

Welcome to Hauptman Ham, LLP's Case Law Review, a summary of recent important intellectual property decisions.

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## MERELY APPLYING MACHINE LEARNING TO NEW DATA IS NOT PATENT ELIGIBLE

### [Recentive Analytics, Inc. v. Fox Corp](#)

Appeal No. 23-2437 (Fed. Cir., April 18, 2025, Dyk, Prost, Goldberg<sup>1</sup>, precedential)

Author: **Daiki Ohno**

### Key Points:

- Merely applying established machine learning methods to a new data environment is not eligible for patenting under 35 U.S.C. § 101.
- 機械学習方法を新たなデータ環境へ単に適用するだけであれば、特許法 101 条下での特許適格性を有さない。
- 기존의 머신러닝 기법을 새로운 데이터 환경에 단순히 적용하는 것만으로는 35 U.S.C. §101에 따른 특허대상 요건을 충족하지 않는다.
- 仅仅将既有的机器学习方法应用于新的数据环境，并不符合 35 U.S.C. § 101 的专利授权要求。
- Patent claims reciting broadly functional machine learning methods of event scheduling and network planning were not patent eligible where nothing in the patents exhibited any new algorithms or technological improvement in machine learning methods.
- イベントスケジューリングおよびネットワークプランニングの機能的な広い機械学習方法を要件とする特許クレームが、その特許が機械学習方法の中で何らの新たなアルゴリズムあるいは技術的改良を提示していなかったのであるから、特許適格性がなかった。
- 이벤트 스케줄링(event scheduling)과 네트워크 계획(network planning)에 관한 기능적으로 광범위한 머신러닝 방법을 청구한 특허는, 머신러닝 기법의 새로운 알고리즘이나 기술적 개선이 전혀 나타나지 않았으므로 특허대상으로 인정되지 않았다.
- 在专利中所述的事件调度和网络规划的机器学习方法如果仅以功能性语言泛泛描述，而专利并未体现任何新的算法或对机器学习方法的技术改进，则该类权利要求不具备专利适格性。

<sup>1</sup> EDPa, sitting by designation.

## **Background:**

Recentive Analytics, Inc. ("Recentive") sued Fox Corp., et al., ("Fox") for patent infringement, alleging that Fox was infringing four patents related to the use of machine learning for generating network maps and schedules for television broadcasts and live events. The district court, based on the two-step *Alice* test, concluded that the patents, reciting broadly functional machine learning methods, were directed to ineligible subject matter under 35 U.S.C. § 101 and dismissed the case.

## **Holding:**

The Court of Appeals for the Federal Circuit (CAFC) affirmed the District Court's decision, holding that the patent claims were directed to the abstract idea of using a generic machine learning technique in a particular environment, without reciting any inventive concepts. The CAFC found that simply applying established methods of machine learning to a new data environment is not patent eligible.

## **Discussion:**

The CAFC applied the two-step *Alice* test to assess patent eligibility. At step one, the court determined that the claims were directed to the abstract idea of applying general machine learning techniques in a particular context. The court emphasized that Recentive did not claim the machine learning itself or any improvement to underlying algorithms. Citing precedent, the CAFC noted that merely implementing known machine learning methods for new tasks—even if such methods enable faster or more efficient execution of tasks previously performed by humans—does not render an invention patent-eligible.

At step two, the CAFC found no inventive concept that transformed the abstract idea into a patent-eligible application. The asserted claims, which involved using machine learning to dynamically generate and update optimized maps and schedules based on real-time data, were deemed to recite only the abstract idea itself. The court further noted that iterative training and dynamic adjustments are inherent features of machine learning and do not constitute a technological improvement.

## **IPR PETITIONER MUST EXPLAIN EXAMINER'S ERROR IN OVERLOOKING SUBMITTED PRIOR ART**

### **[Ecto World, LLC v. RAI Strategic Holdings, Inc.](#)**

IPR2024-01280 (U.S. Patent No. 11,925,202)

Author: [Joshua A. Hauptman](#)

## **Key Points:**

- An IPR petitioner relying on prior art that was submitted to the USPTO during prosecution in an IDS, but on which the Examiner did not rely for a rejection, must provide an analysis under part two of the Advanced Bionics framework, as part of the petition for review, applying the Becton, Dickinson factors to explain how the Examiner materially erred in overlooking the prior art.
- IPR (Inter Partes Review: 無効審判)の申請者が、審査中に米国特許商標庁への IDS 内で提出されたものの審査官が拒絶の根拠として引用しなかった先行技術に依拠するのであれば、その申請者は、申請書の一部として、Becton, Dickinson ファクタを適用して Advanced Bionics 枠組みの第 2 部で規定された解析をして審査官がその先行技術を見過ごしたのだという重大な誤りについて説明をしなければならない。

