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Patent Playbook: Trends to Watch and Issues to Know

March 27, 2025

Presenters

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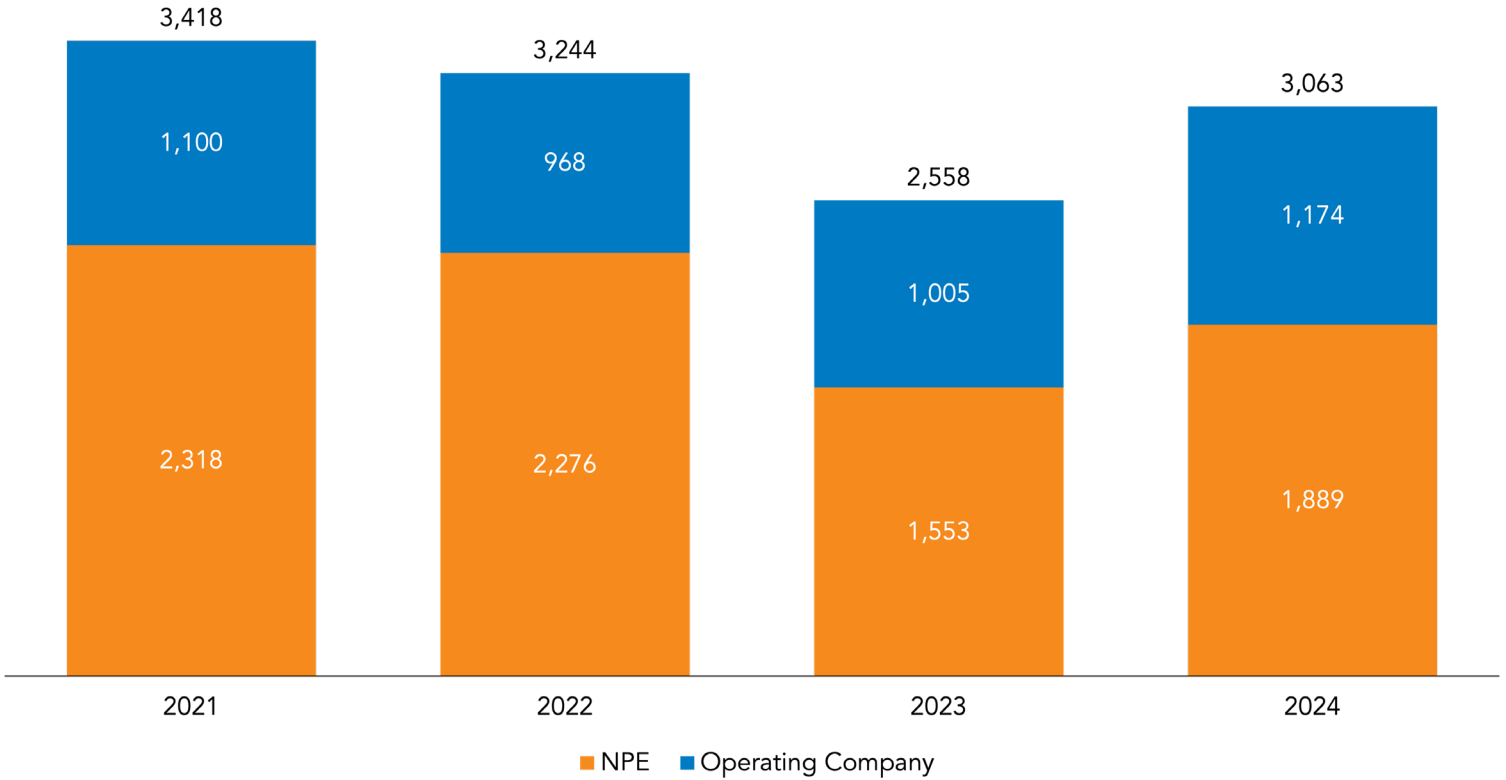
Agenda

