

GIBSON DUNN

Appellate & Constitutional Law and
Intellectual Property Update

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Federal Circuit Update

This edition of Gibson Dunn's Federal Circuit Update for July 2024 summarizes the current status of petitions pending before the Supreme Court and recent Federal Circuit decisions concerning preliminary injunctions, contempt orders, issue preclusion, motions to amend before the Patent Trial and Appeal Board (Board), and the meaning of "publicly disclosed" under the America Invest Act (AIA).

Federal Circuit News

Noteworthy Petitions for a Writ of Certiorari:

There were no new potentially impactful petitions filed before the Supreme Court in July 2024. We provide an update below of the petitions pending before the Supreme Court that were summarized in our [June 2024 update](#):

- In ***United Therapeutics Corp. v. Liquidia Technologies, Inc.*** (US No. 23-1298), after the respondent waived its right to respond, a response was requested by the Court. The response will be due on August 28, 2024.
- There were no new updates in ***Chestek PLLC v. Vidal*** (US No. 23-1217) and ***Collect LLC v. Vidal*** (US No. 23-1231). In *Chestek*, the response brief is still due August 14, 2024, and five *amicus curiae* briefs have been filed. In *Collect*, the response brief is still due August 21, 2024, and seven *amicus curiae* briefs have been filed.

Other Federal Circuit News:

Release of Materials in Judicial Investigation. The Federal Circuit released additional materials in connection with the proceeding under the Judicial Conduct and Disability Act and the implementing Rules involving Judge Pauline Newman. The materials may be accessed at the following links:

- <https://cafc.uscourts.gov/release-of-materials-in-judicial-investigation-2/>
- <https://cafc.uscourts.gov/release-of-materials-in-judicial-investigation-3/>

Upcoming Oral Argument Calendar

The list of upcoming arguments at the Federal Circuit is available on the court's [website](#).

Key Case Summaries (July 2024)

Natera, Inc. v. NeoGenomics Laboratories, Inc., Nos. 24-1324, 24-1409 (Fed. Cir. July 12, 2024): Natera and NeoGenomics manufacture products used to detect circulating tumor DNA (ctDNA), the presence of which is called molecular residual disease (MRD), which can indicate cancer relapse. Natera sued NeoGenomics alleging that NeoGenomics' product, RaDaR, infringed two of Natera's patents relating to methods of amplifying targeted genetic material and for detecting variations in genetic material indicative of disease, such as ctDNA. Natera uses the claimed methods in its patents in its own Signatera product. Natera moved for a preliminary injunction, which the district court granted. The preliminary injunction barred NeoGenomics from making, using, selling, or offering for sale RaDaR, but carved out exceptions for patients already using RaDaR and for ongoing research projects, studies, and clinical trials.

The Federal Circuit (Moore, C.J., joined by Taranto and Chen, JJ.) [affirmed](#) the district court's "carefully crafted" preliminary injunction. In particular, the Court concluded that the district court carefully considered the evidence before it in evaluating the irreparable harm to Natera, including that Natera and NeoGenomics directly compete in a two-player market for tumor-informed MRD testing products that would result in lost sales to Natera and harm to Natera's market share. Because patients using MRD therapies require continuity of care, patients who begin using RaDaR will likely not switch to Signatera, which would not only cause Natera a loss of current sales, but also repeat business in the future. The Court also concluded that the district court did not err in concluding that the public interest weighs in favor of the injunction. Natera had the capacity to take on more patients and satisfy the demand for MRD tests. To avoid disruption to ongoing treatment and research, the district court did not enjoin use of RaDaR for existing patients and ongoing clinical trials and research projects.

Backertop Licensing LLC v. Canary Connect, Inc., No. 23-2367 (Fed. Cir. July 16, 2024): Lori LaPray is the sole owner of Backertop and is also the managing member of six other LLCs that have filed at least 97 patent infringement cases in the federal district courts. Backertop is

seemingly associated with IP Edge (a patent monetization firm) and Maxevar (an affiliated consulting firm). The district court had concerns that IP Edge and Maxevar had perpetrated a fraud on the court by conveying patents to a shell LLC and filing false patent assignments with the USPTO to shield IP Edge and Maxevar from any potential liability they might face in asserting those patents in litigation. As a result, it ordered Ms. LaPray to disclose communications and documents relating to concerns regarding fraud on the court. Ms. LaPray produced several documents to the district court, but the district court had concerns regarding the legitimacy of the documents and set an in-person hearing to “assess her credibility.” Ms. LaPray refused to attend the hearing and did not attend a subsequent show cause hearing the district court set. The district court therefore found Ms. LaPray in civil contempt of court and imposed a fine of \$200 per day until Ms. LaPray appeared in person in court.

The Federal Circuit (Hughes, J., joined by Prost and Stoll, JJ.) [affirmed](#). Although civil contempt orders are generally interlocutory and non-appealable, the Federal Circuit determined that the law allowed Ms. LaPray, as the officer of Backertop and a non-party, to “immediately appeal the contempt order.” The Court then held that the district court’s order for Ms. LaPray to appear in person fell within the district court’s inherent powers. Contrary to Ms. LaPray’s arguments, the district court’s order did not conflict with Rule 45’s 100-mile requirement, which only applies to a party or attorney’s efforts to subpoena a person, and not to a court’s *sua sponte* order to appear. The Court also found the district court had not abused its discretion in ordering Ms. LaPray to appear in person and determined that it was an appropriate means by which to investigate potential misconduct by Backertop and potential fraud on the court by IP Edge and Maxevar.

