



Silicon Valley Chapter
Advancing Intellectual Capital Management

“IP 2021 Year in Review”

February 3, 2022

Panelists:

Stephen Koziol, Acting Director, Silicon Valley USPTO

Joseph Yang, Tech & IP Transactions Partner, PatentEsque Law Group. LLP

Michael Zachary, Partner, Bunsow DeMory LLP

Nick Aries, Partner, Bird and Bird

**UNITED STATES
PATENT AND TRADEMARK OFFICE**

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Notice

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USPTO Updates and PTAB Trial Statistics

Fiscal Year 2021

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Agenda

- USPTO updates
- Interim Director review update
- FY21 PTAB statistics
- FY21 Reexamination statistics

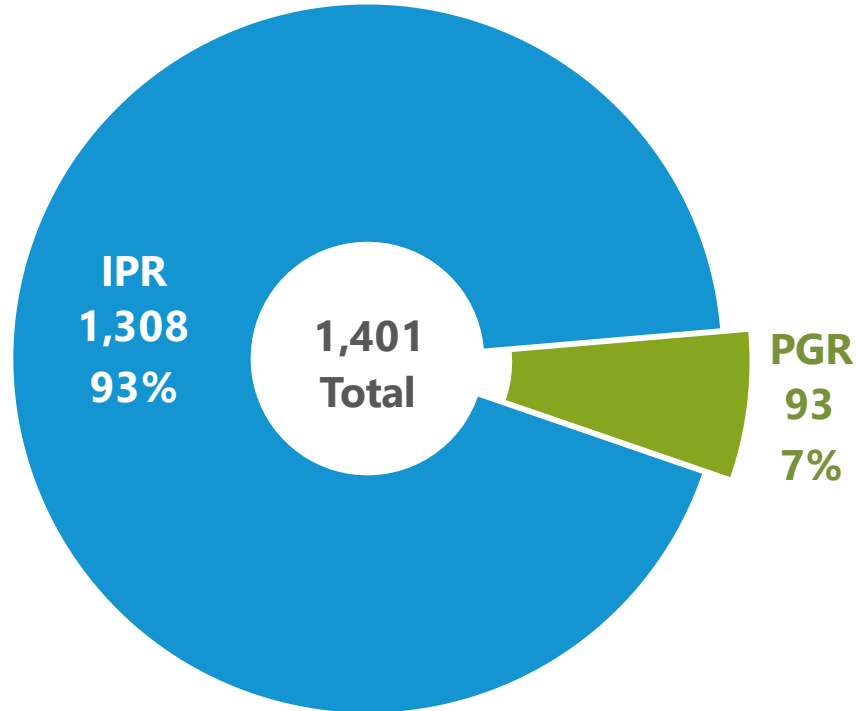
Nominee for Director of USPTO: Kathi Vidal

- President announced his intent to nominate on October 26; nomination received in Senate on October 28
- Managing partner at Winston & Strawn LLP
- Status:
 - Hearing before the Senate Judiciary Committee (December 1, 2021)
 - Committee vote (January 13, 2022)
 - Vote by the full Senate (TBD)



Petitions filed by trial type

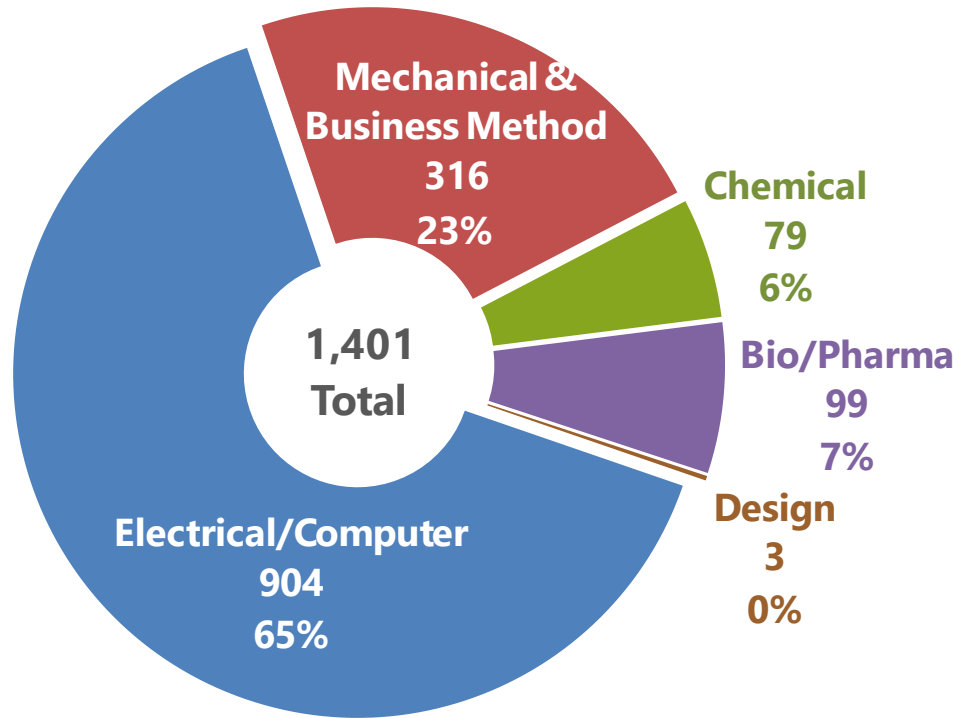
(FY21: Oct. 1, 2020 to Sept. 30, 2021)



Trial types include Inter Partes Review (IPR), Post Grant Review (PGR), and Covered Business Method (CBM). The Office will not consider a CBM petition filed on or after September 16, 2020.

Petitions filed by technology

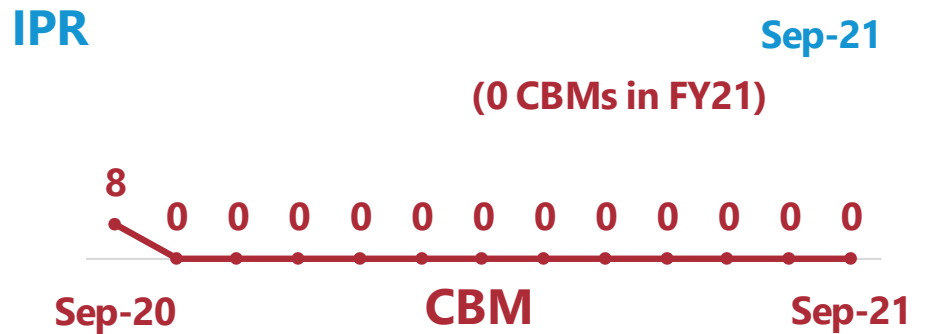
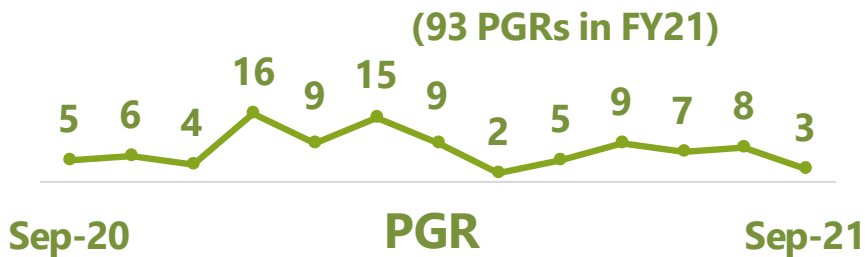
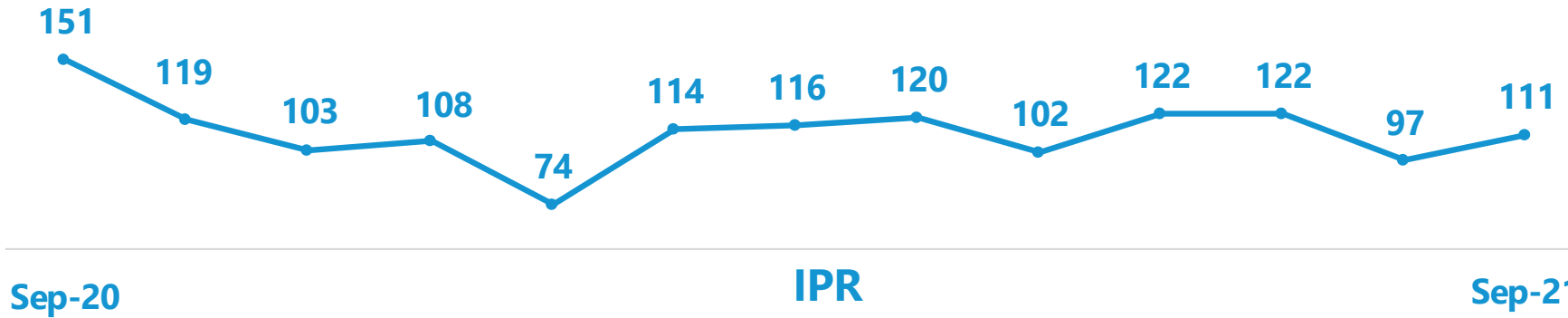
(FY21: Oct. 1, 2020 to Sept. 30, 2021)



Petitions filed by month

(Sept. 2021 and Previous 12 Months: Sept. 1, 2020 to Sept. 30, 2021)

(1,308 IPRs in FY21)

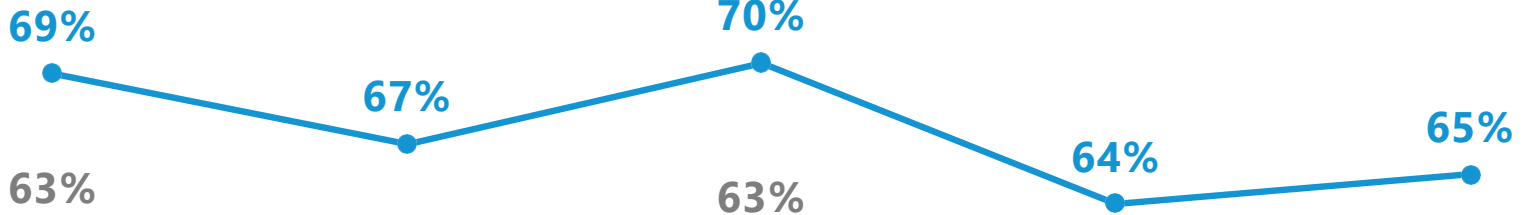


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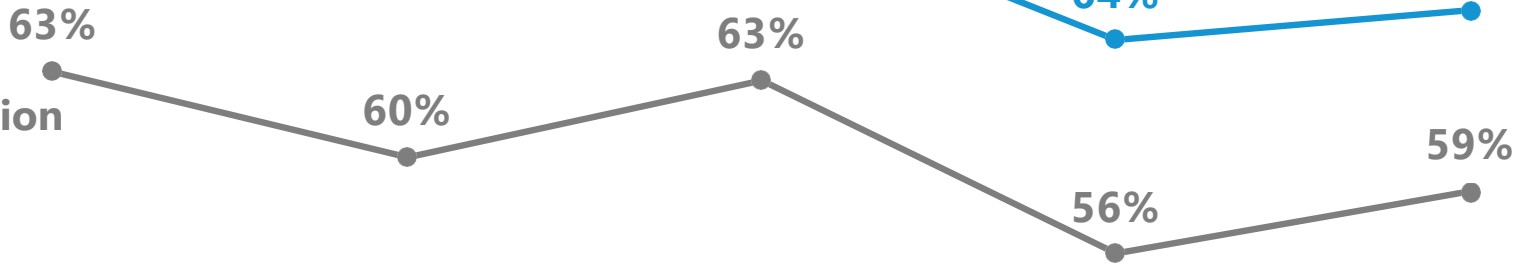
Institution rates by patent and by petition

(FY17 to FY21: Oct. 1, 2016 to Sept. 30, 2021)