1. Filing trends
2. Legislative developments
3. Lightning round!

Filing Trends

Filings resurged in 2024



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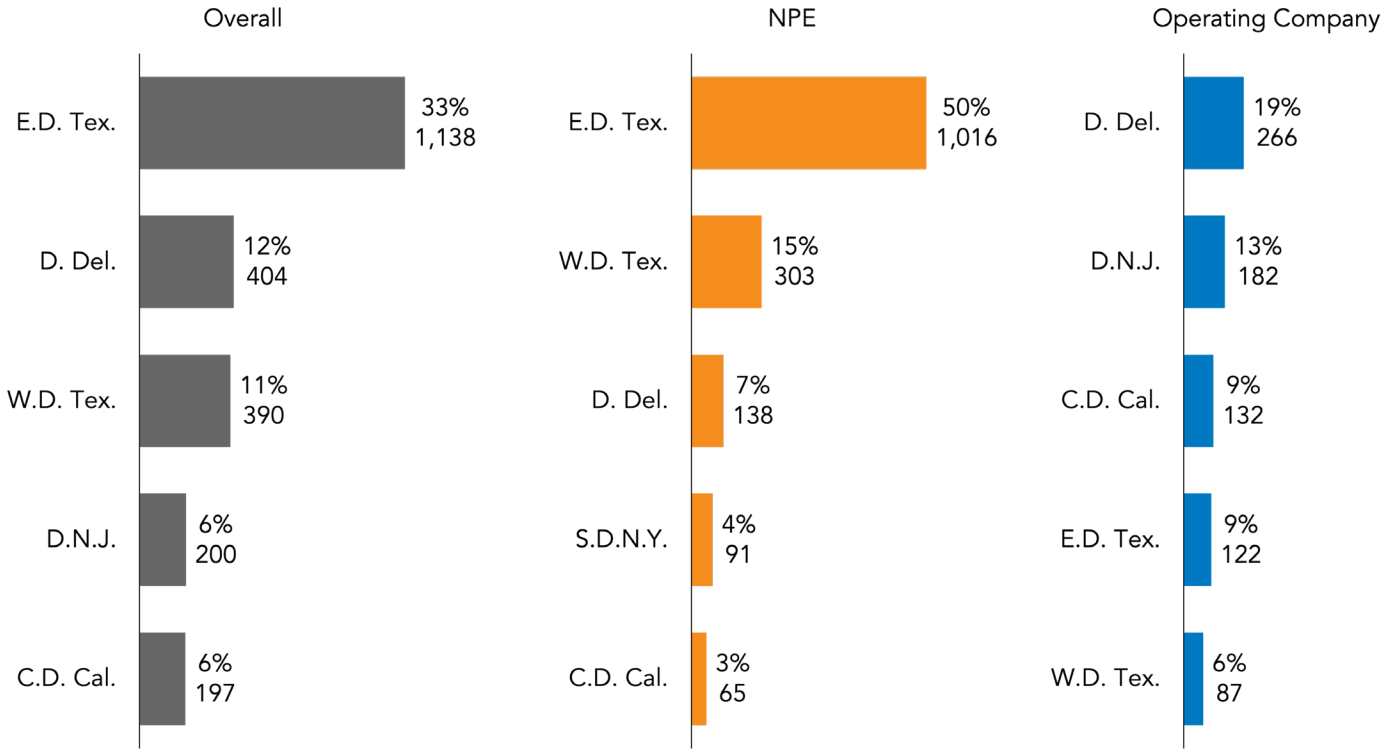
Texas still reigns supreme; Delaware overtakes WDTex



