OBLON

IP UPDATES

IP Trend in Recent Years Based on World Intellectual Property Indicators 2022

BY KASUMI KANETAKA

WIPO publishes World Intellectual Property Indicators, which analyzes IP activity around the globe, every year. Based on the World Intellectual Property Indicators 2022, Kasumi Kanetaka has analyzed (**here**) the IP trends around the year 2021 (all graphs and data from World Intellectual Property Indicators 2022). Interestingly, in 2019, prior to the pandemic, there was a decrease in patent application filings. During the pandemic, the growth rate for patent filings showed gradual improvement from the decrease in 2019 but was still smaller than in 2018. The growth rate for the number of patents granted did not appear to be affected much by the pandemic. For the trends in fields by technology, in electrical engineering, “computer technology” had the highest share of 10.2% in 2020, and the average growth was 9.6%. Further, one interesting field of technology was “IT methods of management” in electrical engineering, which only had a total share of 2.5% in 2020, but had an average growth from 2010 to 2020 of 13.0%, which is the highest among all technologies. Considering the rapid growth of AI-based technology, the number of patent applications for “IT methods of management” may grow more in the coming few years.

AI & IP

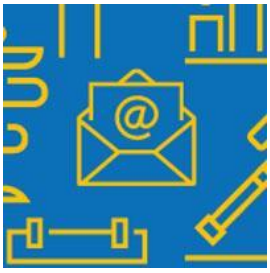
Augmented Reality (AR) Patent Found Invalid by District Court in NantWorks vs. Niantic

BY SAMEER GOKHALE

In a patent infringement suit brought by NantWorks, LLC, targeting the creators of augmented-reality (AR) game app Pokémon Go, U.S. Magistrate Judge Laurel Beeler, of the Northern District of California granted summary judgment in favor of the Defendant, Niantic, Inc., and invalidated NantWorks’ patent (U.S. Patent No. 10,664,518) directed to the mapping of AR objects and their appearance on a device’s display. In the order dated January 13, 2023, Judge Beeler found that the claims of the patent are directed to an abstract idea and thus not patent-eligible under 35 U.S.C. §101. **Read more**

USPTO UPDATE

USPTO Announces Another DOCX Transition Update



Since our communication of December 20, 2022, the U.S. Patent and Trademark Office (USPTO) has again delayed implementation of the $400 non-DOCX filing surcharge fee—this time until April 3, 2023. The USPTO indicated that it "is now further delaying the effective date for the fee to give applicants more time to adjust to filing patent applications in DOCX format." According to the USPTO, "[i]mmediate implementation of the delay in effective date of the fee is in the public interest because it will provide the public an opportunity to more fully comprehend the nature of, and prepare to comply with, the DOCX format before the new fee … is effective."

Details are provided in the Federal Register to be published on December 29, 2022. The pre-publication version is available here: **https://public-inspection.federalregister.gov/2022-28436.pdf**.

FEDERAL CIRCUIT UPDATES

CAFC Dismisses Interlocutory Appeal for Lack of Jurisdiction under Collateral Order Doctrine

BY DON MCPHAIL

Modern Font Applications LLC v. Alaska Airlines, Inc., No. 21-1838 (December 29, 2022) (Newman, Reyna, Cunningham*)

Modern Font Applications is a non-practicing entity that sued Alaska Airlines for patent infringement in the United States District Court of Utah. During discovery, Alaska Airlines had designated certain source code files as "Confidential Information - Attorneys Eyes Only" pursuant to the Standard Protective Order, which precluded Modern Font's in-house counsel, an experienced patent attorney, from accessing those files. Modern Font sought to get the SPO revised to permit in-house counsel to access Alaska Airlines' source code files, but the magistrate judge and district court held that Modern Font's in-house counsel qualified as a "competitive decisionmaker" and would not be permitted access. On appeal to the Federal Circuit, a split panel determined that it lacked jurisdiction, noting that, generally, pretrial discovery orders are not "final" ─ and so not reviewable at the interlocutory stage under the collateral order doctrine ─ because such orders are reviewable from a final judgment. **Read more**

CAFC Affirms Obviousness Rejections Regarding Lack of Motivation to Combine

BY KASUMI KANETAKA & GRACE KIM

P Tech, LLC, v. Intuitive Surgical, Inc., No. 22-1102, No. 22-1115 (December 15, 2022)

Last month, the Federal Circuit issued a non-precedential decision affirming the PTAB's holdings in two final written decisions. P Tech, LLC (herein "P Tech") appealed the PTAB decisions holding that the claims of U.S. Patent 9,192,395 and U.S. Patent 9,149,281 (are unpatentable because they would have been obvious over the cited prior art. P Tech focused its arguments on a lack of motivation to combine two references, because the combination would result in some loss of desired advantages (which was not claimed) described in the reference. The PTAB had found that Intuitive had sufficiently proven a motivation to combine by adequately establishing that the combination would have resulted in other benefits including increased accuracy compared to manually operated instruments. The CAFC acknowledged that P Tech was correct that a motivation to combine analysis must account for reasons not to combine, but clarified that "the relevance of foregone, unclaimed benefits to the motivation-to-

combine analysis is, however, uncertain." Ultimately, the CAFC concluded that the PTAB considered all the evidence and affirmed the PTAB's decisions. **Read more**

Claim Terms Should Be Defined By Intrinsic Evidence and Not Dictionaries

BY RICHARD D. KELLY

Grace Inst. Indus., LLC. v. Chandler Inst. Co., LLC, No. 21-2370, (January 12, 2023)

The Federal Circuit reversed a district court determination the claim term "enlarged chamber" was indefinite. The claimed invention involved a viscometer for measuring the viscosity of a drilling fluid under the pressure in down-hole conditions. The district court interpreted the term "enlarged chamber" by reference to a dictionary and found it indefinite because the term "enlarged" is a term of "degree' that calls for a comparison against a baseline. The Court reversed because claim construction requires understanding the term in the context of the entire patent. The Court noted that here specification described the enlarged chamber as being large enough such that at maximum pressure the chamber is at least half-filled with the drilling fluid. While "enlarged chamber" is not a term of art, the Court found the district court erred in relying on extrinsic evidence that contradicts the scope and meaning of "enlarged chamber" as described in the intrinsic record. **Read more**

LIFE SCIENCES NEWS

PTAB Determines That a Purified Naturally Composition is Markedly Different

BY GRACE KIM & SARA PISTILLI, PHARMD.