by Patent



by Petition



FY17

FY18

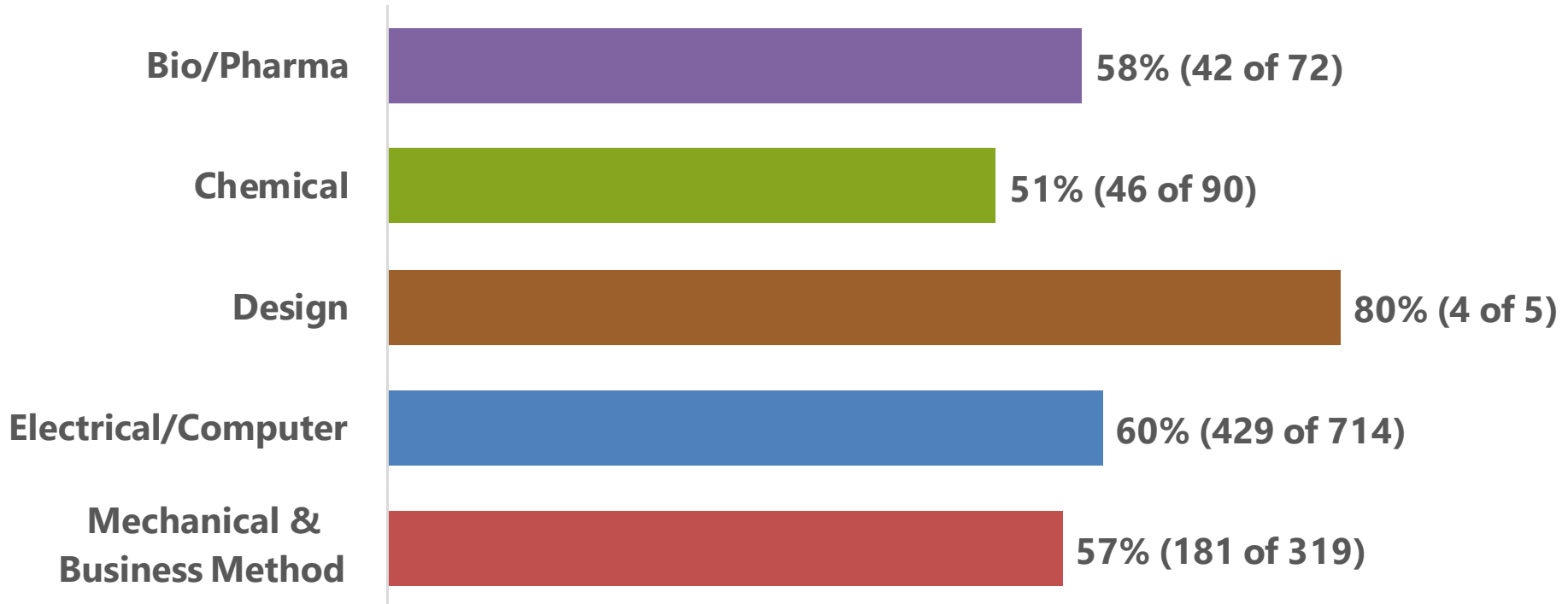
FY19

FY20

FY21

Institution rates by technology

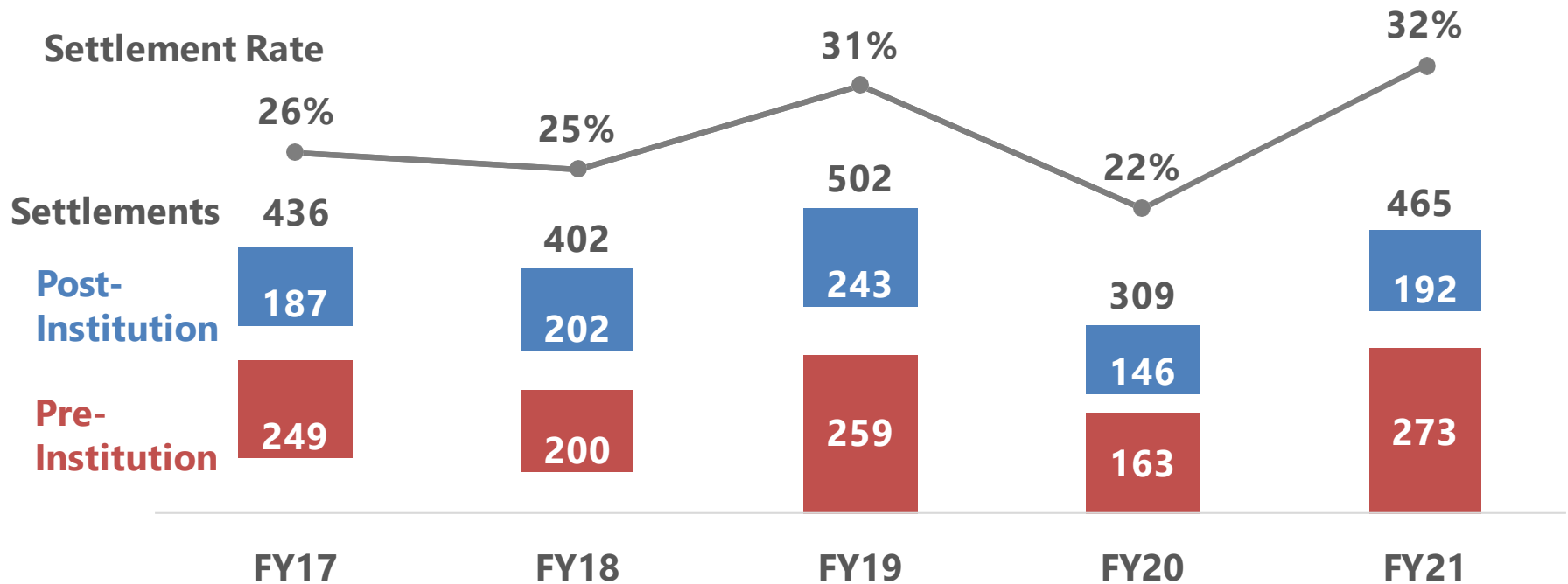
(FY21: Oct. 1, 2020 to Sept. 30, 2021)



Institution rate for each technology is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

Settlements

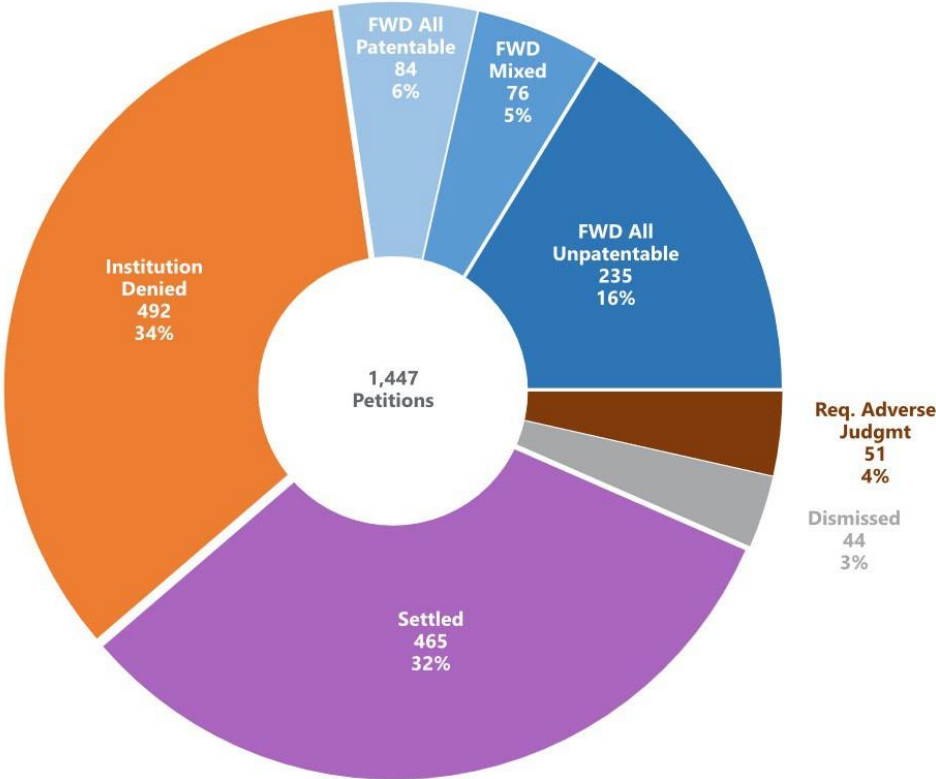
(FY17 to FY21: Oct. 1, 2016 to Sept. 30, 2021)



Settlement rate is calculated by dividing total settlements by concluded proceedings in each fiscal year (i.e., denied institution, settled, dismissed, requested adverse judgment, and final written decision), excluding joined cases.

Outcomes by petition

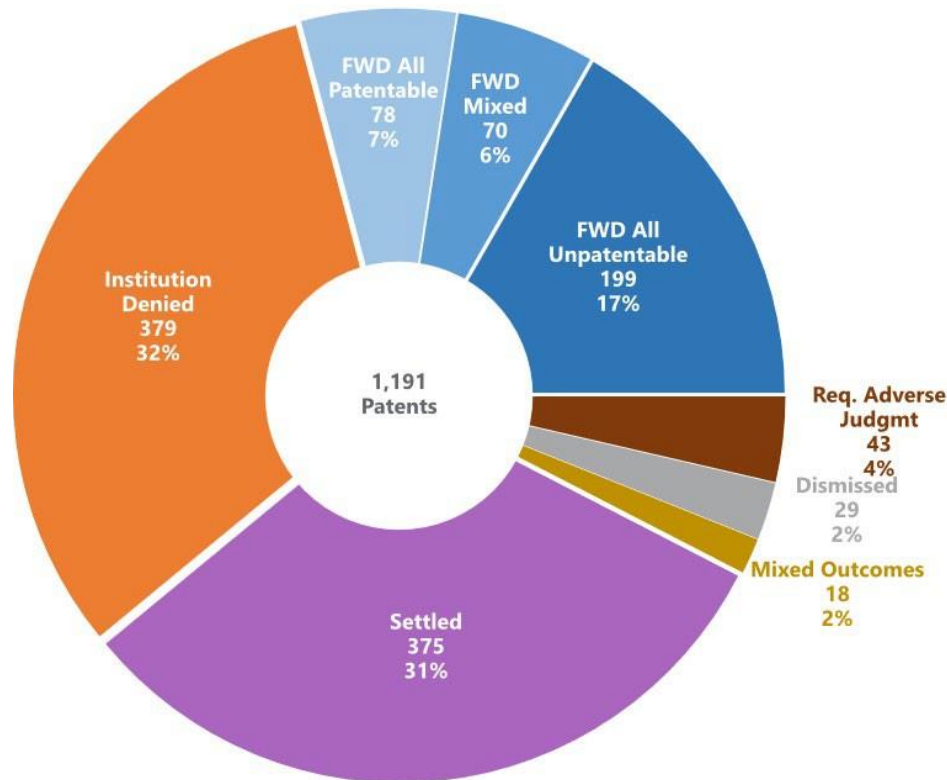
(FY21: Oct. 1, 2020 to Sept. 30, 2021)



FWD patentability or unpatentability reported with respect to the claims at issue in the FWD. Joined cases are excluded.

Outcomes by patent

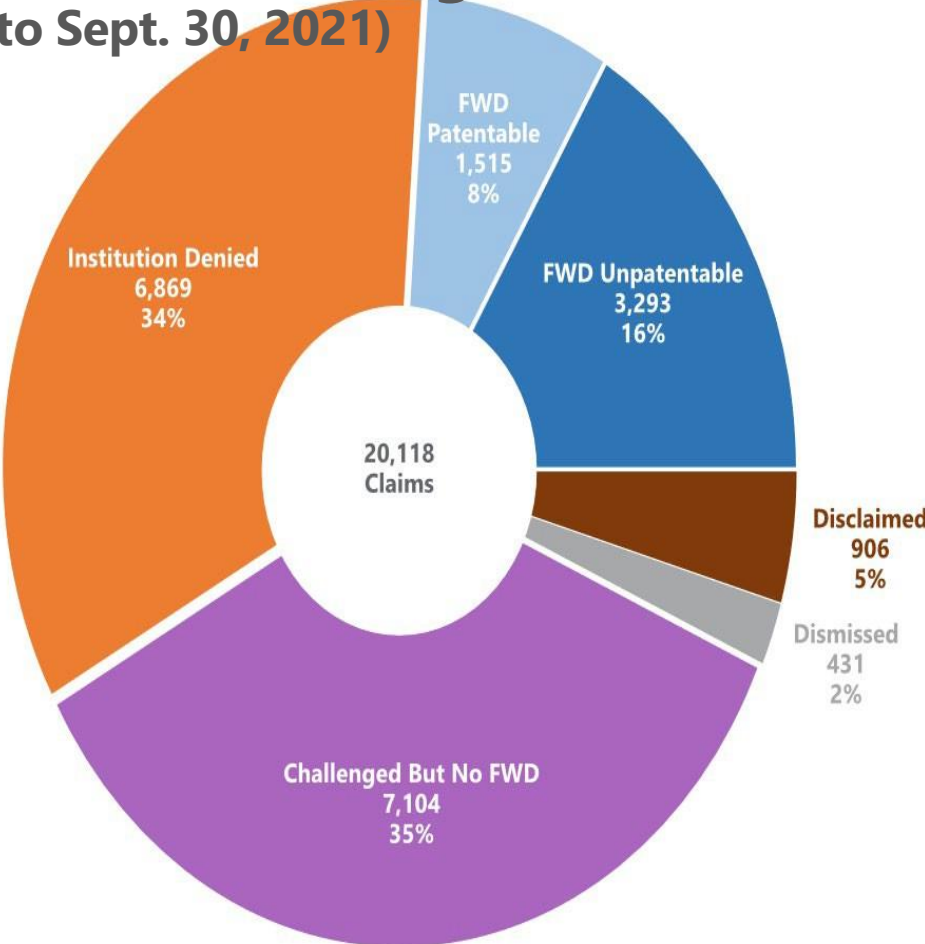
(FY21: Oct. 1, 2020 to Sept. 30, 2021)



FWD patentability or unpatentability reported with respect to the claims at issue in the FWD. "Mixed Outcome" is shown for patents receiving more than one type of outcome from the list of: denied, settled, dismissed, and/or req. adverse judgement only. A patent is listed in a FWD category if it ever received a FWD, regardless of other outcomes.