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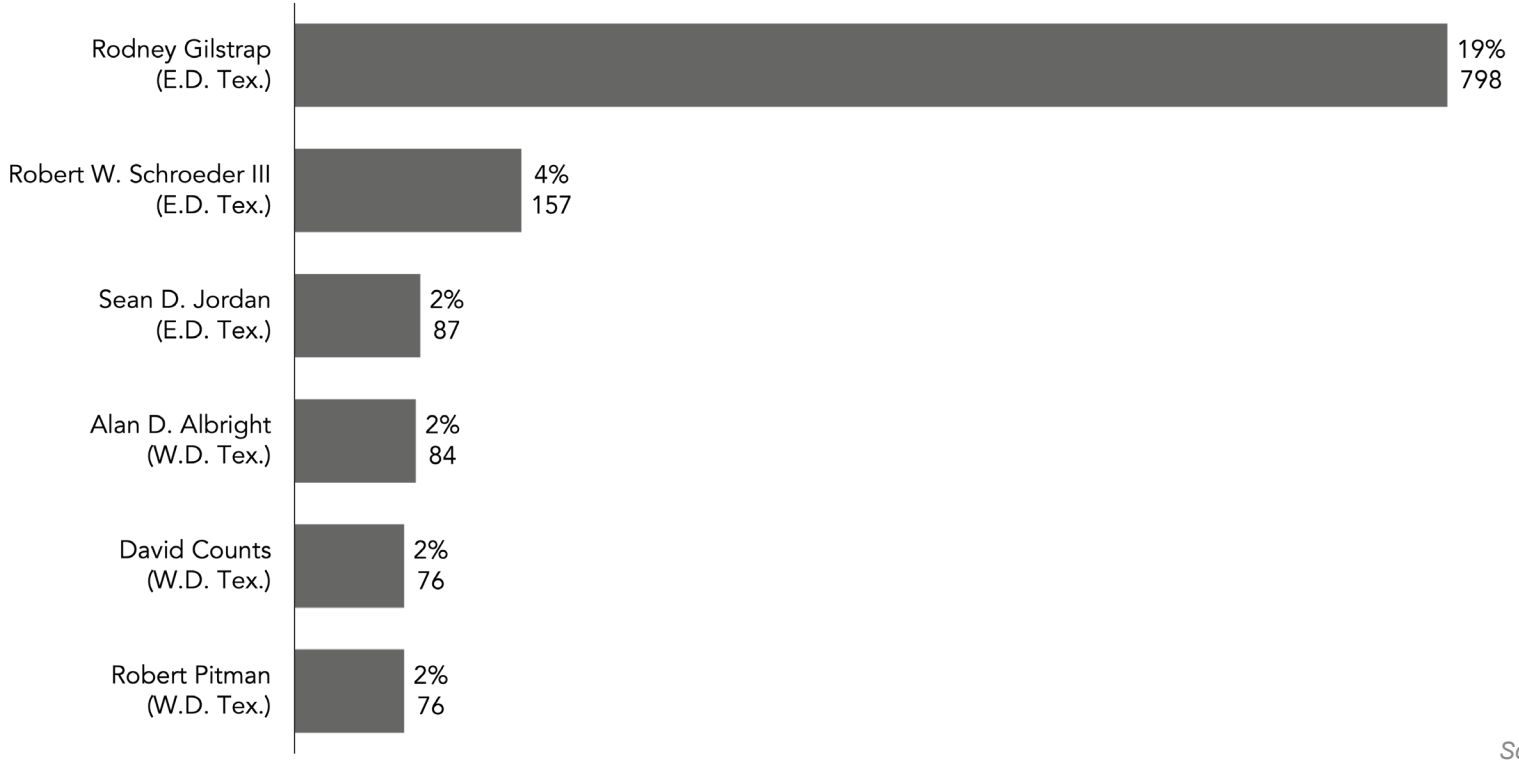
Texas still reigns supreme



Source: RPX

How we got here

- *TC Heartland v. Kraft Foods*, 137 S.Ct. 1514 (2017)
  - For purposes of patent venue, corporation "resides" in its state of incorporation
  - Hailed as the death knell of EDTX
- Hon. Alan Albright appointed in 2018
  - Made WDTX (Waco) a patent mecca
  - ***23%*** of all patent filings in 2022
- Backlash
  - July 2022: Chief Judge Orlando Garcia orders that patent cases will be randomly assigned among 12 WDTX judges
  - December 2022: New Chief Alia Moses reaffirms random assignment
  - Mandamus from Federal and Fifth Circuits: *In re TikTok, Inc.*, 85 F. 4th 352 (5th Cir. 2023)

WDTEX Comeback?

- **Judge David Counts is the Western District's new, second-most-popular judge for patent cases.**
- **Judge Counts is the only judge in the Midland-Odessa Division.**
- **Well-known plaintiff's firms have been filing in Midland-Odessa.**

Top 5 Verdicts in 2024

General Access Solutions v. CellCo: **$857M**

- **EDTX** (Gilstrap)

Netlist v. Micron Technology Texas: **$445M**

- **EDTX** (Gilstrap)

SPEX Techs. v. Western Digital: **$315M+**

- **C.D. Cal.** (Selna)

MR Techs. v. Western Digital: **$262M+**

- **C.D. Cal.** (Selna)

IPA Techs. v. Microsoft: **$242M**

- **D. Del.** (Andrews)