Koss Corp. v. Bose Corp., Nos. 22-2090, 23-1173, 23-1179, 23-1180, 23-1191 (Fed. Cir. July 19, 2024): Koss sued Bose alleging infringement of patents directed to wireless earphone communication. Bose in turn petitioned for *inter partes* review (IPR) of Koss’s patent, and the district court litigation was stayed pending the IPRs. Koss now appeals the Board’s final written decisions. Separately, Koss also sued Plantronics for infringing its patents, including the same patents asserted against Bose, which proceeded in parallel with Bose’s IPRs. Plantronics moved to dismiss on grounds that all claims of the asserted patents were ineligible under 35 U.S.C. § 101. The district court granted the motion. Koss filed an amended complaint, and Plantronics again moved to dismiss the asserted claims as ineligible under Section 101. Before the district court could rule on the motion, Koss voluntarily stipulated to dismiss the case with prejudice, but did not ask the district court to vacate its earlier ruling holding that all claims were ineligible. The district court entered final judgment, and Koss did not appeal the Plantronics judgment. Bose then moved to dismiss these current appeals as moot because all claims had been determined to be ineligible.

The Federal Circuit (Hughes, J., joined by Stoll and Cunningham, JJ.) [dismissed](#) the appeals as moot. Koss argued that the district court’s ineligibility ruling in Plantronics became a nullity upon the filing of the amended complaint. The Federal Circuit determined this was incorrect, explaining that the ineligibility ruling became final and appealable when the district court entered final judgment after Koss stipulated to dismissal of its suit. As Koss chose not to appeal that judgment, there were no viable patent claims left to assert and no longer a live case or controversy, rendering the appeals moot.

ZyXEL Communications Corp. v. UNM Rainforest Innovations, Nos. 22-2220, 22-2250 (Fed. Cir. July 22, 2024): ZyXEL filed a petition for IPR of UNMRI's patent directed to methods for constructing frame structures (organization of information transmitted across time and frequency) in orthogonal frequency-division multiple access (OFDMA) systems. ZyXEL contended that certain claims would have been obvious in view of the asserted prior art. UNMRI filed a contingent motion to amend and requested the Board's preliminary guidance on its motion under the Board's MTA Pilot Program. ZyXEL opposed the motion to amend, arguing that UNMRI had not complied with the regulation requiring it to identify written support for every claimed limitation in the substitute claims—not just the newly-claimed features—in its motion. In its preliminary guidance, the Board agreed and permitted UNMRI to file an extended reply brief addressing written description support and, correspondingly, allowed ZyXEL to respond in an extended sur-reply. The Board then granted UNMRI's motion to amend to substitute its claims and determined that the substitute claims would not have been obvious.

The Federal Circuit (Dyk, J., joined by Prost and Stark, JJ.) [affirmed-in-part, reversed-in-part, and remanded-in-part as to the appeal, and affirmed as to the cross-appeal](#). In particular, the Court affirmed the Board's grant of the motion to amend. Specifically, the Court noted that the purpose of the MTA Pilot Program is to provide preliminary guidance and to allow the patentees to correct errors in its original motion. The MTA Pilot Program also allows a patentee to respond to the Board's preliminary guidance in reply. Thus, the Court determined that the Board did not err in permitting UNMRI to use its reply brief to supplement the written description support that should have been, but was not, included in its original motion.

Sanho Corp. v. Kaijet Technology International Limited, Inc., No. 23-1336 (Fed. Cir. July 31, 2024): Kaijet petitioned for IPR of Sanho's patent directed to a port extension apparatus for devices like laptops. The Board found all challenged claims unpatentable as obvious over prior art reference Kuo. Sanho contended that Kuo was not prior art because the inventor "publicly disclosed" the relevant subject matter of Kuo through the private sale of a device called the HyperDrive before Kuo's priority date. The Board, however, concluded that the private sale was not a public disclosure, and therefore Kuo was prior art.

The Federal Circuit (Dyk, J., joined by Clevenger and Stoll, JJ.) [affirmed](#). Section 102(b)(2)(B) provides that a "disclosure shall not be prior art" if "the subject matter disclosed had . . . been publicly disclosed by the inventor." Sanho argued that a private sale should be considered a "disclosure" under the statute, and that the term "publicly disclosed" would necessarily include "disclosures," such as private sales. The Court determined this interpretation was incorrect because "publicly disclosed" is not the same as "disclosed," and the use of different phrases suggests Congress intended the phrases to have different meanings. Additionally, Section 102(b) was meant to provide protection for an inventor who publicly discloses his invention from later disclosures made by others, as public disclosure is a major objective for providing patent protection in the first place. Thus, the Court concluded that "publicly disclosed by the inventor" must require that the invention was made available to the public. As a result, the Court decided that Sanho's private sale did not qualify as a public disclosure under Section 102(b)(2)(B), and thus the Board did not err in determining that Kuo was prior art.

The following Gibson Dunn lawyers assisted in preparing this update: [Blaine Evanson](#), [Audrey Yang](#), [Vivian Lu](#), [Julia Tabat](#), and [Michelle Zhu](#).

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, any leader or member of the firm's [Appellate and Constitutional Law](#) or [Intellectual Property](#) practice groups, or the following authors:

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