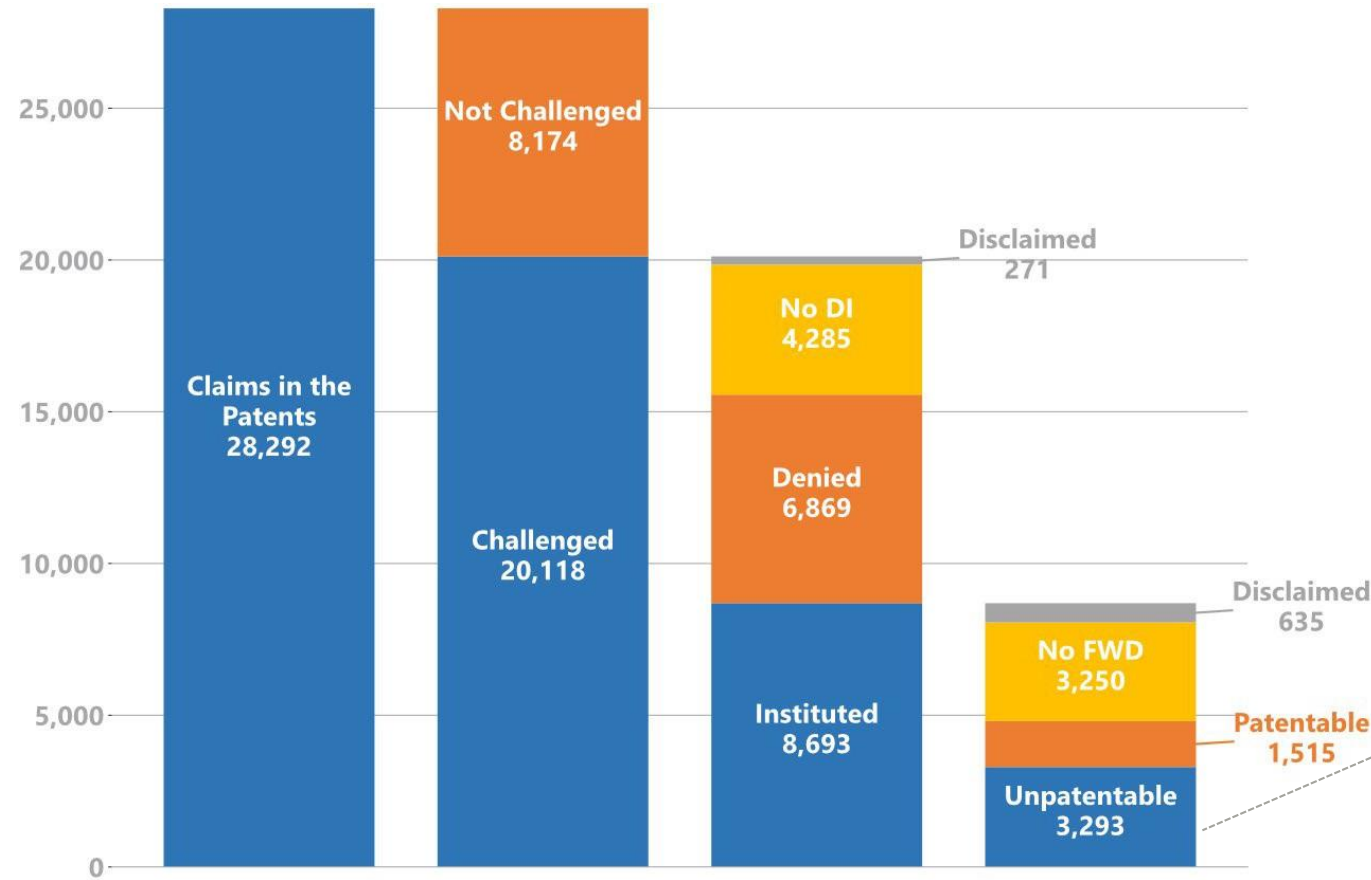
Outcomes by claim challenged

(FY21: Oct. 1, 2020 to Sept. 30, 2021)



Claim outcomes

(FY21: Oct. 1, 2020 to Sept. 30, 2021)

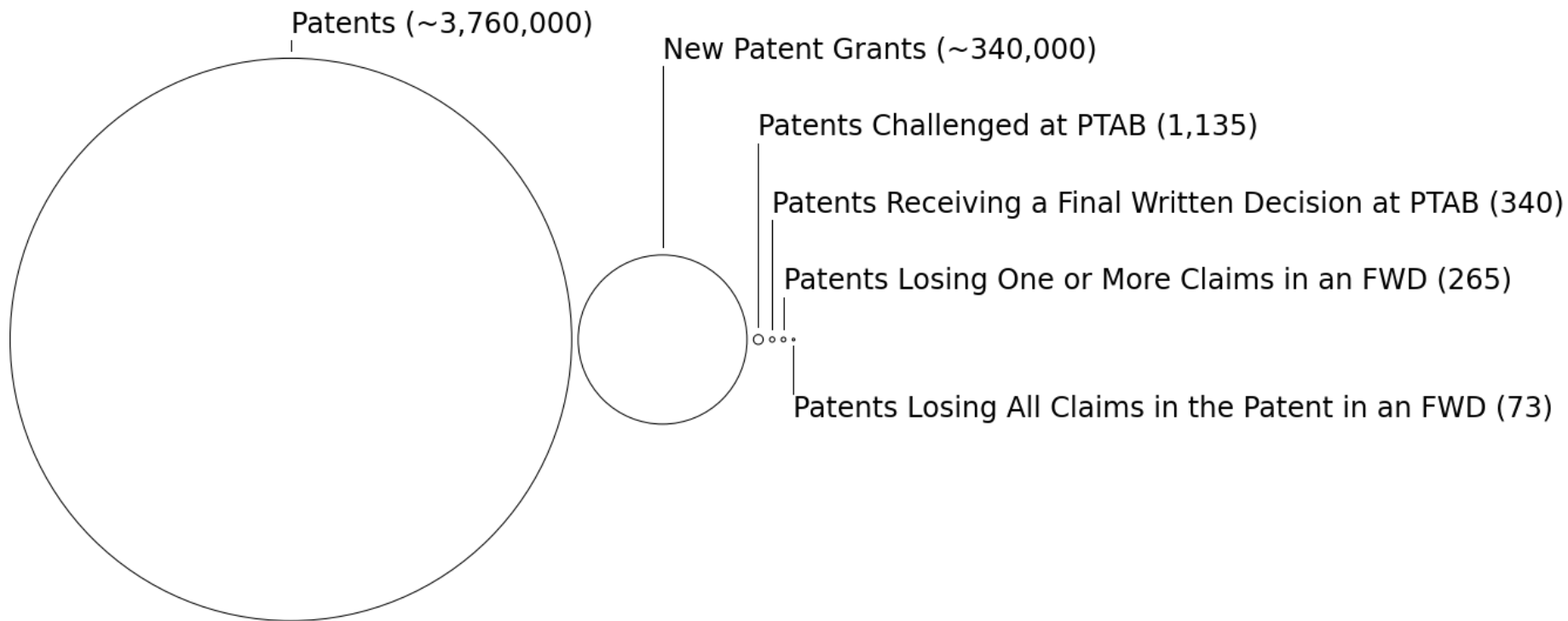


"No DI" and "No FWD" means the claim was challenged but not addressed in a DI/FWD, e.g., due to settlement.

16% of challenged claims and 38% of instituted claims were found unpatentable by a preponderance of the evidence in FY21.

All patents

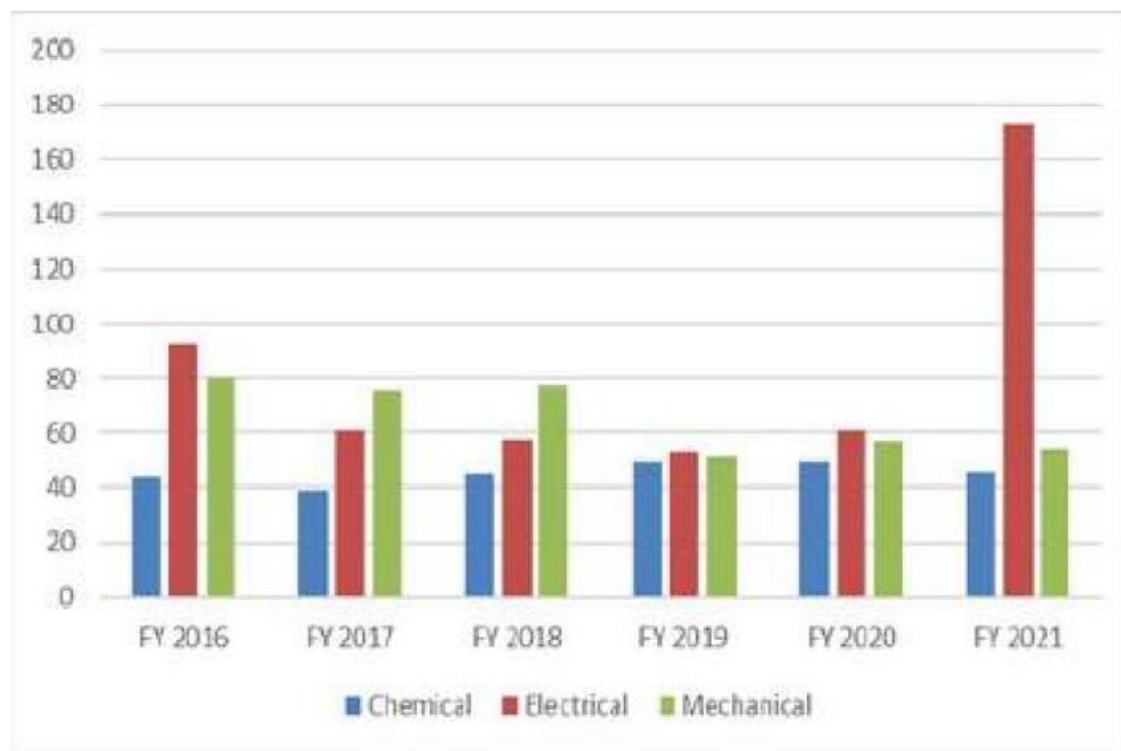
(FY21: Oct. 1, 2020 to Sept. 30, 2021)



The area inside each circle is scaled to the number of patents in the category.

Ex parte reexamination Filings

- 1168 filed since 2016
- 62% increase from FY20 to FY21
 - FY20 filings: 168
 - FY21 filings: 273
- 345 currently pending





PATENTESQUE LAW GROUP, LLP

RECENT DEVELOPMENTS IN IP/TECH LICENSING: 2021 IN REVIEW

**Licensing Executives Society
Silicon Valley Chapter
February 3, 2022**

**Joseph Yang, Esq.
PatentEsque Law Group, LLP
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RECENT LEGAL DEVELOPMENTS AFFECTING IP/TECH LICENSING

- I. **Owned / Licensable Subject Matter:** Copyrights (Software APIs)
- I. **Owned / Licensable Subject Matter:** Copyrights (Work Made for Hire)
- I. **Owned / Licensable Subject Matter:** Data / Models
- II. **Grant of Rights:** Release Scope (Downstream Entities)
- III. **Grant of Rights:** Release Scope (Payments)
- V. **Patent Challenge:** Assignor Estoppel
- V. **Patent Challenge:** License
- V. **Patent Challenge:** Covenant Not to Sue
- V. **Patent Challenge:** Venue
- VI. **SEPs / RAND**
- VII. **Summary**

I. OWNED / LICENSABLE SUBJECT MATTER: COPYRIGHTS (SOFTWARE APIS)

A. Background & Facts:

1. Copyright protects expression, not ideas (or functionality)
 - a. Limited by merger (idea $\leftarrow \rightarrow$ expression: limited ways to express), scenes-a-faire (standard elements) & **fair use** (transformative use) doctrines
 - b. SW is copyrightable, but scope is often unclear
 - i. **APIs** (application program interfaces)
2. **Sun** (later acquired by **Oracle**) developed **Java** programming language
3. Google wanted Android to **piggyback** on Java
 - a. Didn't take commercial license
 - b. **Copied 37 (out of 166) APIs**
4. Oracle sued Google for copyright infringement: **PING-PONG MATCH**
 - a. Dist. Ct. (Jury): Copyright **infringement**; **Deadlocked** on **fair use**
 - b. Dist. Ct. (Judge): APIs **not copyrightable**
 - c. Fed. Cir.: **Copyrightable + remanded (fair use)**
 - d. Dist. Ct. (Jury): **Fair use**
 - e. Fed. Cir.: **No fair use**

B. Issues & Holdings:

1. Are APIs copyrightable? DID NOT DECIDE
2. Fair use (17 USC 107)? YES
 - a. Purpose & character of use: Transformative - allowed Java programmers to work in different environment
 - b. Nature of work: Value of user interface derives from Java programmers' invested knowledge (implying not from the work itself)
 - c. Amount and substantiality of use: LOW – copied only what was needed to allow Java programmers to work in Android environment
 - d. Effect on market for product: Protect programmers' accumulated skills

Google v. Oracle (U.S. Apr. 2021)

C. Comments: Controversial case

1. Market for SW product (Fed. Cir.) vs. market for programmers (S. Ct.)
2. Skipped over threshold issue of copyrightability of APIs

I. OWNED / LICENSABLE SUBJECT MATTER: COPYRIGHTS (WORK MADE FOR HIRE)

A. Background:

1. Copyright ownership

a. “Work made for hire”

i. Limited categories of works **specifically ordered / commissioned** as WMFH. *17 USC 101*

ii. Works made by **employees (not independent contractors)**

A. © law has **13-factor test**. *CCNV v. Reid*, 490 U.S. 730 (U.S. 1989) (control, skill, employee benefits, tax treatment, additional projects, duration, payment method, source of instrumentalities & tools, location, schedule setting discretion, hiring assistants, business entity, business type)

B. *Reid* also **allows other** relevant (unspecified) **factors**

b. Assignment

i. Potential “**termination of transfer**” after 35 years. *17 USC 203*.

B. Facts:

1. Miller wrote “**Friday the 13th**” **screenplay** for Manny, Inc.

2. Miller was Writers Guild of America member, so Miller – Manny, Inc. used **WGA “collective bargaining” contract form**, including “employee agreement”
 - a. Landmark *labor law* case that **writers are employees** of production companies, **allowing WGA** to unionize and negotiate for writers under labor law. **MGM**, 7 NLRB 662 (1938)
3. Miller purportedly **terminated the transfer** (assignment) after 35 yrs

C. Issues & Holdings:

1. Was Miller an **independent contractor under copyright law**, and thus **entitled to terminate** the transfer? **YES**
2. Is **labor law definition** of **employee** status dispositive? **NO**
 - a. © and labor law service different purposes
 - b. Can be employee under labor law and IC under © law
 - c. *CCNV v. Reid* determines employee v. IC for © law
3. Is labor law status (i.e., union membership) another *Reid* factor? **NO**
4. Should *Reid* analysis give “*great weight*” to labor law status? **NO**
5. What *Reid* factors are most important?
 - A. Control, skill, employee benefits, tax treatment (e.g., withholdings), right to assign additional projects

Horror v. Miller (2nd Cir. Sep. 2021)

I. OWNED / LICENSABLE SUBJECT MATTER: DATA / MODELS

A. Background & Facts:

1. Company **improperly obtained** and/or **retained** (e.g., after stated retention period) **user data**
 - a. Biometric data – face scans
2. Company **created models** based on the improperly collected / retained data
 - a. AI/ML facial recognition technology

B. Issues & Holdings:

1. Can company **retain** the **data**? **NO** (consent decree)
2. Can company **retain models** created using the data? **NO** (consent decree)

In re Everalbum (FTC, Jan. 2021)

C. Comments & Practice Tips:

1. **Prior FTC settlements** (Google, Facebook) **didn't require deleting models**
2. Licensors: Data is not an IPR (in the US), but still need consent to collection and usage (particularly user data)
 - a. Don't make promises you can't keep
 - b. Beware "**fruit of the forbidden tree**"
3. Licensees: Think about reps & warranties (& maybe remedies) regarding data-derived models – all necessary rights, not just IPR