Legislative Developments

The PREVAIL Act – Increased Barriers to Invalidity

- Promoting and Respecting Economically Vital American Innovation Leadership (PREVAIL) Act, S.2220, H.4370
- Purpose is to “reform” the PTAB by increasing barriers to invalidity
- Passed through Senate Judiciary Committee, on a vote of 11-10 in Nov 2024
- Now subject to debate before the full Senate

The PREVAIL Act – Changes to Procedure

PTAB Now	Proposed Change in PREVAIL
Invalidity shown by "preponderance of the evidence"	"Clear and convincing evidence" of invalidity required
No standing requirement	• Those sued or threatened with suit • Those engaged or planning to engage in conduct that "reasonably could be accused of infringing" • Tax-exempt nonprofits who lack ties to for-profit companies
Estoppel after a Final Written Decision	Estoppel applies at time of IPR filing
Invalidity can be addressed by both PTAB and District Court	No PTAB challenge available if another forum has issued a final judgment addressing validity
Same PTAB judge that institutes presides over proceedings	Require different PTAB judge to preside over proceedings and institution

The RESTORE Act – Increased Threat of Injunctions

- First introduced in July 2024; re-introduced February 25, 2025
- Adds one sentence to Section 283:

> (b) REBUTTABLE PRESUMPTION.—If, in a case under this title, the court enters a final judgment finding infringement of a right secured by patent, the patent owner shall be entitled to a rebuttable presumption that the court should grant a permanent injunction with respect to that infringing conduct."

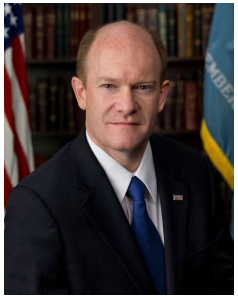
The RESTORE Act – How did we get here?

RESTORE Patent Rights Act of 2025, S.4840

- *eBay Inc. v. MercExchange LLC*, 547 U.S. 388 (2006)
- In press release, Senator Coons issued the following statement on Feb 26, 2025:

> "Thanks to a wrongheaded decision from the Supreme Court, there are now companies who steal patented technologies rather than license them from inventors and then justify their actions as simply the cost of doing business. Innovators at universities and startups who lack resources are often unable to stop patent infringement in court and are forced into licensing deals they do not want," **said Senator Coons.** "The RESTORE Patent Rights Act will protect innovators across the country, stop the infringe-now, pay-later model in its tracks, and strengthen America's economic competitiveness for generations to come."

PERA Act – Will it be Re-Introduced?

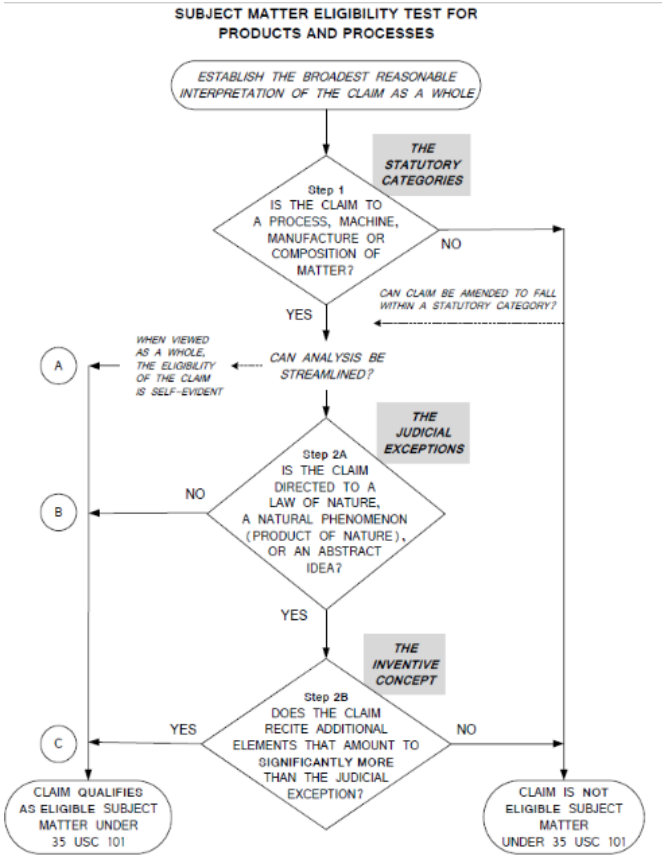


Patent Eligibility Restoration Act of 2023 (PERA), S.2140

- Introduced in June 2023; withdrawn in November 2024
- Speculation that it may be re-introduced
- Purpose is to “restore patent eligibility to inventions across many fields”

