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The Precedent: The Federal Circuit Provides Guidelines for Challenging Expired Patents in Apple Inc. v. Gesture Tech. Partners, LLC

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AUTHORED ARTICLE | 2.21.2025

In this edition of *The Precedent*, we outline the decision in *Apple Inc. v. Gesture Tech. Partners, LLC*

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Overview

In Apple Inc., v. Gesture Tech Partners, LLC, the Federal Circuit reviewed the Patent Trial and Appeal Board's (PTAB) determination of patentability of claims 1-7 of expired U.S. Patent No. 8,878,949 (the ´949 Patent) during an Inter Partes Review (IPR). In doing do, the Federal Circuit addressed the PTAB's jurisdiction to conduct IPRs over expired patents under the public-rights doctrine and the proper use of expert witness testimony in IPR determinations of obviousness of patent claims.

Identified Issues

- 1. Did the PTAB or only an Article III court have jurisdiction over the IPR of the expired '949 Patent?
- 2. Did the PTAB improperly ignore expert witness testimony during the IPR proceeding?
- 3. Did the PTAB properly evaluate obviousness of the '949 Patent claims?

Holding

- 1. The PTAB has jurisdiction to conduct IPRs for expired patents under the public-rights doctrine.
- 2. The PTAB erred by ignoring expert witness testimony submitted in a supplemental declaration.
- 3. The Federal Circuit affirmed the PTAB's finding of obviousness of claims 1-3 and 5-7 of the ´949 Patent but reversed the PTAB's finding of non-obviousness of claim 4.



Background and Reasoning

In Apple Inc., v. Gesture Tech Partners, LLC, the dispute centers on the expired ´949 Patent, owned by Gesture Tech Partners, LLC (Gesture), which protects a "portable device" that uses an "electro-optical sensor" to scan a "field of view," a "processing unit" to "determine a gesture has been performed" in the "field of view" and a "digital camera" that receives "an image capture command" from the "processing unit" "to store an image to memory" "in response to the gesture performed." Apple filed an IPR petition for the expired ´949 Patent, asserting that each of its claims are unpatentable over U.S. Patent No. 6,144,366 (Numazaki) and Japanese Patent Application No. H4-73631 (Nonaka). Numazaki was asserted for disclosing an "information input generation apparatus" to detect subjects using a "reflected light extraction unit" and "visible light photo-detection array," while Nonaka was asserted for disclosing "a camera that captures images when an equipped remote release device detects a user command." Apple argued that an artisan would be motivated to combine Numazaki and Nonaka, rendering obvious the claims of the ´949 Patent.

The PTAB held that claims 1-3, 5-7 were unpatentable as obvious, but not claim 4. The PTAB found Numazaki's "reflected light extraction unit" to correspond to the ´949 Patent's "electro-optical sensor" and Numazaki's photodetection array to correspond to the ´949 Patent's "digital camera." The PTAB held that an artisan would apply Nonaka's teachings about the remote release functionality to those of Numazaki to disclose a device that renders these claims obvious. Regarding claim 4, requiring the "electro-optical sensor" to be "fixed" in relation to the "digital camera," the PTAB held that the "fixed" limitation was not obvious in light of Numazaki, expressly ignoring Apple's expert witness's supplemental declaration asserting that Numazaki taught that limitation, finding that this argument was not made in Apple's IPR petition.

Gesture cross-appealed as to claim 1-3, 5-7, arguing that the PTAB did not have jurisdiction for the IPR for the expired '949 Patent. The public-rights doctrine recognizes Congressional authority to assign jurisdiction of certain matters to non-Article III forums. In *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, the Supreme Court applied the public-rights doctrine to the government's grant of a patent ("grant of a public franchise"), holding that Congress may grant the PTAB jurisdiction to adjudicate such public rights in IPRs. Gesture, citing *Oil States*, argued that the "public franchise" ends once a patent expires, limiting jurisdiction to only Article III courts. Gesture also argued that the PTAB's finding of motivation to combine Nonaka and Numazaki was not supported by substantial evidence.

The Federal Circuit affirmed the PTAB's holding that claims 1-3 and 5-7 are unpatentable. The Federal Circuit upheld PTAB jurisdiction over IPRs of expired patents, holding that an IPR is a review of a previously awarded "public franchise" that still exists after patent expiration, (e.g., a limited set of rights to patentees remaining, such bringing actions for past damages). The Federal Circuit also affirmed the PTAB's finding of obviousness of claims 1-3 and 5-7 of the '949 Patent. The Federal Circuit concluded that substantial evidence existed to support the PTAB's finding of what an artisan would understand from the teachings of Numazaki and Nonaka, and that an artisan would be motivated to combine the teachings.

Apple appealed as to claim 4, arguing that the PTAB improperly ignored Apple's expert witness's testimony. In its IPR petition, Apple asserted that Numazaki taught the photo-detection array and light extraction unit having "overlapping fields of view." Apple's expert's supplemental declaration elaborated on this assertion, stating that requiring "overlapping fields of view" was key to an artisan finding it desirable to fix the two components in relation to one another. The Federal Circuit reversed the PTAB's decision to



ignore this testimony, and, based on it, reversed the PTAB's finding that claim 4 of the ´949 Patent was not obvious. The Federal Circuit, relying on *Masimo Corporation v. Apple Inc.*, held that the PTAB may only consider arguments presented in an IPR; however, any arguments raised in the IPR petition may be elaborated upon. The Federal Circuit held that Apple's supplemental expert witness testimony was properly confined to elaborating on arguments expressly raised in Apple's IPR petition.