II. GRANT OF RIGHTS: RELEASE SCOPE (DOWNSTREAM ENTITIES)

A. Background & Facts:

1. **Patent exhaustion:** Patentee-authorized sale of patented device exhausts rights against downstream entities
2. Dr. Berall patented medical device
3. **Sued unlicensed manufacturer-supplier (Aircraft) and distributor (LMA, which later merged into Teleflex)**
 - a. Teleflex / LMA are not related to Aircraft
4. **Berall and Aircraft settled: Release** of Aircraft and affiliates for **past & future infringement**
5. Teleflex / LMA argued the release exhausted the patent against their (past) activities based on Aircraft's sales

B. Issue & Holding:

1. Did **release of manufacturer exhaust** patent against **distributor**? **NO**
 - a. LMA / Teleflex are not affiliates of Aircraft
 - b. Release **did not authorize** Aircraft's **sales** to Teleflex / LMA, but merely **eliminated infringement liability**
 - i. Certainly did **not authorize past sales at the time they occurred**

Berall v. Teleflex (SDNY Sep. 2021)

C. Comments & Practice Tips:

1. **Release** (not **license**) for future activity
2. Might **distributor** (Teleflex) could still have an **indemnity / R&W claim against seller** (Aircraft)?
3. **Grantee:**
 - a. Get **release of downstream entities** as well
 - b. Get **authorization of sales** (e.g., add special wording to the release, or structure as **retroactive license**)
 - c. Get agreement as to **exhaustion**
4. **Patentee:** Keep the grants constrained (as was the case here)

III. GRANT OF RIGHTS: RELEASE SCOPE (PAYMENTS)

A. Background & Facts:

1. License agreement

- a. Hospitals licensed patents to (predecessor of) Esoterix
- b. **Typical royalties clause**
 - i. % of sales during a reporting period
 - ii. “**Due and payable**” for a reporting period **after** end of the period
- c. Typical sublicensing income clause
 - i. % of sublicensing income “paid” and “actually received”
- d. Agreement governed by Massachusetts law
- e. **Dispute over payments** → release and settlement agreement

2. Release and settlement agreement

- a. **Effective** Date of release = **middle** of **reporting period**
- b. **Release** of all obligations, claims, liabilities, causes of action, etc. “*that may have arisen prior to the Effective Date*”
- c. Hospitals: Payments due for **sales activity / income before Effective Date** to extent **not “due and payable”** until after Effective Date
- d. Esoterix: Payments only due for **sales activity / sublicensing income occurring after the Effective Date**

B. Issue & Holding:

1. Were **payments due only** for **post-Effective Date activity / income**? **YES**
 - a. Payments based on activities prior to Effective Date were released, even though not yet due and payable
 - b. **Payment is compensation for** engaging in the licensed patent-infringing **act**
 - c. **Payment deadline specifies when breach for failure to pay occurs, not when** the obligation is **incurred**
 - d. The debt is **created earlier** and **postponed until its due date**
 - e. Also supported by **payment-acceleration-upon-termination provision** (“*all ... payments **accrued** or due as of the termination date shall become immediately payable.*”)
 - f. Court characterized provisions as “*run-of-the-mine*” (i.e., typical)

General Hospital v. Esoterix (1st Cir. Oct. 2021)

C. Comments:

1. **Sloppy drafting** of release by the licensor
2. **Failure to think** through possible issues

V. PATENT CHALLENGE: ASSIGNOR ESTOPPEL

A. Background & Facts:

1. Inventor assigned patent application to his company
2. Inventor later formed a new company, making an improved device
3. Assignee (prior company) sued the new company for infringement
4. Inventor (now at new company) challenged validity of patent
5. Prior company (assignee) raised assignor estoppel as a defense

B. Issues & Holdings:

1. Is assignor estoppel a valid doctrine? YES
2. What is the scope of assignor estoppel? LIMITED
 - a. Only applies where inventor-assignor made an express (or implied) representation / warranty about the scope of the claims
 - i. Assignment usually carries an implied R&W of validity
 - ii. But no assignor estoppel where
 - A. Invalidity results from law change, not inventor arguments
 - B. Assignment is of patent application (inchoate), not a patent
 - C. Assignee expanded scope of claims after assignment
 - D. Employee-inventor assigns future (not yet created) rights
 - E. Assignor merely construes claims

Minerva Surgical v. Hologic (U.S. Jun. 2021)

C. Comments & Practice Tips:

1. **Controversial** decision – **eliminates** simple **bright line rule**
2. Opinion uses “**inventor**” and “**assignor**” **interchangeably** – both as **persons**
 - a. **Unclear** whether / how case **applies** to **downstream** assignments
3. **Assignee** (seeking to bar assignor from challenging patents):
 - a. Get **assignor** to **waive** right to **challenge validity**
 - i. Also **prohibit assignor** from **construing claims** for self / 3P in litigation
 - b. **Don't allow** assignor to **disclaim implied warranty** of validity
 - i. Get **confirmatory (re-)assignments** as to **final claims**
 - c. Include **express reps & warranties** of validity
 - i. State reps & warranties as **applicable** to **final claims**
4. **Assignor** (seeking to preserve ability to challenge patents):
 - a. Reserve right to challenge invalidity (impractical?)
 - b. Disclaim representations and warranties of validity
 - c. Limit reps & warranties
 - i. Present & actual knowledge
 - ii. Claims as filed, not claims as issued
 - d. Argue as to how to construe claims, but not about invalidity
 - e. Avoid confirmatory (re-)assignments as to final claims
5. Remember that **assignor estoppel** is **N/A to IPRs**. **Arista** (Fed. Cir. 2018)

V. PATENT CHALLENGE: LICENSE

A. Background & Facts:

1. Public policy favors patent challenges (even by licensees)
 - a. **Can't estop** licensee from **challenging patents**. *Lear v. Adkins* (U.S. 1969) (overturning “licensee estoppel” doctrine)
 - b. Licensee arguing no **royalties** due **based on invalidity** doesn't have to breach agreement (e.g., stop paying) to challenge the patents. *Medimmune* (U.S. 2007)
2. Venues
 - a. U.S. Constitution, **Article III**, requires “**case and controversy**” between parties for access to courts
 - i. DJ act requires “**actual controversy.**” 28 USC 2201(a)
 - b. Some legal proceedings (e.g., **IPR** in **PTAB**) are before **administrative agencies (not courts)**
3. Qualcomm & Apple patent dispute
 - a. Qualcomm sued Apple in U.S. Dist. Ct.
 - b. Apple filed IPR to invalidate Qualcomm patents
 - c. Apple & Qualcomm **settled** with patent license agreement
 - d. **Apple** (licensee) **lost IPR**
 - e. **Apple tried to appeal IPR loss in court**

B. Issues & Holding:

1. Did **license eliminate** the “**actual controversy**” and thus the **appeal** of IPR loss? **YES**
 - a. **Medimmune doesn't save Apple**: Apple did **not argue royalties depended on validity**
 - b. Apple's claimed it faced risk of suit after license expired – Fed. Cir. found too speculative

Apple v. Qualcomm (Fed. Cir. Apr. 2021)

Apple v. Qualcomm (Fed. Cir. Nov. 2021)

C. Comments & Practice Tips:

1. Licensors: **Avoid contractually tying** (each) **payment** to patent **validity**
2. Licensees: Contractually **tie payments** to patent **validity**

V. PATENT CHALLENGE: COVENANT NOT TO SUE

A. Background:

1. Sometimes **patentees allow** sales by an **upstream** entity (e.g., component supplier) in order to **monetize downstream** (e.g., device maker)
 - a. Because there's **more money downstream**
 - b. Patent **exhaustion** problem -- the **authorized sale** of a patented item (e.g., made **under a license** to an upstream entity) exhausts the patentee's rights against entities downstream of the sale
2. Can **patentees grant non-license rights upstream**, to **avoid exhaustion**?
 - a. **Release** – see *Berall v. Teleflex, supra*.
 - b. **Covenant Not to Sue**
 - i. **Traditional** view is that CNTS is **personal** to the grantee and doesn't encumber the patents (unlike a license)
 - ii. But see *Transcore* (Fed. Cir. 2009) (Unrestricted **CNTS exhausts** similarly to a license)
 - iii. And *Molon* (Fed. Cir. 2020) (dicta?) (CNTS is **equivalent** to a license)
 - iv. And *Organic Seed Growers v. Monsanto* (Fed. Cir. 2013) (**public statements** of non-suit have **similar effect** as CNTS and bar DJ)

B. Facts:

1. VoIP-PAL had long history of litigating patents against AT&T & its customers (esp. in W.D. Tex.)
2. **AT&T sought DJ** of noninfringement and invalidity (in N.D. Cal.)
3. VoIP-PAL gave **covenant-not-to-sue covering AT&T**, but **not AT&T's customers**
4. VoIP-PAL sought motion to dismiss based on CNTS
 - a. Wanted to avoid exhaustion
 - b. Argued **CNTS eliminated** any “**actual controversy**” with AT&T

C. Issues & Holdings:

1. Should court **dismiss** AT&T's **DJ** motion? **NO**
2. **CNTS** was **insufficient** to indicate that VoIP-PAL intended to stop litigation
 - a. **Customers not protected**
 - b. Texas litigations ongoing

Apple v. VoIP-PAL.COM (N.D. Cal. Aug. 2021)

D. Comments & Practice Tips:

1. More ability to sue downstream ← → more DJ risk
2. Even so, DJ is usually **totality of circumstances**

V. PATENT CHALLENGE: VENUE

A. Background & Facts:

1. A party to an agreement may wish to challenge the counterparty's patents
 - a. Technology evaluator sued after launching competitive product
 - b. Patent licensee suing to reduce its royalty burden
2. Agreement often specifies exclusive venue clause for disputes
 - a. Under agreement
 - b. Arising out of agreement
 - c. Related to / In connection with agreement
3. Exclusive venue in court (if enforceable) would bar IPRs (PTAB)

B. Issue & Holding: Does venue clause govern (bar) IPRs?

1. YES. *Dodocase v. MerchSource* (Fed. Cir. 2019) (nonprecedential) (Disputes “*arising out of or under*” patent license agreement; Affirming injunction to withdraw IPRs)
2. YES. *Nomadix* (9th Cir. Sep. 2021 (unpublished)) (Disputes “*in connection with*” patent license agreement; Patent validity affects obligation to pay royalties)

3. NO. *MaxPower v. ROHM* (Fed. Cir. Sep. 2021) Disputes “*arising out of or relating to [technology license agreement]*”; But patentee can ask court to enjoin challenger from proceeding with IPR)
4. NO. *Kannuu v. Samsung* (Fed. Cir. Oct. 2021) (Disputes “*arising out of or relating to [evaluation NDA] or contemplated transactions*”; Connection between NDA and IPR is **too tenuous**; Parties **could have entered contract applicable to IPRs** but **didn't**)

C. Comments & Practice Tips:

1. **Mixed bag**. No definitive rule.
2. **Patent licensor** (seeking to **bar IPRs**) should:
 - a. Recite **broad range of disputes subject to venue** clause
 - b. Expressly **mention patent validity** challenges in venue clause
 - c. Get other party to agree not to challenge venue clause
 - d. Recite **benefit of bargain, essential term** (unusual)
3. **Patent licensee** (seeking to **allow IPRs**) should do the **opposite**

VI. SEPs / RAND

A. Background:

1. **Standards-essential patents** (e.g., **connectivity** for phones, cars, IoT)
2. **RAND** licensing obligation
3. **Patentees v. implementers** (i.e., **chip** → **module** → **device/OEM**)
 - a. **Which level** takes the **license** & pays (i.e., “**License to all**”?)
 - b. What is the **royalty base** (i.e., chip vs. module vs. device)?
 - c. **Methodology**
 - i. **Bottom-up: Comparable** royalties for those SEPs (**no cap**)
 - ii. **Top-down: Aggregate** royalty for all SEPs (**cap**), then **pro-rate**?
 - d. ND = **MFN**?
3. **Initially**, major **wins** for **implementers** in trial courts:
 - a. **TCL v. Ericsson** (C.D. Cal. 2017) (top-down; no \$/unit; same % to all)
 - b. **FTC v. Qualcomm** (N.D. Cal. 2019) (obligatory “**license to all**”; End “no license no chips”)
4. But **reversed** on appeal:
 - a. **TCL v. Ericsson** (Fed. Cir. 2019) (**overturned implementer-friendly royalty calculation methodology**); *cert. denied* (U.S. 2020)
 - b. **FTC v. Qualcomm** (9th Cir. 2020) (**no “license to all”**; **SSPPU** patent law apportionment principle **N/A** to antitrust case)

- B. What Happened in U.S. in 2021 (patentee wins):
1. *TCL v. Ericsson*: Parties settled in Jul. 2021 (patentee win)
 2. *FTC v. Qualcomm*: FTC decided in 2021 **not** to **appeal** to **S. Ct.** (patentee win)
 3. *Ericsson v. HTC* (5th Cir. Aug. 2021)
 - a. Patent law damages / apportionment approach (e.g., **SSPPU**) is **not applicable** to breach of contract action
 - b. Non-discrimination does **not** mean **MFN**
 3. *Ericsson v. Apple* (pending – filed in Oct. 2021 in E.D. Tex.)
 - a. Background: *2019 Apple RAND Policy Statement* (aka “*Apple RAND Manifesto*”)
 - i. Traditional patent law principles should apply
 - ii. Patentee should prove, for each specific SEP: essential, infringed, not invalid/unenforceable/licensed/exhausted
 - iii. Royalty should use top-down approach
 - iv. Should use SSPPU – same royalty base for all – not ASP / not end user device / not value to user
 - v. No SEP injunctions unless implementer fails to comply with final court judgment, is bankrupt, or is beyond court jurisdiction (strange)

vi. No non-SEP injunctions if used to obtain SEP leverage

<https://www.apple.com/legal/intellectual-property/frand/>

- b. Ericsson sought DJ that its offer & behavior were reasonable
 - i. Challenging Apple RAND Manifesto ii (proof by patentee)
 - ii. Challenging Apple RAND Manifesto iv (SSPPU, not end user device, not value to user)