- 특허무효심판(IPR) 청구인이 특허출원 심사과정 중 IDS 를 통해 USPTO 에 제출되었지만, 심사관이 거절이유로 활용하지 않은 선행기술에 의존하는 경우에는, 심판청구서에서 Advanced Bionics 기준의 두 번째 단계에 따라 분석을 제시해야 하며, Becton, Dickinson 요소들을 적용하여 심사관이 그 선행기술을 간과한 것이 실질적인 오류임을 설명해야 한다.
- 在当事人复审（IPR）中，如果请愿人依赖的是在审查过程中通过信息披露声明（IDS）提交给 USPTO 的现有技术，而审查员在作出驳回时并未依赖该现有技术，则请愿人必须在复审理愿书中依据 Advanced Bionics 框架的第二部分提供分析，运用 Becton, Dickinson 的考量因素，说明审查员在忽视该先前技术时存在实质性错误。
- The USPTO has rescinded procedure foreclosing the PTAB from using its discretion to deny IPR institution based on applying Fintiv to parallel ITC proceedings, so the PTAB may now use its discretion in such cases.
- 米国特許商標庁が、PTAB が、Finitiv を ITC の平行手続きに適用することに基づく IPR 開始を否定する裁量権を用いることを排除する手続きを取り消したのであるから、PTAB はこの場合において自身の裁量権を行使することができる。
- USPTO 는 병행 중인 ITC 절차를 이유로 Fintiv 기준을 적용하여 IPR 개시를 재량으로 거절하지 못하도록 했던 절차를 폐지하였다. 이에 따라 PTAB 은 이제 이러한 사건들에 대해 재량에 따라 IPR 개시 여부를 판단할 수 있게 되었다.
- 美国专利商标局（USPTO）已撤销原先禁止专利审判与上诉委员会（PTAB）在与国际贸易委员会（ITC）的平行程序中适用 Fintiv 原则而行使自由裁量权拒绝启动当事人复审（IPR）的做法，因此 PTAB 现在可以在此类案件中自行决定是否启动 IPR。

### **Background:**

Ecto World, LLC, and SV3, LLC (Petitioners, collectively “Ecto World”) filed a petition for Inter Partes Review (“IPR”) challenging RAI Strategic Holdings, Inc.’s (“RAI”) U.S. Patent No. 11,925,202. The Patent Trial and Appeals Board (“PTAB”) of the United States Patent and Trademark Office (“USPTO”) initially declined to institute the review under 35 U.S.C. § 325(d), reasoning that the prior art cited in the petition had already been submitted during prosecution in an Information Disclosure Statement (IDS) containing over 1,000 references. Petitioners sought Director Review of the PTAB decision, arguing the PTAB misapplied the framework of *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2018-01469, Paper 6 (PTAB Feb. 13, 2020), by failing to assess whether the USPTO materially erred in granting the patent. RAI opposed, also asserting that the IPR should be denied under *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) due to a pending ITC investigation.

### **Holding:**

The Director clarified that while relying on prior art listed in an IDS submitted during prosecution satisfies part one of the *Advanced Bionics* framework, requiring that the prior art be the same or substantially the same as prior art previously presented to the Office, but Petitioners must expressly demonstrate Examiner error under part two of the framework to obtain a decision to institute an IPR based on prior art previously presented to the USPTO in an IDS. The Director also clarified that, upon recission of Office procedure

foreclosing the PTAB from using its discretion to deny IPR institution based on applying *Fintiv* to parallel ITC proceedings, the PTAB may now use its discretion in such cases.

### **Discussion:**

RAI argued that the PTAB misapplied part two of the *Advanced Bionics* framework by requiring the Petitioner to articulate how the Office erred in a material manner, and by limiting consideration of part two only to two pages of the Petition that specifically address § 325(d). Noting that different PTAB decisions disagree as to how much analysis under part two of the framework is required, the Director explained that the Petitioner must provide an express analysis for part two of the *Advanced Bionics* framework explaining, with reference to *Becton*, *Dickinson* factors (c), (e), and (f), how the Examiner erred in overlooking the prior art. To require the PTAB to glean such information from the extended Petition in whole is to improperly shift Petitioner's burden to demonstrate material error onto the PTAB.

Regarding *Fintiv*, the Patent Owner argued the ITC proceeding (target date: November 2025) warranted discretionary denial. The Director noted that an Office policy foreclosing *Fintiv* denials for ITC cases has been rescinded in February 2025, restoring the PTAB's discretion in such cases. The parties were instructed on remand to brief *Fintiv* factors only if § 325(d) denial was unwarranted.

