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Federal Circuit Update (October 2023)

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This edition of Gibson Dunn's Federal Circuit Update summarizes the current status of several petitions pending before the Supreme Court, and recent Federal Circuit decisions concerning means-plus-function claims, apportionment, and forfeiting arguments not raised in an *inter partes* review ("IPR") petition.

Federal Circuit News

***Noteworthy Petitions for a Writ of Certiorari*:**

As we summarized in our September 2023 update, there are a few petitions pending before the Supreme Court. We provide an update below:

- In ***Intel Corp. v. Vidal*** (US No. 23-135) and ***VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.*** (US No. 23-315), the Court granted an extension for the responses, which are now due November 9, 2023 and December 27, 2023, respectively. Three *amici curiae* briefs have been filed in the ***Intel*** case.

- The Court denied the petition in ***HIP, Inc. v. Hormel Foods Corp.*** (US No. 23-185).

Other Federal Circuit News:

Chief Judge Moore to Announce New Court Initiative. The Court issued an announcement on October 30, 2023 that Chief Judge Moore will announce a new Court initiative at the Federal Circuit Bar Association 2023 Annual Dinner & Reception. The announcement is here.

Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit is available on the Court's website.

Key Case Summaries (October 2023)

Sisvel International S.A. v. Sierra Wireless, Inc., Nos. 22-1493, 22-1547 (Fed. Cir. Oct. 6, 2023): Sierra filed an IPR petition challenging Sisvel's patent, which claimed techniques that improve on prior channel coding techniques used when transmitting data in radio systems. One of the challenged claims included the means-plus-function term "means for detecting a need for retransmission of the received coded data block." The Patent Trial and Appeal Board ("Board") concluded that there was insufficient algorithmic structure disclosed for the "means for detecting" term even though the specification named various software protocols. And despite an expert testifying that these were well-known and commonly used by persons of ordinary skill in the art, the Board reasoned that the expert's testimony could not remedy the lack of corresponding structure disclosed in the specification.

The Federal Circuit (Chen, J., joined by Moore, C.J., and Clevenger, J.) affirmed-in-part, vacated-in-part, and remanded. The Court reviewed the case law regarding computer-implemented means-plus-function claims, which is divided into two distinct groups. In the

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first group, there is a "total absence of structure from the specification"; and in the second group, the specification discloses an algorithm, but it is inadequate as viewed in light of the knowledge of a skilled artisan. The Court concluded that because the asserted patent named "a discrete, limited, and specific set of software protocols," there was an "arguably adequate" disclosure of an algorithm, and the Board should have evaluated the disclosed protocols in light of the knowledge of a skilled artisan to determine if they were adequate as corresponding structure.

Finjan LLC, f/k/a Finjan, Inc., v. SonicWall, Inc., No. 22-1048 (Fed. Cir. Oct. 13, 2023): Finjan sued SonicWall for infringing Finjan's network security patents, including a group of patents protecting devices from undesirable downloads. The district court granted summary judgment of non-infringement to SonicWall as to these patents, and excluded certain testimony from Finjan's expert for failure to properly apportion and for including substantial non-patented features in his analysis.

The majority (Cunningham, J., joined by Reyna, J.) vacated-in-part and affirmed-in-part. The majority affirmed summary judgment of non-infringement, upholding a construction of "downloadable" that required the security system receiving the packets to reassemble those packets into executable code, based on the parties' agreed constructions and the specification. The majority also affirmed the district court's exclusion of Finjan's expert testimony for failing to exclude the value attributable to the non-patented features in the apportionment analysis.

Judge Bryson concurred-in-part and dissented-in-part. Judge Bryson disagreed that the patents required packet reassembly, pointing to the differences in language between the asserted claims and specifications suggesting that packet reassembly was optional, and the fact that the majority's construction would "not read on any network that uses packetized files."

Cyntec Company, Ltd. v. Chilisin Electronics Corp., No. 22-1873 (Fed. Cir. Oct. 16, 2023): Cyntec sued Chilisin for infringing its patents directed to molded chokes, which is a type of inductor used to eliminate undesirable signals in a circuit. The jury returned a verdict of infringement and awarded damages in the full amount requested by Cyntec.

The Federal Circuit (Stoll, J., joined by Moore, C.J. and Cunningham, J.) affirmed-in-part, reversed-in-part, vacated-in-part, and remanded. The Court determined that the district court had abused its discretion in not excluding the opinion of Cyntec's damages expert who relied on unreliable data sources. In particular, the expert estimated the sales of the accused products by reviewing SEC filings or annual reports of customers who purchased or acquired the infringing products. The Court determined that the revenues in these annual reports included sales of irrelevant products and services, and Cyntec's expert failed to account for these irrelevant products and services.

Netflix, Inc. v. DivX, LLC**,** Nos. 22-1203, 22-1204 (Fed. Cir. Oct. 25, 2023): Netflix filed two IPR petitions against two DivX patents directed to adaptive bitrate streaming of content on a playback device, such as a phone or computer. The Board determined that Netflix had not included certain arguments in its petition directed to certain claim limitations and therefore had not met its burden in proving that the claims were unpatentable as obvious.

The majority (Chen, J., joined by Linn, J.) affirmed, concluding that because Netflix had not adequately raised certain arguments before the Board that it now raised on appeal, Netflix had forfeited them. The majority determined that "[a] petitioner may not rely on a vague, generic, and/or meandering petition and later fault the Board for failing to understand what the petition really meant."

Judge Dyk dissented. In his opinion, Netflix adequately raised two of the arguments in its petition, and he would have remanded for the Board to consider Netflix's arguments on the merits.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Federal Circuit. Please contact the Gibson Dunn lawyer with whom you usually work or the authors of this update:

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