C. Quick Comments About Europe (patentee wins):

1. Implementers cannot engage in “hold-out” behavior
2. Judges can set worldwide rate (contract not patent approach)
3. No MFNs
4. Recent cases to consider
 - a. *Optis v. Apple* (High Court of England & Wales Sep. 2021) (Apple not entitled to RAND unless Apple commits to accept court-determined global RAND rate)
 - b. *Sisvel v. Haier II* (FCJ Germany Nov. 2020) (implementers cannot “hold out”)
 - c. *Nokia v. Daimler* (Jun. 2021 settlement + withdrawal of challenge to *Sisvel V. Haier* principles in CJEU)

VII. SUMMARY

A. Developments Favorable to IP Owners / Licensors:

1. Trade secret viable over imperfect secrecy (*LifeSpine*)
2. No rights in models created from unauthorized data usage (*In re Everalbum*)
3. Release does not exhaust patents (*Berall*)
4. Patent law damages / apportionment (e.g., SSPPU) not applicable to RAND license dispute (*Ericsson v. HTC*)
5. Non-discrimination does not imply MFN (*Ericsson v. HTC*)

B. Neutral Developments:

1. © not labor law governs “work made for hire” determination (*Horror*)
2. Patent assignment requires present tense language (*Omni*)
3. Royalties accrue when the triggering event occurs, even if due and payable after (*General Hospital*)
4. “provided that” trumps what comes after (*BladeRoom*)
5. Cannot appeal IPR after license where royalties not tied to validity (*Apple v. Qualcomm*)

C. Developments Unfavorable to IP Owners / Licensors:

1. Fair use allows API copying (*Google*)
2. Limitations on assignor estoppel (*Minerva Surgical*)
3. CNTS excluding customers does not bar DJ (*Apple v. VoIP-PAL.COM*)
4. Broad venue clause does not apply to DJs, so IPRs can proceed (*MaxPower*)
5. Broad venue clause does not apply to DJs, so IPRs can proceed (*Kannuu*)

D. Final Thoughts:

1. Fairly **balanced year**
2. Continued **wins** for **SEP owners**
3. Think about “**supply chain**” IP issues (SEPs, exhaustion, DJ)
4. Think about **interplay** of “**licensing**” and **patent challenges**
5. Think about **unconventional / sloppy drafting**
6. **Supreme Court** IP decisions continue to be **controversial**

SPEAKER BIOGRAPHY -- JOSEPH YANG

Joe Yang is a partner at *PatentEsque Law Group, LLP*, and a Lecturer at *Stanford Law School*. He is also an expert witness for high stakes IP & licensing disputes.

Joe specializes in patent deals (e.g., licensing, monetization and standard bodies), tech transactions (e.g., licensing, JVs, IoT, big data & SaaS) and IP strategy. He has led hundreds of deals worth billions of dollars in (and across) the computer, electronics, semiconductor, consumer, entertainment, materials, manufacturing, energy & health fields. He has been an arbitrator, overseen patent litigation & developed corporate patent portfolios.

Previously, Joe he was VP & General Counsel of *Cryptography Research, Inc.*, whose licensees make 10+ billion devices/year under the company's patent and technology licenses. Before that, he co-founded & later led the IP Strategy & Transactions practice of *Skadden, Arps* (Palo Alto).

Joe co-chairs the nationwide “Advanced Licensing,” “Advanced Patent Licensing” & “Understanding the IP License” courses -- attended by thousands of lawyers annually -- at the *Practising Law Institute*. He has written for journals & books, and been cited by courts & treatises. Joe teaches “*Patent & Technology Licensing*” at *Stanford Law School* & has taught “Patent Law & Policy” at *U.C. Berkeley School of Law*.

Joe is listed in Intellectual Asset Management's guides to the *World's Leading IP Strategists*, *World's Leading Patent Professionals* & *World's Leading Patent & Technology Licensing Lawyers*; in Marquis' *Who's Who in American Law* & *Who's Who in America*; and in the Northern California *Superlawyers* guide.

Originally, Joe was a research engineer in aerospace & energy. Joe has a J.D. from Stanford and a Ph.D. (engineering) from the *California Institute of Technology*, where he has served on the boards of the Caltech Alumni Association, and the Caltech Associates.

*Licensing Executives Society –
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IP Year in Review
February 3, 2022*

Michael Zachary

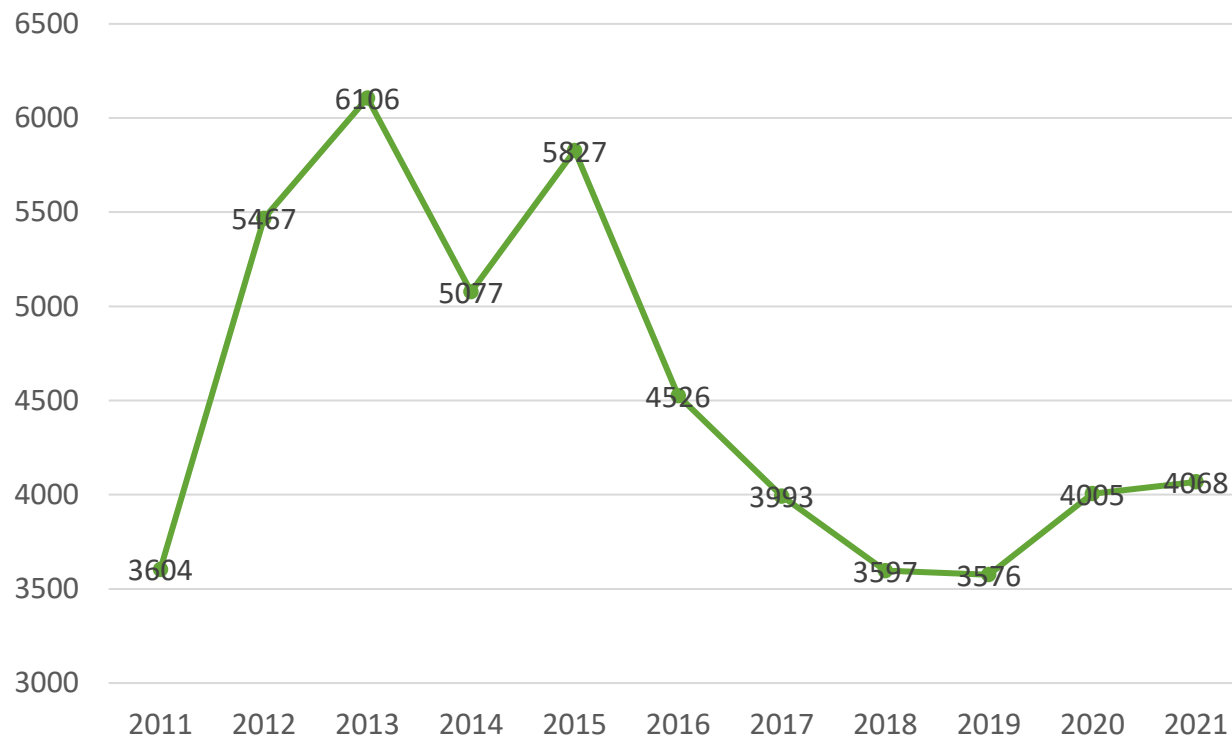


Patent Cases

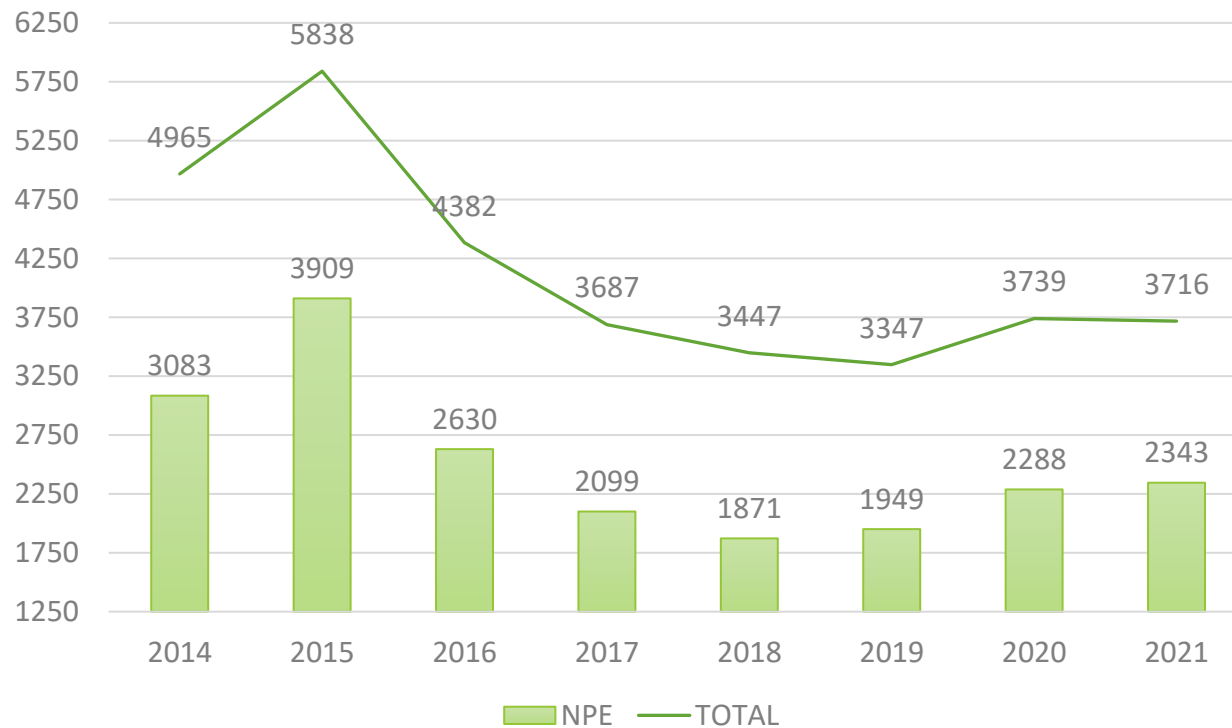
Patent Litigation Continues Modest Comeback

- Patent Case Filings Stable
 - 2021: 4070 cases - similar to 2020 (4005 cases)
 - Up from low in 2018/2019 (~ 3590 cases)
- Peak of 2013-2015 Unmatched
 - 2013: 6106 Cases Filed
 - 2014: 5077 Cases Filed
 - 2015: 5827 Cases Filed

New Patent Case Filings by Year



Total & NPE Patent Case Filings by Year



Large Patent Awards in 2021

Case	Awarded (Millions)	Date	Judge	District
VLSI v. Intel	\$2,175	3/2/21	Albright	WDTX
*Optis v. Apple	\$300 FRAND	9/8/21	Gilstrap	EDTX
**Personalized Media v. Apple	\$308	3/19/21	Gilstrap	EDTX
***Plexxikon v. Novartis	\$178	9/17/21	Gilliam	NDCA
Wapp Tech v. Seattle Spinco	\$173	4/22/21	Mazzant	EDTX

* \$506M in original trial. Judge ordered retrial on damages to consider FRAND

**Verdict thrown out → prosecution laches (held: PO intentionally delayed at USPTO, hoping to gain larger payout)

*** Pharmaceutical case (anti-skin cancer drug)

Tracking Large Patent Awards of 2020

Award	Case	Court	Status
\$1B	Centripetal Networks v. Cisco Systems	E.D. Va. 2020	Appealed
\$837M	Cal Tech v. Apple	C.D. Cal. 2020	Appealed
\$506M	*Optis Cellular Tech v. Apple	E.D. Tex. 2020	Retried on damages in 2021 (\$300M awarded)
\$270M	Cal Tech v. Broadcom	C.D. Cal. 2020	Appealed
\$235M	Cirba v. VMware	D. Del. 2020	Op. Co. pltf lacked standing → New Trial ordered.

Service by alternative means allowed in patent cases

- *In re: Oneplus Technology (Shenzhen)*
 - Oneplus (Chinese entity w/ no place of business/employees in the US) sued in WDTX
 - Plaintiff sought leave to serve under FRCP 4(f)(3) – using the alternative means of:
 - service on attorneys who had previously represented Oneplus; and
 - service on Oneplus' authorized agent for service (in Hayward, CA)
- Motion granted; Fed. Cir. denied mandamus, evaluated issues, allowed service by alternative means

Amazon Patent Dispute Resolution Procedures

- Utility Patent Neutral Evaluation Process (UPNE) launched in 2019
 - confidential, voluntary and comparatively low-cost (\$0-\$4000)
 - limited to one claim from one unexpired U.S. utility patent
 - Informal, private procedure
 - Independent patent attorney acts as “judge”
 - No discovery; No FRE; No Oath/penalty of perjury/No appeal
 - Success results in removal of product from Amazon

