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Patent Cases To Watch In 2020

By **Ryan Davis**

Law360 (January 1, 2020, 12:04 PM EST) -- All eyes will be on the U.S. Supreme Court as it decides whether to again address the contentious issue of patent eligibility, and the justices will also set guidelines on appeals of inter partes review decisions. Here, Law360 takes a look at those cases and others to watch in the coming year.

Athena Diagnostics Inc. v. Mayo Collaborative Services LLC

It's been nearly six years since the Supreme Court last weighed in on what types of inventions are eligible for patents, and patent owners have complained since then that the previous decisions have been unclear and resulted in too many patents being invalidated. The justices will consider three cases at their Jan. 10 conference that could allow them to tackle the issue again.

The high court sought the government's views on two of those cases, and the U.S. solicitor general said in December that there was no need to hear them. However, the government said that recent Supreme Court decisions on eligibility have been confusing, and suggested that the separate Athena case would allow the court to reconsider its path.

That puts Athena in the spotlight as perhaps the best hope for critics of eligibility law to get the court to revisit its holdings and upend existing precedent that abstract ideas and laws of nature are not patent eligible.

"That case is a good illustration of how patent-eligible subject matter should continue to be front and center in 2020," said Karen Sebaski of Holwell Shuster & Goldberg LLP. "The Supreme Court has an opportunity to clarify whether claims directed to medical diagnostic tests are eligible for patent protection, and really provide, as I think the petition emphasizes, much-needed guidance."

The Federal Circuit held that Athena's patent on a test for diagnosing an autoimmune disease is invalid for claiming only a natural law, although the court split 7-5 on whether to review that decision en banc.

The majority said the invalidity decision was mandated by Supreme Court precedent and the dissenters said it wasn't, but all 12 judges said the law is confusing about what is patent eligible and needs to be clarified by the high court or Congress. That unusual outcome "could sway the court in terms of granting cert," Sebaski said.

"There is mounting pressure and when the solicitor general weighs in and says this is a great case for the Supreme Court to consider, I think that hopefully will carry some weight and they will actually review the case," said Laura Labeots of Lathrop GPM. "That's the one I'm most excited and most hopeful for."

The high court's prior decisions on patent eligibility under Section 101 of the Patent Act were made by a different set of justices, which could influence whether the court decides to take it up again.

"The Supreme Court may be of the view that it's said all it needs to say on 101, but there are two justices now on the court that weren't there the last time 101 went up to the Supreme Court," said John O'Quinn of Kirkland & Ellis LLP. "So Athena is definitely one to keep an eye on."

However, the government appears to be advocating for a full-scale rethinking of eligibility law, and "I seriously doubt the court's inclined to do that," said Nathan Kelley of Perkins Coie LLP.

If the justices believe their prior decisions like Alice and Mayo are working as intended, they might not be inclined to take Athena.

Kelley said the court could instead decide to hear the cases the government advised against taking, known as HP Inc. v. Berkheimer and Hikma v. Vanda, which involve more limited questions related to eligibility, in order to make limited tweaks to the law. He questioned whether people calling for a sweeping overhaul of the issue by the Supreme Court "really want what they're asking for."

"No one has been happy with the decisions they've seen in the last five to ten years, so I don't know why all of a sudden people think they're going to be very happy," he said.

Thryv Inc. v. Click-To-Call Technologies LP

The Supreme Court heard oral arguments in December in this case, which will determine which aspects of the Patent Trial and Appeal Board's decisions to institute review of a patent can be appealed, and could reshape the dynamics of inter partes reviews.

The Federal Circuit has held that the board's decision that an IPR petition was not time-barred can be appealed, providing appellate ammunition for patent owners to attack invalidity decisions. Yet some of the justices appeared inclined to bar such appeals, suggesting it is undesirable to undo the board's expert decision that a patent is invalid because solely on timing issues.

If that's the way the court rules, the number of issues that can be raised on appeal would dwindle, to the detriment of those appealing decisions invalidating patents. While the case is focused on the time bar, attorneys said they expect the court to set some broader guidance about what is and is not appealable in PTAB institution decisions.

"That's going to be a big case if that's what they do," Kelley said. "There are so many appeals now and there are so many issues about institution. That could really change things."

While limiting appellate review "would give the PTAB the final say over the decision of whether to institute a particular IPR petition, the potential impact of a contrary decision on the efficient and cost-effective nature of IPR proceedings was front and center" at the arguments, Sebaski said.

Arthrex Inc. v. Smith & Nephew Inc.

The Federal Circuit **ruled** on Oct. 31 that the structure of the PTAB is unconstitutional, saying its judges did not have sufficient oversight from the director of the U.S. Patent and Trademark Office. Further litigation over the fallout of that holding will be closely watched this year.

"This is affecting a huge number of cases. Somehow or another I suspect it's going to be heard en banc," said Mel Bostwick of Orrick Herrington & Sutcliffe LLP.

The appeals court fixed the board's constitutional flaw by stripping away civil service protections for PTAB judges, saying that letting the director fire them without cause would provide the needed supervision. The government and both parties in the case have all asked the court to rehear that decision en banc, and the full court could find that the board is in fact constitutional, or that the remedy the panel chose was incorrect.

Some patent owners have argued that not only is the board's structure unconstitutional, the Federal Circuit has no power to fix it, and that only Congress can do that. Perhaps with that argument in mind, lawmakers have begun mulling potential legislation on the issue.

The issue is replete with moving parts to watch, but it seems certain that unless Congress swiftly passes a new law, contentious further litigation on it will continue throughout the year as the court grapples with whether there is a constitutional issue and if so, how to fix it.

"That's one that I think has very a good chance of the court granting rehearing en banc to decide any number of questions," O'Quinn said.

Collabo Innovations Inc. v. Sony Corp.

When the Supreme Court ruled in 2018 that it was constitutional for the PTAB, as opposed to a court, to invalidate patents in America Invents Act reviews, it left several other constitutional issues unresolved, including whether it is permissible for patents that issued before the law passed to be subject to review. That issue has now made its way up to the high court.

Since the justices have upheld the constitutionality of IPRs once before "that issue doesn't strike me as one particularly powerful for court, but it is still hanging out there," O'Quinn said.

Collabo asked the high court in November to rule that patents that pre-date the AIA are immune from inter partes review, arguing that the system the law established invalidates so many patents that if potential patentees knew it was going to be created, they never would have sought patents to begin with.

It's not clear whether that will resonate with the justices, especially since there were similar mechanisms for challenging patents long before the AIA was passed. However, if the court takes the case and issues a decision exempting millions of patents from IPR, it would be a sweeping change in the patent landscape.

"I'm skeptical, but there have been plenty of surprises before on what the Supreme Court is interested in in this area," Bostwick said.

Others to watch:

Regents of the University of Minnesota v. LSI Corp: The university's cert petition asks the Supreme Court to overturn a Federal Circuit ruling that states do not have sovereign immunity from challenges to their patents at the PTAB. The justices will consider whether to take the case at their Jan. 10 conference.

General Electric Co. v. United Technologies Corp.: GE has until January to file a cert petition at the high court requesting review of a decision that the company lacks standing to appeal a PTAB decision upholding a patent it challenged, because it failed to show it is at risk of being accused of infringement.

Facebook Inc. v. Windy City Innovations LLC: The Federal Circuit will determine in this pending case if decisions by the PTAB's Precedential Opinion Panel are entitled to Chevron deference on appeal.

--Editing by Rebecca Flanagan.