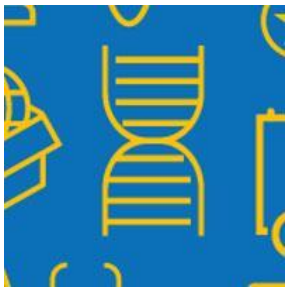
In a December 6, 2022, decision in Appeal 2022-001062 in US 15/521,212 (the 212 Application) the PTAB determined that for the *Alice* two-step patent eligibility test a purified naturally occurring composition is patent-eligible where the purified product was less toxic and better tolerated than the naturally occurring composition. The examiner had found the claim to be patent ineligible because both the claimed composition and its natural counterpart had the same components as found in the plant, having the same activity and characteristics as the compounds found in the plant. The Examiner found that the claims do not recite additional elements that amount to significantly more than the product of nature. The PTAB considered that such changes made the claimed composition markedly different from the natural composition. Here the PTAB relied on the relative amounts of the undesirable compounds in the claimed composition are significantly less than found in the natural resin. These changes in the relative amounts of the undesirable compounds result in a composition that is less toxic and better tolerated than the natural resin. Thus, while the individual compounds have the same properties as they have in the natural resin, the claimed composition, with the different amounts of compounds, has properties markedly different than the natural resin. A complete discussion is in the December 13 blog post by Grace Kim and Sara Pistilli, PharmD. found **here**.

Rejection of Overlapping Ranges Reversed But Use of a Terminal Disclaimer To Prove Double Patenting Affirmed by PTAB

BY GRACE KIM & CHRIS TUINENGA, PH.D

In the December 14 blog post, **here**, Grace Kim and Chris Tuinenga discuss the PTAB's reversal in U.S. Application No. 15/539,725 (Appeal 2021-005499) of the obviousness rejections of the claims with overlapping ranges but affirmance of the examiner's double patenting rejection which relied upon the

Applicant's terminal disclaimer filed in an unrelated application. The Board's reversal of the obviousness rejection serves as a reminder that it is insufficient that a prior art reference simply discloses an overlapping range to establish a *prima facie* case for obviousness that requires making specific selections; the reference must provide a teaching, motivation, or suggestion that creates a reasonable expectation of success. Interestingly, however, the Board's affirmance of the double patenting rejection relying upon the Applicant's terminal disclaimer filed in an unrelated application was contrary to previous decisions. Reliance on a terminal disclaimer as an admission to show obviousness as the PTAB did here is normally precluded, see MPEP §804.02(II) quoting *Quad Environmental Technologies Corp. v. Union Sanitary Dist*., 946 F.2d 870 (Fed. Cir. 1991). In *Quad* and other Federal Circuit decisions finding that a Terminal disclaimer was not an admission, the application with the terminal disclaimer was a member of the same patent family as the rejected application. Here the application with the terminal disclaimer was not a member of the same patent family. The PTAB seems to signal that the rule against terminal disclaimers for child applications admitting obviousness does not extend to applications that are not in the same patent family. Patent applicants should proceed with caution in filing terminal disclaimers where the applications involved are from different patent families.



Approval of a Drug With An Impurity Is Not Approval of the Impurity as a Drug

BY RICHARD D. KELLY

In *Sandoz, Inc., v. Becerra,* appeal No. 22-5202 (D.C.C.A 2023) the Circuit Court of Appeals affirmed the FDA's determination that an impurity in an improved drug was not an approval of the impurity. Sandoz sought approval for a generic corresponding to the drug Aubagio, which has teriflunomide as its sole active ingredient. When the FDA approved Aubagio on September 12, 2012, it determined that it had not approved teriflunomide in any other drug and that Aubagio was eligible for new chemical entity exclusivity. Sandoz sought to challenge the exclusivity period and submitted a letter to the FDA, arguing that the agency had approved teriflunomide and that Aubagio was ineligible for new chemical entity exclusivity. Sandoz asserted that teriflunomide was an active component in the drug Arava approved in 1998, using leflunomide, which the FDA identified as the sole active ingredient in the drug. When Arava is manufactured and stored, however, some of the leflunomide molecules break down into teriflunomide. The FDA characterized teriflunomide as an "impurity" and allowed Arava to contain up to 3.5 percent teriflunomide. Sandoz requested the FDA to revoke Aubagio's New Chemical Entity designation, arguing that the small quantities of teriflunomide that build up in Arava contribute to the functioning of the drug, and that teriflunomide was "physically present as a bioavailable and physiologically/pharmacologically active component" of Arava. The FDA rejected Sandoz's request. Under the agency's longstanding interpretation of the exclusivity provisions, an ingredient is "approved" in a new drug application only if it was an active ingredient in that drug. The agency concluded it had recognized teriflunomide simply as an impurity in Arava, not as an active ingredient. A complete discussion is found **here**.

NEWSLETTER EDITOR: **GRACE KIM**