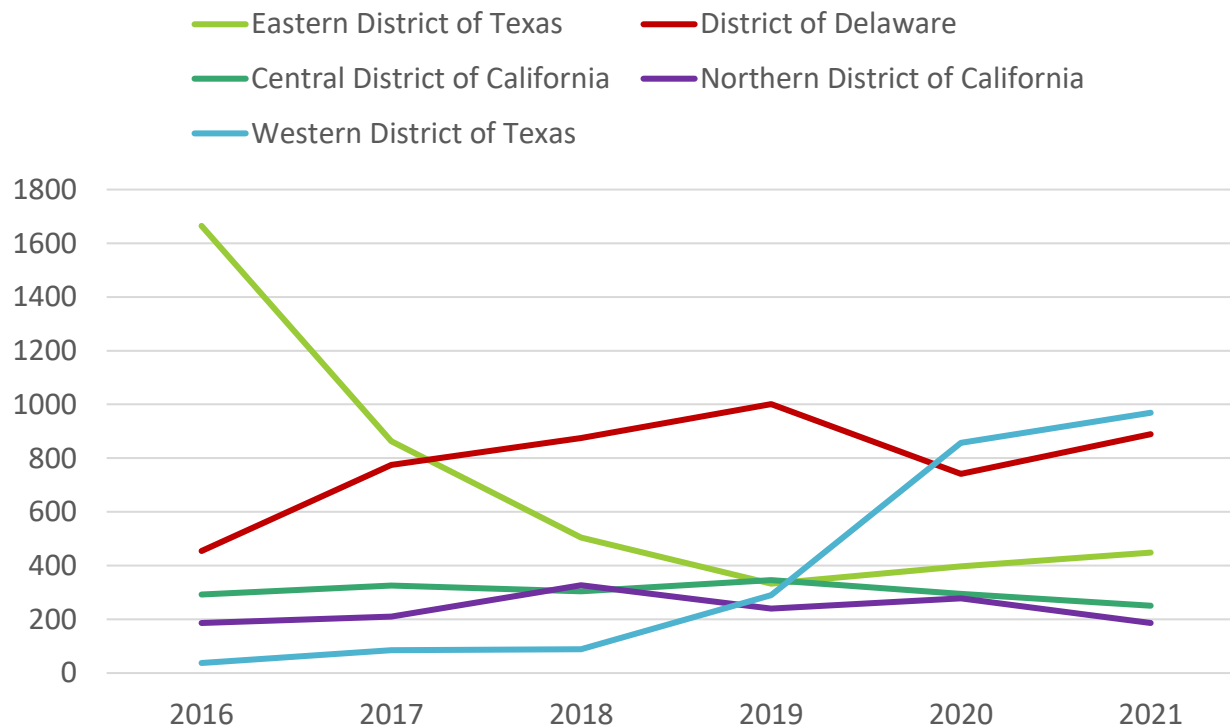
Patent Venue



Favorite Patent Districts WDTX and D. Del

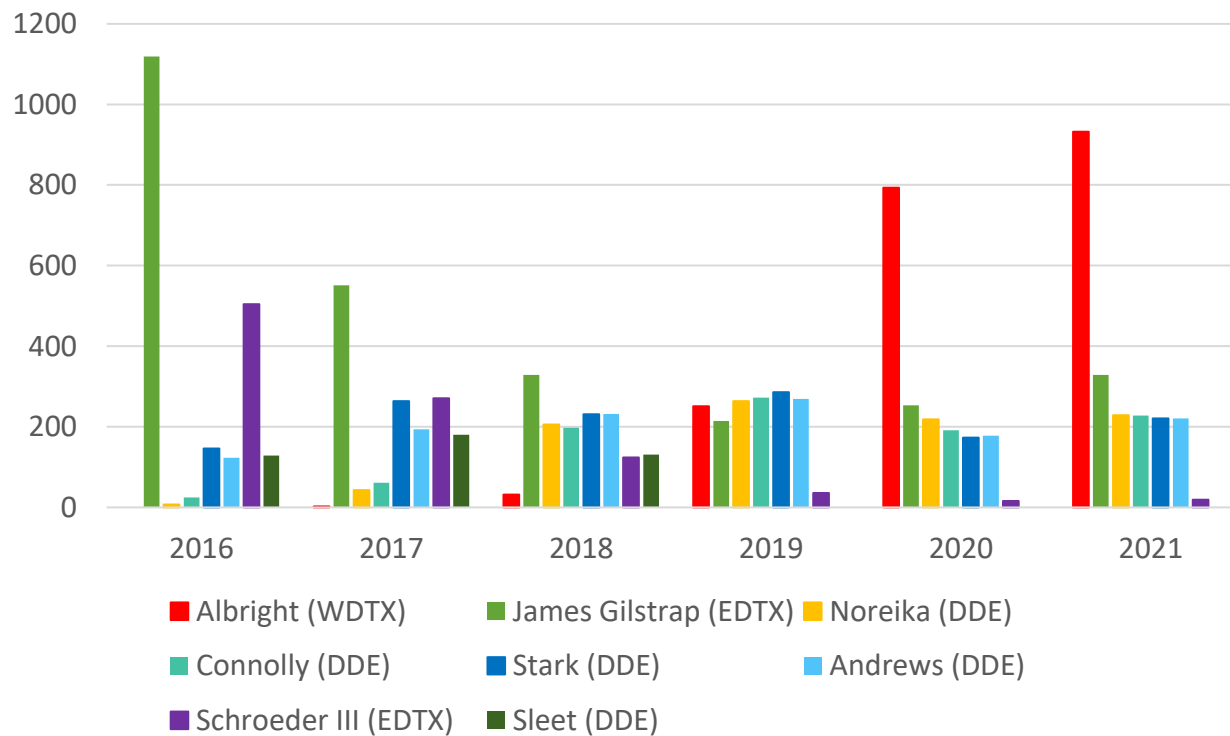
- WDTX Is the Top Venue
 - 2016: Only 38 cases filed in WDTX
 - 2021: 969 cases
- D. Del., NDCA, and CDCA remain leading venues
 - 2016: 454, 186, 293 (respectively)
 - 2021: 889, 186, 251 (respectively)
 - *T.C. Heartland* impact on D. Del. and EDTX
- Former Favorite EDTX in decline
 - 2016: 1665 Cases Filed
 - 2021: 449 Cases Filed

Patent Cases Filed Per District – Top Five

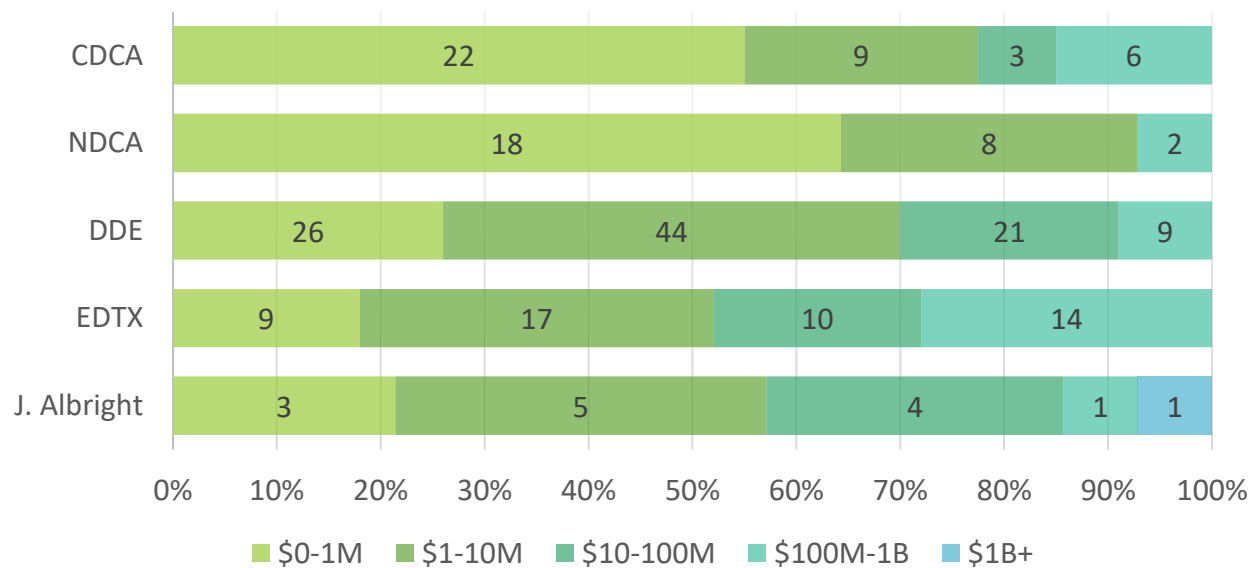


Source: Lex Machina

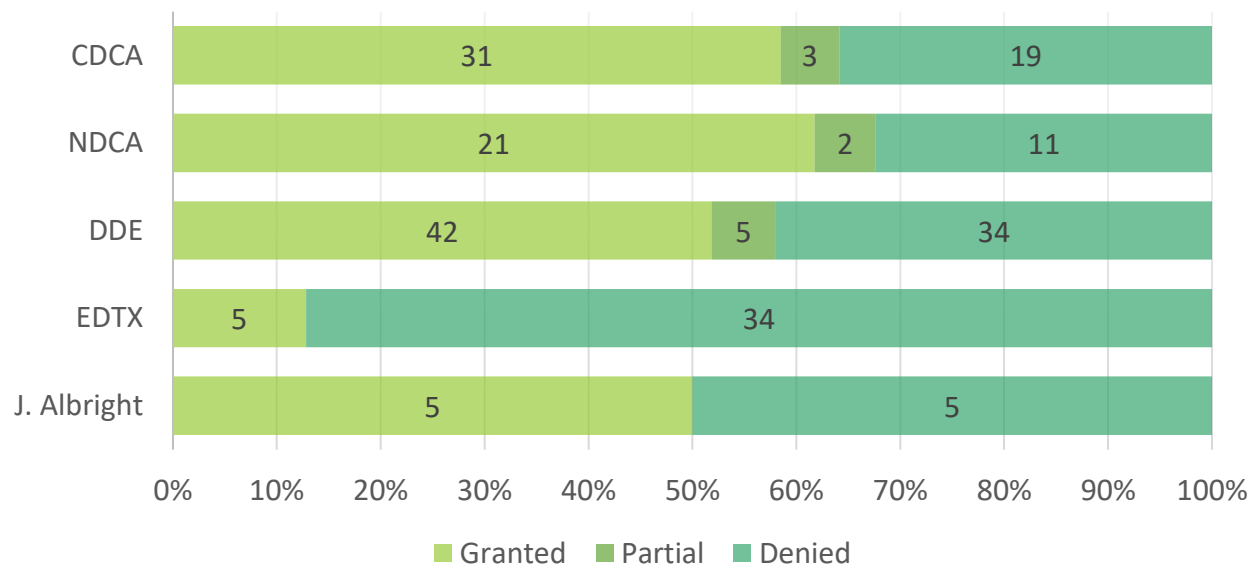
Patent Cases Filed Per Judge



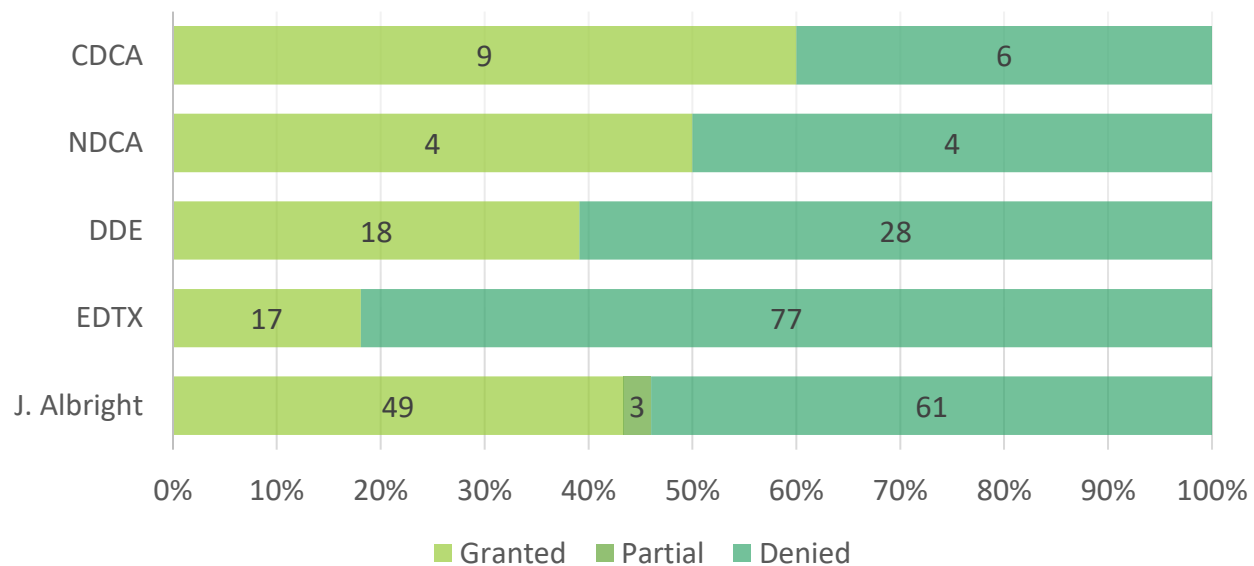
COMPARISON OF COMPENSATORY DAMAGES AWARDED 2019-2021 (VERDICTS)



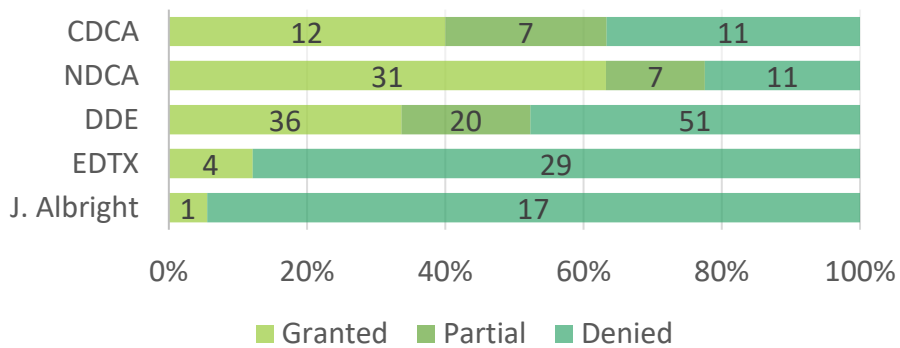
MOTION TO STAY PENDING IPR DECISIONS 2019-2021



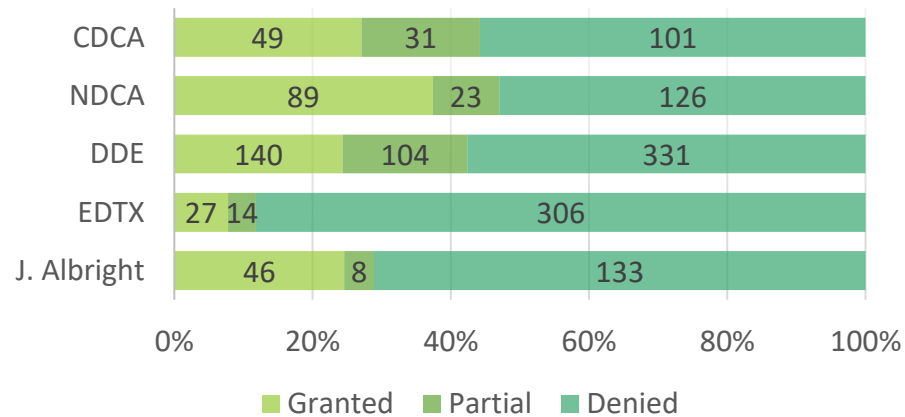
VENUE (CONVENIENCE) MOTION DECISIONS 2019-2021



