inserted into the host during the recombinant manufacture of the polypeptide." *Id*. at 5. The district court determined that claim 1 covers a "one-step method of administering to a patient in need the specified recombinant HuIFN-B." *Id*. The district court further stated that it was "unclear that [the] method of

treatment claim can be treated as a product-by-process claim." *Id*.

The jury found that the asserted claims of the '755 patent were anticipated by two references "teaching the use of native IFN-6 to treat viral diseases: Kingham et al., *Treatment of HBsAg-positive Chronic Active Hepatitis with Human Fibroblast Interferon*, 19(2) Gut 91 (1978) (Kingham) and Sundmacher et al., *Human Leukocyte and Fibroblast Interferon in a Combination Therapy of Dendritic Keratitis*, 208(4) Albrecht von Graefes Archiv fur Klinische & Experimentelle Opthalmologie 229 (1978) (Sundmacher)." *Id*. at 3. The district court then granted Biogen's motion for JMOL, finding no anticipation of the asserted claims of the '755 patent. *Id*. "The district court reasoned that because treatment in the prior art entailed administration of native IFN-B, which was undisputedly not recombinantly produced, no reasonable jury could find anticipation." *Id*. at 7.

The district court held in the alternative that "no reasonable jury could have found anticipation even applying a product-by-process analysis." *Id*. at 8. The district court determined that "the jury lacked substantial evidence that the native IFN-B protein as disclosed in Kingham and Sundmacher was structurally or functionally identical to the claimed three-dimensional recombinant IFN-B protein." *Id*. Based on expert testimony, the district court determined that the native and recombinant IFN-B "were not identical but merely very similar" and thus "the structural differences alone preclude anticipation." *Id*.

On appeal, the Federal Circuit vacated the district court's ruling and ordered the district court to reinstate the jury verdict on anticipation. *Id*. at 19. The Federal Circuit noted that the district court made two erroneous determinations: 1) it "declined to apply a product-by-process analysis to the claimed recombinant IFN-B source limitation;" and 2) it "required identity of three-dimensional structures not specifically recited in the claims rather than the claimed and lexicographically defined 'polypeptide.'" *Id*. at 10. As the Federal Circuit had established previously, "an old product is not patentable even if it is made by a new process." *Id*. It was therefore necessary to consider the identity of the recombinant and native IFN-B proteins. *Id*. "The recombinant origin of the recited composition cannot alone confer novelty on that composition if the product itself is identical to the prior art non-recombinant product." *Id*. at 13. The Federal Circuit continued that "there is no logical reason why the nesting of a product-by-process limitation within a method of treatment claim should change how novelty of that limitation is evaluated." *Id*. at 14. Therefore, the anticipation analysis required a comparison of the "claimed recombinant polypeptide and the prior art native polypeptide." *Id*. at 15.

The Federal Circuit then conducted that analysis, and determined that a reasonable jury could have found the asserted claims of the '755 patent anticipated by the prior art. *Id*. at 17. "It is undisputed that the prior art here teaches the administration of native IFN-B that has a linear amino acid sequence identical to the linear amino acid sequence of the recited recombinant IFN-B and that shows antiviral activity." *Id*. at 18-19. As such, the jury had "sufficient evidence" to find that the asserted claims of the '755 patent were anticipated by the cited prior art. *Id*. at 19.

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