The Director thus granted review, vacated the PTAB's decision, and remanded the case for consideration of (1) whether the Examiner materially erred under § 325(d); and (2) whether *Fintiv* applies.

## **EXPERT ROYALTY OPINION MUST BE BASED ON LICENSEE ACCEPTANCE OF ROYALTY RATE**

### **EcoFactor, Inc. v. Google LLC.**

**Appeal No. 2023-1101** (Fed. Cir., May 21, 2025, Moore, Chief Judge, *en banc*)

Author: [Nick Fan](#)

### **Key Points:**

- Expert royalty per unit calculation based on lump sum licenses was not supported by sufficient evidence where the license agreements contained only evidence of the licensor's willingness to provide the license at the per unit rate represented by the lump sum.
- 専門家による一時金ライセンスに基づくユニット当たりの特許料の計算は、そのライセンス合意が、一時金により示されたユニット当たりのレートでライセンスを提供するというライセンス許諾者の意思の証拠のみが含まれていたため、十分な証拠による裏付けがなかった。
- 일시불(lump sum) 라이선스를 근거로 한 전문가의 단위당 로열티(per-unit royalty) 산정은, 해당 라이선스 계약이 단지 라이선스 제공자가 그 일시불 금액에 해당하는 단위당 요율로 라이선스를 제공할 의사가 있었다는 점만을 보여줄 뿐이므로, 충분한 증거로 뒷받침되지 않았다.
- 在一次性许可费 ( lump sum) 协议基础上由专家计算的单位使用费 ( royalty per unit) , 如果许可协议中仅体现出许可方愿意以该一次性费用所折算的单位费率提供许可 , 而并无足够证据支持该单位费率的合理性 , 则该计算缺乏充分的证据依据 。

## **Background:**

EcoFactor owns U.S. Patent No. 8,738,327 (the '327 patent) relating to the operation of smart thermostats in computer-networked heating and cooling systems. EcoFactor sued Google in the Western District of Texas, alleging Google's Nest thermostats infringe the '327 patent. After discovery, the district court denied Google's summary judgment motion that all asserted claims of the '327 patent were invalid under 35 U.S.C. § 101. The district court also denied Google's pretrial motion to exclude testimony from EcoFactor's damages expert as unsupported by sufficient facts and reliable methodology. The jury found that Google infringed the '327 patent and awarded EcoFactor about \$20M in damages. Google timely filed a motion for JMOL of noninfringement and a motion for a new trial on damages. The district court denied Google's motion for JMOL and motion for a new trial. Google appealed to the Court of Appeals for the Federal Circuit (CAFC).

A panel of three CAFC judges affirmed the district court's denial of JMOL and held the district court's denial of summary judgment was not appealable. The panel also affirmed the district court's denial of Google's motion for a new trial on damages. Google petitioned for rehearing en banc.

## **Holding:**

The Examining Attorney and the TTAB had correctly applied the *Milwaukee* test in finding that the color of the Medisafe was generic and was not entitled to registration on the primary or secondary registers. Affirmed. The district court abused its discretion in denying a new trial on damages because Mr. Kennedy's expert opinion was unreliable under Rule 702 and *Daubert v. Merrell Dow Pharma., Inc.*, 509 U.S. 579 (1993). The reviewing court reversed the district court's denial of Google's motion for a new trial on damages and remanded.

## **Discussion:**

The CAFC found, following Fifth Circuit law, that the district court gave no rationale for ruling that the expert testimony was admissible or for denying Google's motion for a new trial on damages. The reviewing court found this was an abuse of the district court's discretion.

Explaining that, while the credibility of an expert's damages calculation is properly left to the jury, a court must determine, as a threshold matter, whether the evidence to be submitted to the jury is reliable under FRCP 702, the CAFC reviewed the challenged evidence for admissibility. The reviewing court found that the expert opinion of Mr. Kennedy, EcoFactor's damages expert, that comparable licensees agreed to pay a royalty rate of \$X per unit was improperly based on lump sum licenses that do not support that opinion. Specifically, the CAFC found no language in any of the cited licenses indicating acceptance, by the licensee, of a royalty rate of \$X per unit. The CAFC also observed that one of the cited licenses was entered into after litigation that did not involve the '327 patent, further complicating the question of what royalty rate the licensee in that case might have agreed to. Finally, the CAFC found a preamble in each license stating that *EcoFactor* believed the lump sum to represent a reasonable royalty of \$X per unit insufficient to support concluding that the *licensee* had agreed to that rate. The CAFC thus remanded the case to the district court for a new damages trial.

## ADDITIONAL INFORMATION

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