EARLY STAGE 101 CHALLENGES 2019-2021

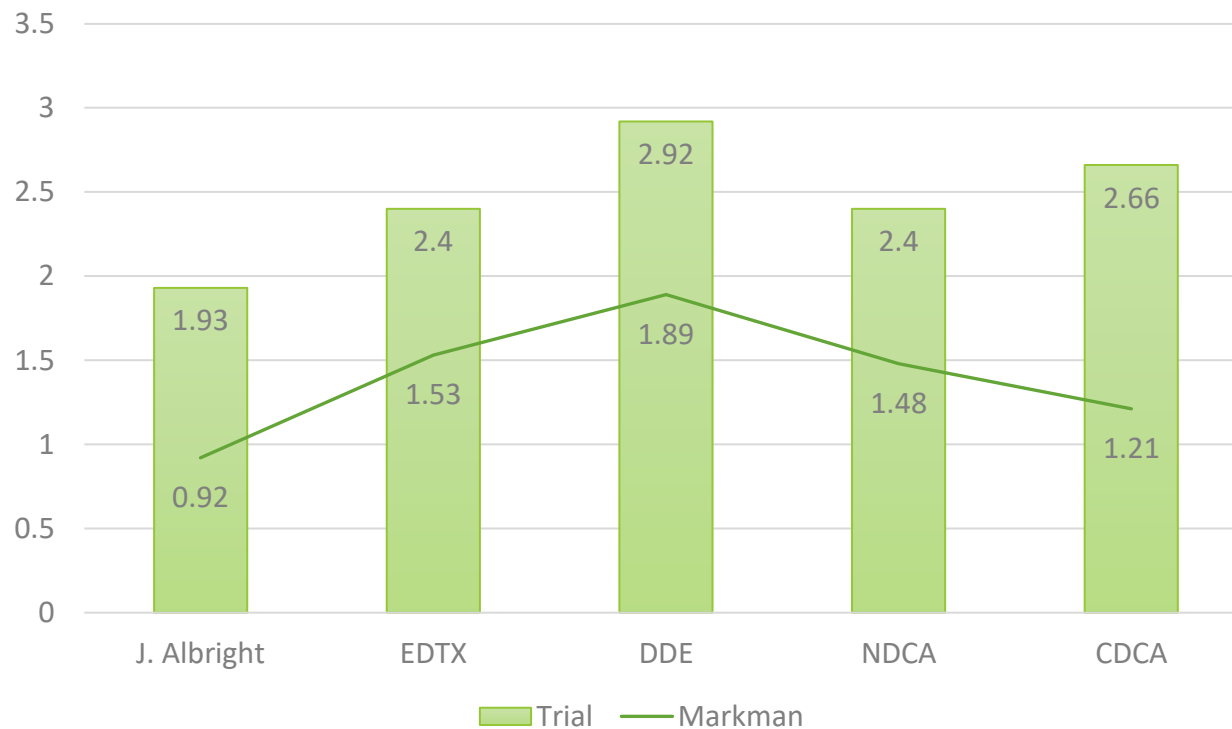


RULE 12 GRANT RATE 2019-2021*



*Rule 12 rulings may include Section 101

Comparison of Case Timelines (in Yrs)



Federal Circuit v. Albright

- Federal Circuit reversals (on writs of mandamus) on venue change denials
 - 2020: 3
 - 2021: 16

- Federal Circuit affirmance of venue change denials
 - 2020: 2
 - 2021: 11
 - Judge Albright issued a standing order in March saying transfer motions would be addressed before moving on to claim construction, which the Federal Circuit has cited to deny later mandamus requests

Patent Pilot Program expired in 2021

- Created by statute in 2011 with the goal of enhancing judges' expertise in the complexities of patent litigation.
- 13 participating district courts, 59 judges
 - **Participating judges retained patent cases** assigned to them, while **other judges had discretion** to keep patent cases or **send them to a pilot program judge**.
 - **CDCA is keeping the program in place**

Senators send Chief Justice Roberts a letter concerning TX caseloads (11/2/21)

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

VIA ELECTRONIC TRANSMISSION

November 2, 2021

The Honorable Chief Justice John Roberts
Presiding Officer
Judicial Conference of the United States
One Columbus Circle, NE
Washington, D.C. 20544

Dear Mr. Chief Justice:

We write you to express our concern about problems with forum shopping in patent litigation. Our understanding is that in some judicial districts, plaintiffs are allowed to request their case be heard within a particular division. When the requested division has only one judge, this allows plaintiffs to effectively select the judge who will hear their case. We believe this creates an appearance of impropriety which damages the federal judiciary's reputation for the fair and equal administration of the law. Worse still, such behavior by plaintiffs can lead individual judges to engage in inappropriate conduct intended to attract and retain certain types of cases and litigants.

We are particularly concerned with this problem in the context of patent litigation. In the last two years our nation has seen a consolidation of a large portion of patent litigation before a single district court judge in Texas. In 2016 and 2017, this single district court heard only, on average, one patent case per year.¹ Last year, however, nearly 800 patent cases were assigned to one judge in this district.² This year, this district appears to be on track to have more than 900 cases.³ This means that roughly 25% of all the patent litigation in the entire United States is pending before just one of the nation's more than 600 district court judges.⁴

The concentration of patent litigation is no accident. We understand that a single judge in this district has openly solicited cases at lawyers' meetings and other venues and urged patent plaintiffs to file their infringing actions in his court.⁵ Our understanding is that this single

¹ See Anderson & Gugliuzza, "Federal Judge Seeks Patent Cases," 71 Duke Law Journal ___ (2021) (forthcoming), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3685114, at 2.

² See Dani Kawa, "Judge Albright Now Oversees 20% Of New US Patent Cases," Law360, March 10, 2021 (noting that 793 patent cases were assigned to Judge Albright in 2020).


³ Ryan Davis, "WITX Now Has 25% Of All US Patent Cases," Law360, Jul. 2, 2021 (noting that "nearly all" of the 489 cases filed in W.D. Tex. have been assigned to Judge Albright).

⁴ *Id.* (noting that over the past six months roughly 25% of U.S. patent cases have been filed in W.D. Tex. and that almost all of these have been assigned to Judge Albright).

⁵ See Anderson & Gugliuzza, *supra* n. 1, at 3, 29 (noting that since his appointment, Judge Albright "has spoken at patent law conferences, been the keynote speaker at dinners hosted by patent valuation companies, appeared on law firm webcasts about patent litigation, and presented at numerous patent bar events, all with the express purpose of encouraging patentees to file suit in his court.").

- “Our understanding is that in some judicial districts, plaintiffs are allowed to request their case be heard within a particular division. When the requested division has only one judge, this allows plaintiffs to effectively select the judge who will hear their case. We believe this creates an appearance of impropriety which damages the federal judiciary’s reputation for the fair and equal administration of the law.”


Thom Tillis
United States Senator


Patrick Leahy
United States Senator

Chief Justice Roberts commissions review of case admin.

- “Senators from both sides of the aisle have expressed concern that ***case assignment procedures allowing the party filing a case to select a division of a district court might, in effect, enable the plaintiff to select a particular judge to hear a case.***”
- “The Committee on Court Administration and Case Management is reviewing”
 - Chief Justice Roberts’ 2021 end-of-year Report on the Federal Judiciary

Patent Cases

Supreme Court:

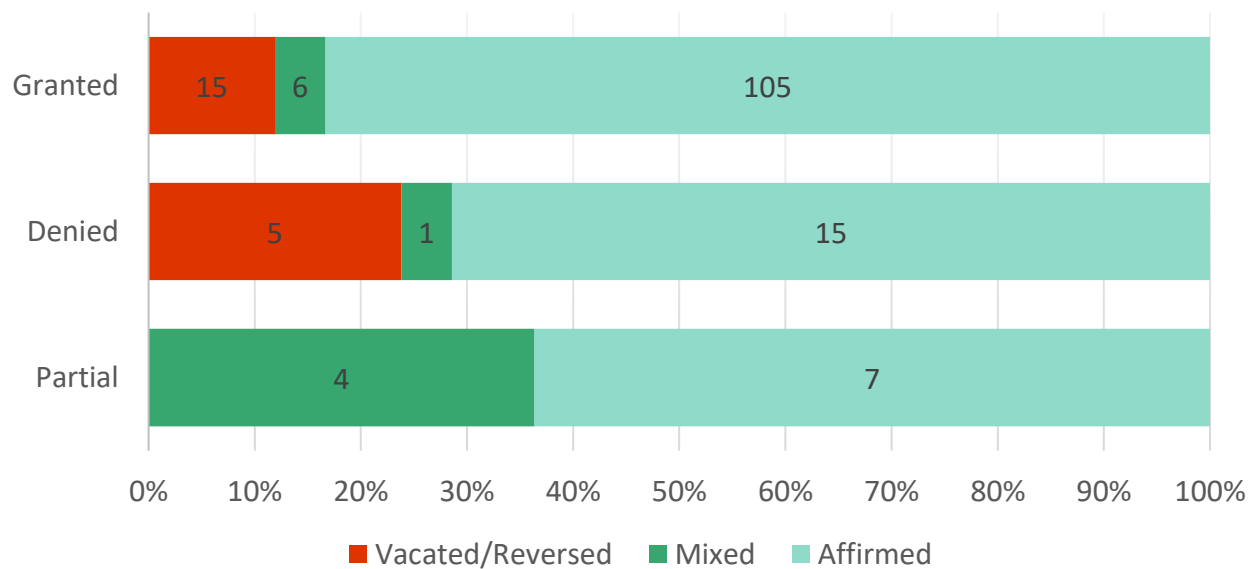
- *U.S. v. Arthrex*
 - PTAB judges unconstitutionally appointed; judicially fixed by making decisions reviewable by Director
- *American Axle v. Neapco*
 - Patent invalidated under Section 101; Divided Fed. Cir. denies rehearing *en banc*
 - “a method of producing shaft assemblies in a driveline system for trucks having reduced vibration during use”
 - SCOTUS requested SG’s views on American Axle’s cert. petition
- *Yu v. Apple* – a digital camera patent invalidated under Section 101 for allegedly claiming only the abstract idea of enhancing photos
 - Cert. pending
 - “Whether, when applying the test for patent eligibility set forth in *Mayo*, . . . a patent claim should be considered “as a whole” in accordance with *Diamond v. Diehr*, or instead, whether all conventional elements of the claim must be disregarded prior to determining its “point of novelty” as set forth in this Court’s older precedent in *Parker v. Flook*.”

Note: BDIP is counsel for the petitioner

Federal Circuit:

- Patent Eligibility
 - *CosmoKey v. Duo Security* - an authentication patent was patent-eligible because it claimed an inventive concept (court did not consider whether patent claimed an abstract idea).

APPEALS OUTCOMES OF DISTRICT COURT PATENT ELIGIBILITY DECISIONS BETWEEN 2018-2021

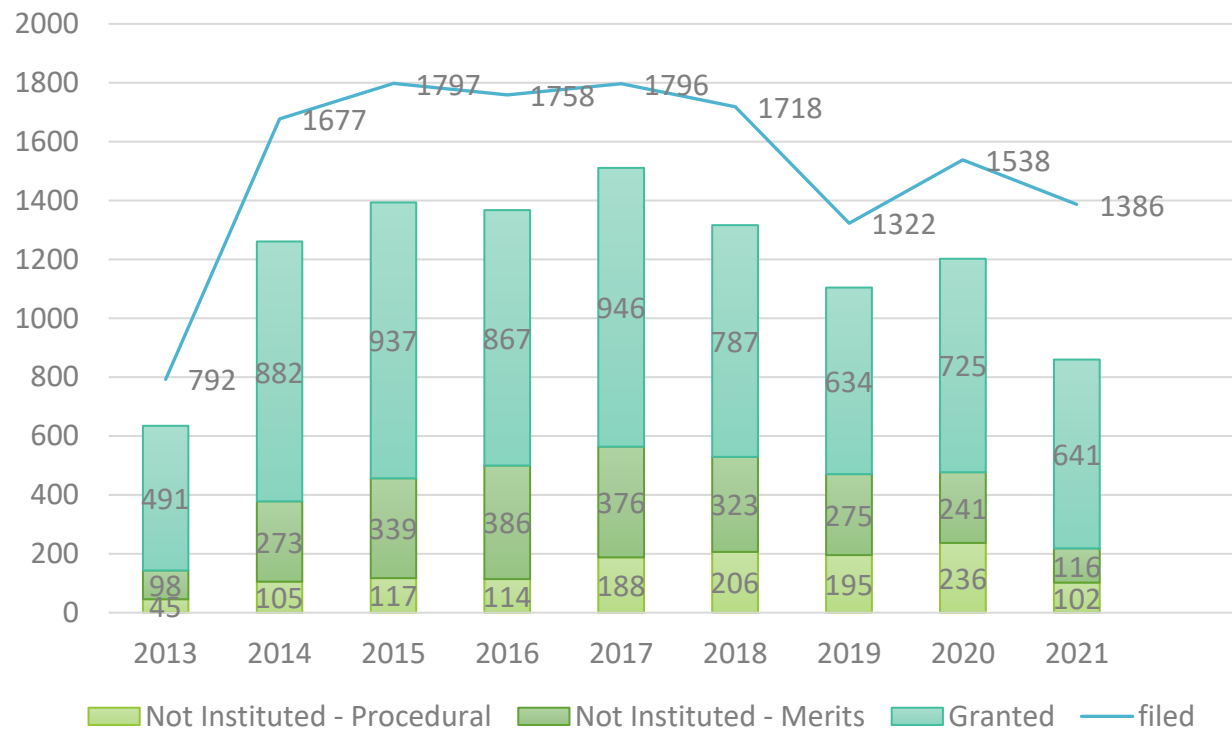


PTAB Data

PTAB Institution Decisions

- Modest decline in Grant Rate since 2016
 - 2016: 64% Petitions granted
 - 2021: 58% Petitions granted
- Total filed Petitions declined
 - 2016: 1758 Petitions
 - 2017: 1796 Petitions (peak year)
 - 2021: 1386 Petitions

