

United States Court of Appeals for the Federal Circuit

ABS GLOBAL, INC.,
Appellant

v.

CYTONOME/ST, LLC,
Appellee

2019-2051

Appeal from the United States Patent and Trademark
Office, Patent Trial and Appeal Board in No. IPR2017-
02097.

Decided: January 6, 2021

STEVEN J. HOROWITZ, Sidley Austin LLP, Chicago, IL,
argued for appellant. Also represented by PAUL J.
ROGERSON.

PRATIK A. SHAH, Akin Gump Strauss Hauer & Feld
LLP, Washington, DC, argued for appellee. Also repre-
sented by RACHEL BAYEFSKY, Z.W. JULIUS CHEN; DANIEL
LYNN MOFFETT, KIRT S. O'NEILL, San Antonio, TX.

Before PROST, *Chief Judge*, MOORE and STOLL, *Circuit
Judges*.

Opinion for the court filed by *Circuit Judge* STOLL.

Opinion dissenting in part filed by *Chief Judge* PROST.

STOLL, *Circuit Judge*.

ABS Global, Inc. appeals the Patent Trial and Appeal Board's decision in an inter partes review sustaining the patentability of certain claims of U.S. Patent No. 8,529,161, which is assigned to Cytonome/ST, LLC. Because ABS's appeal is moot, we dismiss the appeal.

BACKGROUND

Cytonome is the assignee of the '161 patent, directed to microfluidic devices and methods of configuring microfluidic systems. A key issue in this case is whether Cytonome, the appellee in this IPR appeal, can reasonably be expected to assert the '161 patent against ABS in the future. To facilitate a full understanding of this issue, we provide background on both the IPR proceedings below and parallel district court proceedings.

In June 2017, Inguran, LLC, XY, LLC, and Cytonome filed a complaint against ABS and other defendants in district court asserting infringement of claims of six patents, including the '161 patent. Four months later, ABS filed a petition for inter partes review of all claims of the '161 patent. The Board instituted review and subsequently, in April 2019, issued a final written decision that invalidated certain claims of the '161 patent. The Board concluded that ABS had failed to demonstrate that the remaining claims of the '161 patent were unpatentable. Two weeks after the Board's final written decision, the district court granted in part ABS's motion for summary judgment, concluding that ABS's accused products did not infringe any of the '161 patent claims. In June 2019, nearly two months after the district court's summary judgment decision, ABS appealed the Board's final written decision. The district court held a jury trial covering the patents remaining in the case in September 2019.

ABS filed its opening brief challenging the Board's final written decision in this court in November 2019. Cytonome's response brief, filed about three months later, included an affidavit by Cytonome's counsel stating that Cytonome "has elected not to pursue an appeal of the district court's finding of non-infringement as to the '161 patent and hereby disclaims such an appeal." Appellee's Br. Add. 1. Cytonome then argued that, because it disavowed its ability to challenge the district court's summary judgment that ABS did not infringe the '161 patent claims, ABS lacked the requisite injury in fact required for Article III standing to appeal the Board's final written decision regarding validity of the claims of the '161 patent.

Four months later, in June 2020, the district court entered final judgment of noninfringement as to the '161 patent claims. ABS then timely filed motions for judgment as a matter of law with respect to the validity and infringement of the patent claims tried to the jury. The district court has not yet ruled on ABS's post-trial motions.

DISCUSSION

At the outset, we must address the jurisdictional issue first raised in Cytonome's response brief on appeal. Cytonome argues that because it disclaimed any appeal of the district court's judgment of noninfringement as to the '161 patent, ABS lacks Article III standing to pursue its appeal of the Board's final written decision regarding the '161 patent claims' validity. Specifically, Cytonome maintains that ABS cannot demonstrate injury in fact sufficient to support standing because there is no basis to conclude that ABS is engaged in activity that would place it at substantial risk of infringement of the '161 patent claims. Appellee's Br. 20–21. ABS responds that mootness, not standing, provides the proper framework to assess jurisdiction in this case. In arguing that its appeal is not moot, ABS relies solely on a purported patent-specific exception to the mootness doctrine set forth in *Fort James Corp.*

