

No. 2018-1542

**IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

ULTHERA, INC.,

Appellant,

v.

DERMAFOCUS LLC,

Appellee.

APPEAL FROM THE U.S. PATENT OFFICE, PATENT TRIAL AND APPEAL BOARD
Case No. IPR 2016-01459

**ULTHERA, INC.’S OPPOSED MOTION FOR REMAND
IN VIEW OF *SAS INSTITUTE* DECISION**

Appellant Ulthera, Inc. respectfully moves under Federal Rule of Appellate Procedure 27 and Federal Circuit Rule 27(f) to remand this appeal to the Patent Trial and Appeal Board to consider the patentability of Claims 5 and 10 of U.S. Patent No. 6,113,559 (“’559 Patent”) as required by *SAS Institute Inc. v. Iancu*, 584 U.S. ____ (2018).

I. BACKGROUND

This appeal seeks a reversal of the Board’s final written decision in an IPR proceeding challenging the patentability of the ’559 Patent. The ’559 Patent claims using ultrasound energy to smooth human skin. Claims 5 and 10

are dependent claims including the additional limitation that “the ultrasound beam is repeatedly applied until the wrinkles are visibly reduced.” ’559 Patent at 10:43-44, 10:59-60. The Board exercised its discretion not to institute review of either these claims. *Ulthera, Inc. v. DermaFocus LLC*, No. IPR2016-01459, 2017 WL 380446, at *5, *7 (P.T.A.B. Jan. 23, 2017) (“Institution Decision”). It reasoned that because Appellant had not proffered a claim construction of the term “until the wrinkles are visibly reduced,” it was unclear how the cited prior art teachings about correcting wrinkling of the skin rendered this limitation obvious. *See id.*

Appellant sought *inter partes* review of Claims 1-18 of the ’559 Patent. Institution Decision, 2017 WL 380446, at *1. The Board instituted review of all challenged claims except for Claims 5 and 10. *Id.* Accordingly, the Final Written Decision did not discuss the patentability of Claims 5 and 10, and the Board’s final judgment also did not address those claims. *Ulthera, Inc. v. DermaFocus LLC*, No. IPR2016-01459, 2018 WL 495949, at *15 (P.T.A.B. Jan. 19, 2018) (“Final Written Decision”).

Appellant has conferred with Appellee’s counsel who stated that they oppose this motion based on its contention that the Board necessarily rejected the challenges to dependent Claims 5 and 10.

Appellant's opening brief is currently due May 21, 2018. Appellant is simultaneously filing a motion to extend the deadline to file its opening brief pending resolution of the present Motion.

II. ARGUMENT

The Supreme Court held in *SAS* that, pursuant to 35 U.S.C. § 318(a), the Board must issue a final written decision addressing the patentability of every claim challenged by the petitioner in the IPR. *SAS*, slip op. at 1. Here, the Board did not comply with Section 318(a) because it did not address all claims challenged in the Petition. *See id.* The Board declined to institute review of Claims 5 and 10 and thus excluded them from consideration during the trial. *See* Institution Decision, 2017 WL 380446, at *1. Thus, the parties never substantively addressed Claims 5 and 10 during the IPR, and the Board never decided Appellant's challenge to those claims in the Final Written Decision. *See generally* Final Written Decision, 2018 WL 495949. Indeed, the Board's final judgment omitted Claims 5 and 10 and therefore there is nothing for this Court to review with respect to those claims. *See id.* at *15 (“it is hereby: ORDERED that claims 1-4, 6-9, and 11-18 have not been shown to be unpatentable”) (emphasis in original). Accordingly, the Board failed to comply with Section 318(a) as that section was recently interpreted in *SAS*.

Appellee has stated that it opposes this Motion because, in its view, the Board necessarily considered the patentability of Claims 5 and 10 and found them patentable for the same reasons as the other claims. That argument is unsupported by the record because the Board did not, in fact, consider Claims 5 and 10 during the trial or enter a final judgment encompassing them. *See id.* at *15.

This Court should remand the case at this juncture for the Board to consider the patentability of Claims 5 and 10 as required by *SAS* and issue a final judgment addressing them. The Board declined to institute review based on its assessment that no claim construction had been offered to evaluate the prior art's teachings concerning correcting wrinkling of the skin. Institution Decision, 2017 WL 380446, at *5, *7. Remand will allow the Board to conduct any necessary claim construction and make factual findings about whether these claims are obvious over the prior art in the first instance.

This appeal is in its early stages and briefing has not commenced. Remanding the case now will conserve the Court's time and resources by allowing the Board's decision on all challenged claims to be reviewed in a single appeal. Proceeding on the present record could require successive appeals whereby the patentability of claims is considered separately: Claims 1-4, 6-9, and 11-18 in a first appeal, and dependent Claims 5 and 10 in a second

appeal if this Court determines that the Board must decide the patentability of these claims in the first instance.

III. RELIEF REQUESTED

In view of the Board's failure to comply with Section 318(a), Appellant respectfully requests that the Court remand this appeal to the Board to decide the patentability of Claims 5 and 10 and issue a final judgment concerning them.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: May 9, 2018

By: /s/ Michelle E. Armond

John B. Sganga, Jr.

Counsel of Record

Matthew S. Bellinger

Michelle E. Armond

Attorneys for Appellant

ULTHERA, INC.

CERTIFICATE OF INTEREST

Counsel for Appellant Ulthera, Inc. hereby certifies the following:

1. The full name of every party represented by me is:

Ulthera, Inc.

2. Name of Real Party in interest represented by me is:

Ulthera, Inc.; Merz North America, Inc.; Merz Incorporated; Merz Pharmaceuticals GmbH; and Merz Pharma GmbH & Co. KGaA.

3. Parent corporations and publicly held companies that own 10% or more of stock in the party:

There is no publicly traded corporation that owns 10% or more of Ulthera, Inc.'s stock. The parent corporation of Ulthera, Inc. is Merz, Inc. The parent corporation of Merz, Inc. is Merz Pharmaceuticals GmbH. The parent corporation of Merz Pharmaceuticals GmbH is Merz Pharma GmbH & Co. KGaA. These companies have corporate relationships with many other companies of the Merz group, including Merz Management GmbH, Merz Beteiligungs GmbH, Merz Holding GmbH & Co. KG and Merz GmbH.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

None.

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal.

DermaFocus LLC v. Ulthera, Inc., No. 1:15-cv-00654-JFB-SRF (D. Del.).

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: May 9, 2018

By: /s/ Michelle E. Armond

Michelle E. Armond

Attorneys for Appellant

ULTHERA, INC

CERTIFICATE OF SERVICE

I hereby certify that on May 9, 2018, the foregoing document was filed electronically using the CM/ECF system, which will send notification of such filing to all counsel of record.

Dated: May 9, 2018

By: /s/ Michelle E. Armond

Michelle E. Armond

Attorneys for Appellant
ULTHERA, INC.

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