PTAB Institution Decisions*



*By Calendar Year; 2021 Petitions may be ruled on in 2022

Source: Lex Machina

PTAB Final Decision Outcomes

- All-Time Final Written Decisions
 - 75% All Claims Unpatentable
 - 12.4% Mixed
 - 12.4% All Claims Patentable
- Final Written Decisions (Jan-Dec 2021)
 - 77.3% (of 480 FWDs) All Claims Unpatentable
 - 14.7% Mixed
 - 8.1% All Claims Patentable

Federal Circuit Affirms PTAB at High Rate

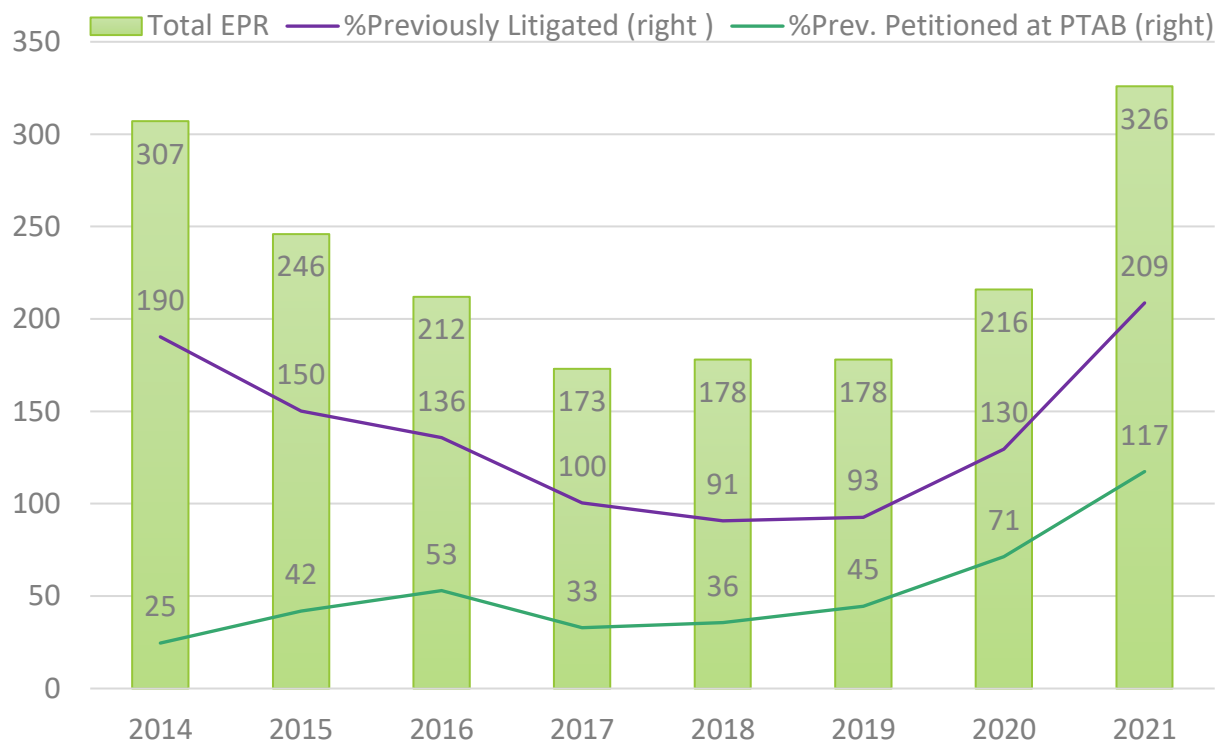
- All cases through November 30, 2021
 - 73%: every issue affirmed
 - 13%: every issue reversed or vacated
 - 10%: mixed outcome
 - 4%: other (e.g., dismissal)
- Rule 36 Affirmances
 - 56% Written Decisions
 - 44% Rule 36 Affirmance

Reexams on patents with prior litigation

More reexams were filed on previously or concurrently asserted patents

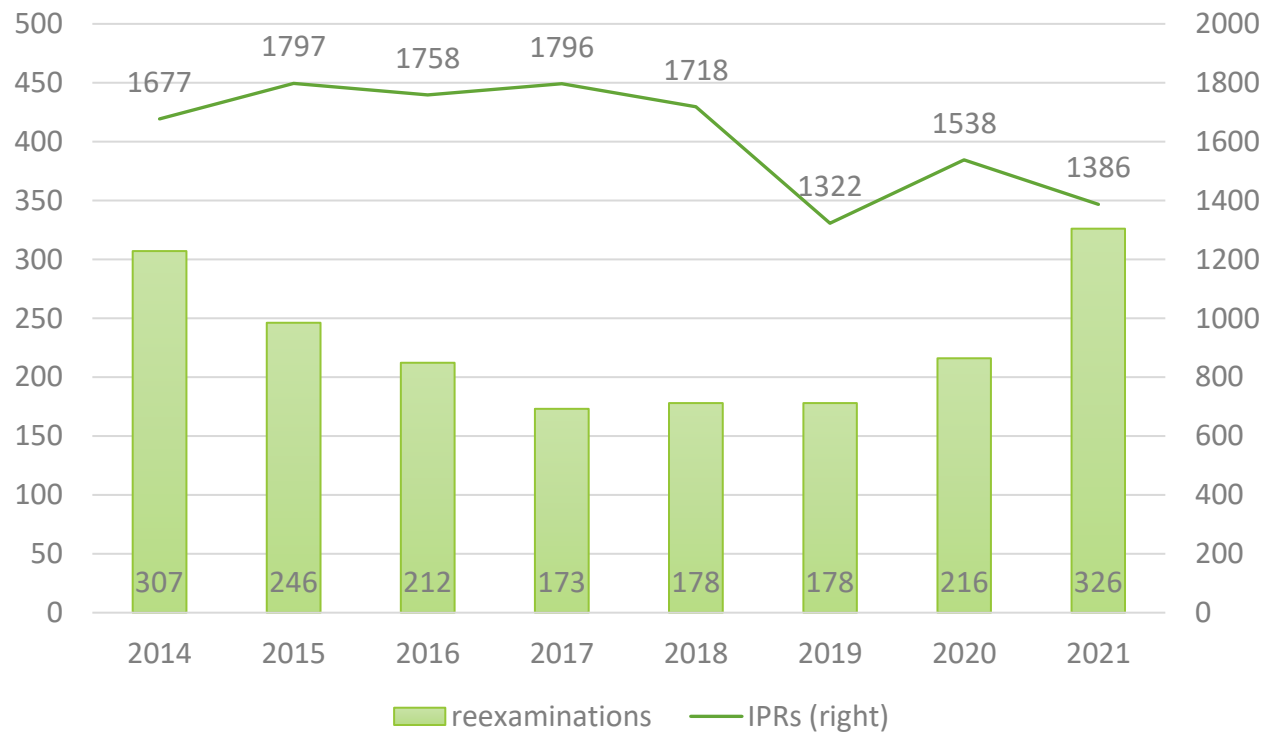
- 2019: 52%
 - 2020: 60%
 - 2021: 64%
-
- Reexam filings on patents previously challenged using IPR/PGR/CBM increased
 - 2019: 25%
 - 2020: 33%
 - 2021: 36%

Total EPRs vs EPRS on litigated or IPRd patents



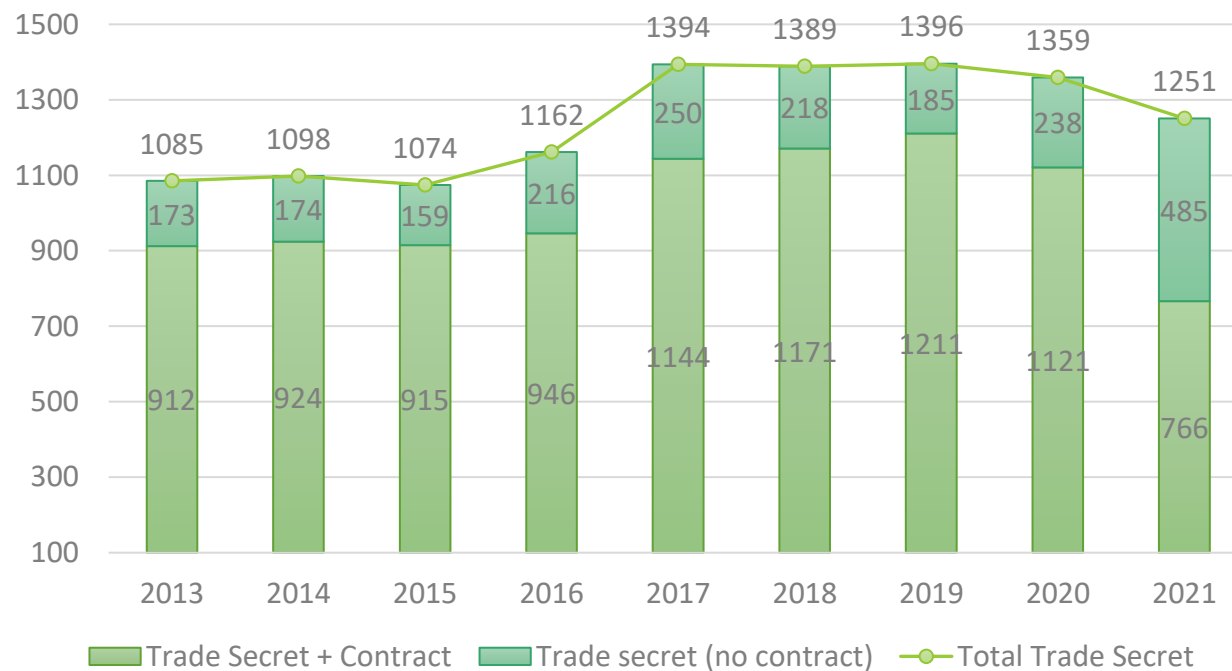
Source: RPX

Total EPRs vs. Total IPRs



Trade Secret, Copyright and Trademark Developments

Federal Trade Secret Case Filings with and without Contract Claims



DTSA enacted May 11, 2016

Source: Lex Machina

Copyright Cases

Supreme Court:

- *Google v. Oracle*
 - Supreme Court ruled that Google made fair use of parts of Oracle's Java code (APIs) in building Google's Android software.
 - Google took "only what was needed to allow users to put their accrued talents to work in a new and transformative program."

Trademark Modernization Act (TMA)

enacted on 12-27-2020

- TMA restored the rebuttable presumption of irreparable harm when a Lanham Act violation has been proven
 - allows brand owners to more easily obtain injunctions
 - the goodwill a brand enjoys can be undermined by confusing infringements, disparaging dilutions, and false advertisements.
 - *ReBath v. Foothills Serv. Sols.* [June 9, 2021] [D. Ariz.]
 - Court applied TMA granting a TRO where a franchisee continued operating under the franchisor's trademark after the franchise agreement was terminated
 - *Theorem, Inc. v. Citrusbyte* [Aug. 8, 2021] [CDCA]
 - Court granted a preliminary injunction after finding that the plaintiff was likely to succeed on the merits. The court expressly rejected the defendant's argument that the plaintiff had failed to demonstrate **irreparable harm**, noting that the **rebuttable presumption was effective upon the TMA's enactment**.

*Licensing Executives Society –
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THANK YOU!

Michael Zachary
mzachary@bdiplaw.com
650-351-7248



Bird & Bird & LES IP Year 2021 in Review: International IP Update

Nick Aries, Bird & Bird

Overview

- 1. Unitary Patent and Unified Patent Court (UPC)**
- 2. 2021 in FRAND**
- 3. German patent litigation reforms**

The UPC is (finally) coming

What do you need to know?

1. **Recap of status quo:** EP = bundle of national rights in up to 38 countries; no unitary right.
2. **Timing**
 - In effect in late 2022 (**Oct 1st, 2022?**)
3. **Scope**
 - UP = Single application, applied for through EPO, request unitary effect after grant, enforced through single court (UPC), covering all UPC countries
 - UPC countries = most of EU (currently 17, but could be up to 24, EU countries) – see below
 - UPC also jurisdiction over traditional EPs (subject to opt-out) for UPC countries
 - Participating countries to date: Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovenia, Sweden
 - Countries that have signed, but not yet ratified: Cyprus, Czechia, Greece, Hungary, Ireland, Romania, Slovakia
 - Country that still needs to sign: Croatia
 - Countries that have declined: Poland, Spain, United Kingdom

The UPC is (finally) coming

What else do you need to know?

4. What about non-UP EPC countries?

- Can still validate traditional EP there

5. Transitional period

- 7 (14?) years: both UPC and national courts have jurisdiction over traditional EPs

6. Opt-out

- In transitional period, can opt-out traditional EPs (but not UPs) from UPC system (for patent lifetime) – be ready to opt-out by **July 1st, 2022 (start of 3 month sunrise period)**
- Can opt back in (if no national proceedings launched), but then can't opt-out again

7. Licensing

- EP licences: control over opt-out/opt-in?
- UP licences: can divide up UP territory
- UP licences: exclusive licensee can bring actions before UPC if gives patent owner prior notice (can contract out)
- UP: declare on online public register at EPO willingness to licence = 15% off renewal fees

FRAND – some key court decisions in 2021

1. ***Interdigital v Xiaomi*** in Munich and India; ***Ericsson v Samsung*** in Texas: ASIs don't work any more, and can make you an unwilling licensee
2. ***Optis v Apple*** in the UK:
 - a) SEPs do not become unenforceable due to “late declaration”,
 - b) if an implementer is not prepared to commit to take a licence on FRAND terms set by the UK court, then an injunction may follow a finding of infringement.
3. ***Oppo v Sharp*** China Supreme Court: Chinese courts can calculate Global FRAND rates at the request of the implementer in certain situations
4. ***Nokia v Oppo*, UK**: the English court can still award a FRAND injunction even after *Oppo v Sharp*
5. ***Xiaomi v Philips and ETSI***, Paris: it may be possible to sue a patent owner for a FRAND determination in France if you join ETSI

Patent litigation reforms in Germany

Where are we now?

1. Injunctions and proportionality

- *No real impact?*

2. Speed of nullity cases

- *Too early to say*

3. Protection of trade secrets when defending patent case

- *N.B. 28 USC §1782*

Thank you & Bird & Bird

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