v. Solo Cup Co., 412 F.3d 1340 (Fed. Cir. 2005). Because we conclude that the voluntary cessation doctrine governs the mootness inquiry in this case, that Cytonome has demonstrated that its challenged conduct is not reasonably expected to recur, and that ABS has failed to demonstrate that it is engaged in or has sufficiently concrete plans to engage in activities not covered by Cytonome's disavowal, we dismiss ABS's appeal as moot.

I

This case presents an issue of mootness based on voluntary cessation. Our resolution of this issue is guided by the Supreme Court's framework in *Already, LLC v. Nike, Inc.*, 568 U.S. 85 (2013). In *Already*, Nike brought a trademark infringement suit against Already and Already counterclaimed that Nike's trademark was invalid. *Id.* at 88. Eight months after Nike filed its complaint and four months after Already filed its counterclaim, Nike concluded that the case no longer "warrant[ed] the substantial time and expense of continued litigation" and unilaterally issued a covenant not to sue Already. *Id.* at 88–89 (citation omitted). Nike's covenant disclaimed any future trademark or unfair competition claim against Already or any affiliated entity "based on any of Already's existing footwear designs, or any future Already designs that constituted a 'colorable imitation' of Already's current products." *Id.* at 89 (citation omitted). Nike moved to dismiss its claims and Already's counterclaims, arguing that the covenant not to sue had mooted any case or controversy. *Id.* Already opposed Nike's motion, citing an affidavit from its president stating that Already had plans to market new versions of its shoes to support its argument that Nike did not establish that voluntary cessation mooted the case. *Id.* The district court granted Nike's motion after "[f]inding no evidence that Already sought to develop any shoes not covered by the covenant," and the Second Circuit affirmed. *Id.* at 89–90.

On appeal, the Supreme Court explained that as a threshold matter, a case becomes moot “when the issues presented are no longer ‘live’ or the parties lack a legally cognizable interest in the outcome.” *Id.* at 91 (quoting *Murphy v. Hunt*, 455 U.S. 478, 481 (1982) (per curiam)). But “a defendant cannot automatically moot a case simply by ending its unlawful conduct once sued.” *Id.* (citing *City of Mesquite v. Aladdin’s Castle, Inc.*, 455 U.S. 283, 289 (1982)). Instead, “a defendant claiming that its voluntary compliance moots a case bears the formidable burden of showing that it is absolutely clear the allegedly wrongful behavior could not reasonably be expected to recur.” *Id.* (quoting *Friends of the Earth, Inc. v. Laidlaw Env’t Servs. (TOC), Inc.*, 528 U.S. 167, 190 (2000)).

Applying the voluntary cessation doctrine to the facts, the Court explained that initially, “it was Nike’s burden to show that it ‘could not reasonably be expected’ to resume its enforcement efforts against Already.” *Id.* at 92 (quoting *Friends of the Earth*, 528 U.S. at 190). Nike’s broad covenant satisfied this burden, the Court concluded, because it “allow[ed] Already to produce all of its existing footwear designs . . . and any ‘colorable imitation’ of those designs.” *Id.* at 93. Indeed, the Court found it “hard to imagine a scenario that would potentially infringe [Nike’s trademark] and yet not fall under the Covenant.” *Id.* at 94 (alteration in original) (citation omitted).

Once Nike “demonstrat[ed] that the covenant encompass[ed] all of its allegedly unlawful conduct, it was incumbent on Already to indicate that it engages in or has sufficiently concrete plans to engage in activities not covered by the covenant.” *Id.* In shifting the burden to Already, the Court noted that “information about Already’s business activities and plans is uniquely within its possession.” *Id.* The Court determined that Already failed to carry its burden because “Already did not assert any intent to design or market a shoe that would expose it to any prospect of infringement liability.” *Id.* at 95. The Court also

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