Legislative Developments – Section 101

~~Alice Corp v. CLS Bank~~



Legislative Developments – Section 101

- All judicially-created exceptions to patent eligibility would be eliminated

- Any invention or discovery that can be claimed as a useful process, machine, manufacture, or composition of matter, or useful improvement thereof is patent eligible

- Explicit exceptions:
  - Mathematical formula that is not part of a qualified invention
  - Mental process performed solely in the mind of a human being
  - An unmodified human gene (as that gene exists in the human body)
  - An unmodified natural material (as that material exists in nature)
  - A process that is substantially economic, financial, business, social, cultural, or artistic

New USPTO Leadership

- Howard Lutnick
- Confirmed as Secretary of Commerce, overseeing USPTO, on Feb 18, 2025
- Background in finance
- Named inventor on 400+ patents

- John Squires
- Nominated as Director of USPTO on March 10, 2025; not yet confirmed
- Partner at Dilworth Paxson
- Previously partner at Gibson Dunn & Crutcher and Perkins Coie

Discretionary Denial & *Fintiv* Factors

- **Discretionary denial can occur if there is parallel litigation in district court**

- **PTAB evaluates six non-exhaustive factors and "takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review."**
  - *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019, 2020 WL 2126495, (P.T.A.B. Mar. 20, 2020) (precedential).

Vidal's 2022 *Fintiv* Guidance

UNITED STATES PATENT AND TRADEMARK OFFICE

UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

MEMORANDUM

DATE: June 21, 2022

TO: Members of the Patent Trial and Appeal Board

FROM: Katherine K. Vidal Katherine Kelly Vidal
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office (USPTO or the Office)

SUBJECT: INTERIM PROCEDURE FOR DISCRETIONARY DENIALS IN AIA POST-GRANT PROCEEDINGS WITH PARALLEL DISTRICT COURT LITIGATION

Introduction

Congress designed the America Invents Act (AIA) post-grant proceedings "to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112–98, pt. 1, at 40 (2011), 2011 U.S.C.C.A.N. 67, 69; *see* S. Rep. No. 110–259, at 20 (2008). Parallel district court and AIA proceedings involving the same parties and invalidity challenges can increase, rather than limit, litigation costs. Based on the USPTO's experience with administering the AIA, the agency has recognized the potential for inefficiency and gamesmanship in AIA proceedings, given the

Former USPTO Director Kathi Vidal

Vidal's 2022 Fintiv Guidance Rescinded

Patent Trial and Appeal Board

UNITED STATES PATENT AND TRADEMARK OFFICE
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USPTO rescinds memorandum addressing discretionary denial procedures

Today, the USPTO rescinded the June 21, 2022, memorandum entitled "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation" (Memorandum).

Parties to post-grant proceedings should refer to Patent Trial and Appeal Board (PTAB) precedent for guidance, including Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) and Sotera Wireless, Inc. v. Masimo Corp., IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) (precedential as to § II.A).

To the extent any other PTAB or Director Review decisions rely on the Memorandum, the portions of those decisions relying on the Memorandum shall not be binding or persuasive on the PTAB.

Acting Director Coke Morgan Stewart

March 24, 2025 PTAB Guidance

United States Patent and Trademark Office
Patent Trial and Appeal Board

MEMORANDUM

To: Members of the Patent Trial and Appeal Board

From: Scott R. Boalick, Chief Administrative Patent Judge

Subject: Guidance on USPTO's recission of "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation"

Date: March 24, 2025

On February 28, 2025, the USPTO rescinded the June 21, 2022 memorandum entitled "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation" ("Interim Procedure"). The Interim Procedure was intended to provide guidance while the USPTO explored potential rulemaking, but the USPTO did not subsequently propose a final rule addressing the Director's and, by delegation, the Patent Trial and Appeal Board's ("Board") exercise of discretionary institution in an *inter partes* review ("IPR") or a post-grant review ("PGR") in view of

Scott R. Boalick,
Chief Administrative Patent Judge

Lightning Round!

Federal Circuit Rule 36

FEDERAL CIRCUIT RULE 36

Entry of Judgment

(a) Judgment of Affirmance Without Opinion.

The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and an opinion would have no precedential value:

(1) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;

(2) the evidence supporting the jury's verdict is sufficient;

(3) the record supports summary judgment, directed verdict, or judgment on the pleadings;

(4) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or

(5) a judgment or decision has been entered without an error of law.

Appellants challenged Federal Circuit's use of "no-opinion" affirmance under Fed. Cir. Rule 36.

Supreme Court denied the cert petitions on March 24, 2025.

***Note:* Denials of cert petitions are non-precedential.**

Further challenges to Rule 36 likely to come.

Section 101 Developments

Federal Circuit:

- ***Astellas v Sandoz***: Courts cannot find a patent 101-ineligible *sua sponte*
- ***Broadband iTV v. Amazon:*** Patents held directed to the abstract, unpatentable concept of targeted advertising
- ***Savvy Dog v. Penn. Coin****:* Patents held directed to the abstract, unpatentable concept of overcoming legal obstacles to e-gambling

Ecofactor v. Google: Fed. Cir. En Banc Review

Challenge to Judge Albright's admission at trial of Ecofactor's damages expert testimony.

Expert assigned a royalty rate based on Ecofactor's unilateral assertions in "comparable" agreements.

Key issue: What constitutes "sufficient facts or data" to admit damages expert testimony under Rule 702(b) & *Daubert* ?

Oral arguments held March 13. Decision forthcoming.

Expanding ITC Jurisdiction

Two recent Federal Circuit decisions expand the scope of "domestic industry" protected under ITC's jurisdiction.

***Lashify*: U.S. economic activities ordinarily associated with importers can qualify.**

***Wuhan*: Even very small companies can satisfy the domestic industry requirement.**

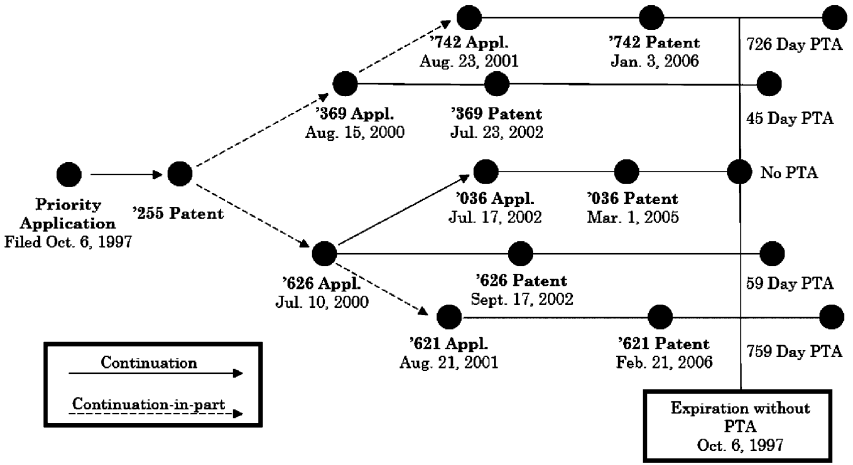
AI Guidance to come in 2025?

- **February 13, 2024 Inventorship Guidance for AI-Assisted Inventions**
  - USPTO acknowledged that AI usage may play an increased role in inventive process, but clarified that in the U.S. inventorship will continue to require substantial human contributions
  - **BUT** will this guidance remain in place?
    - Executive Order 14179 (Jan. 23, 2025) “Removing Barriers to American Leadership in Artificial Intelligence”

Doctrine of Double Patenting - Refresh

- **"The doctrine of double patenting seeks to prevent the unjustified extension of patent exclusivity beyond the term of a patent."**
  - "Same Invention" under 35 U.S.C. § 101; or
  - "Nonstatutory" – prohibits claims in later-expiring patent "not patentably distinct from claims in the first patent"
- **Avoid nonstatutory double patenting through a "terminal disclaimer" that limits patent period to original patent.**

Patent Term Adjustments: *In re Cellect*



Patent term adjustments granted to some variants during prosecution

***Cellect* held that patent term adjustment made the patents "later-expiring" obvious variants**

"Terminal disclaimers were the solution" to this issue

Guardrails on ODP Prior Art: *Allergan USA, Inc. v. MSN Lab'ys Priv. Ltd.,*

Can a "child" patent invalidate its own parent that received a patent term adjustment (and thus expires later)?

Answer:

A "first-filed, first-issued parent patent having duly received PTA" cannot be invalidated by a "later-filed, later-issued child patent with less, if any, PTA"

Thank you!