

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING OCTOBER 18, 2019**Campbell Soup Co. v. Gamon Plus, Inc., No. 2018-2099 (Oct 15, 2019) (non-precedential); Patent No. 8,827,111****Key point(s):**

- The Board is allowed to change its understanding of a reference between instituting a decision and the final decision in an *inter partes* review.
- Parties do not waive their right to obtain review of all of grounds of an *inter partes* review under *SAS Institute, INC. v. Iancu*, by availing themselves of the appeals process with the Federal Circuit.

Facts/Background: Gamon owns the '111 patent, related to a dispenser rack and display. Campbell petitioned for *inter partes* review, challenging the validity of claims 1-35. The PTAB instituted review of claims 1-16, 27, 28, and 32-35 under some, but not all of the asserted grounds. Gamon cancelled claims 1-16, and the PTAB found that claims 27, 28, and 32-35 were not patentable over the instituted grounds and the references relied on in the petition.

SAS (holding that the PTAB must issue judgment patent claims contested by the petitioner) issued four days after the PTAB's final decision and this appeal followed.

Holding: Affirmed in part and Remanded in part. Campbell argued that the PTAB was required to consider all claims and all asserted grounds and that the PTAB erred in its analysis of the claims found to not be unpatentable. Gamon responded that any error from failing to institute review on all grounds for all challenged claims was (i) waived for failure to raise the objection at the PTAB level or (ii) harmless error.

The Federal Circuit agreed with the PTAB's analysis of the claims for which review was instituted, stating that the PTAB's finding that claims 27, 28, and 32-35 were not proved to be unpatentable as obvious is supported by substantial evidence. The Federal Circuit noted that the PTAB is allowed (and encouraged when appropriate) to change its understanding of the references as the full record is developed during review.

The Federal Circuit remanded the matter for full review consistent with *SAS* with respect to non-instituted claims 17-26 and 29-31, and the non-instituted grounds for claims 27, 28, and 32-35. The Federal Circuit disagreed that the lack of review was harmless error, as not all claims or grounds were considered in the original decision by the PTAB and thus Gamon's arguments were inconsistent with the holding in *SAS*. The Federal circuit noted that Campbell properly preserved its rights for *SAS*-based remand by including the request in its opening brief, and that neither the PTAB nor the Federal Circuit had established a specific timing or format to request a *SAS*-remand. Thus, failure to raise the request with the PTAB was not fatal to Campbell's rights.

Knauf Insulation, Inc. v. Rockwool Internat'l A/S, Nos. 18-1810, 18-1811, 18-1891 (Oct 15, 2019) (non-precedential); Patent Nos. 7,888,445 and 7,772,347

Key point(s):

- The motivation to combine two references must be established for a proper rejection and be based on a common utility of the components – not a common identity of the components.
- The petitioner in an *inter partes* reexamination bears the burden to prove that every limitation of a claim can be found in the prior art.
- A petitioner does not have an automatic right to cross-appeal from the Board's decision despite having the right to defend the Board's decision against the direct appeal

Facts/Background: The claims at issue relate to a chemical reaction including a Maillard reaction alleged to be obvious in light of three references due to the similarity of the disclosed chemical reactions in the three references. Rockwool instituted *inter partes* reexamination of the claims in suit, and the Board found some of the claims unpatentable as obvious and some not unpatentable as obvious. Knauf appealed the Board's determination of those claims deemed unpatentable as obvious and Rockwool cross-appealed the Board's determination of those claims not deemed unpatentable as obvious.

Holding: Vacated and remanded in part, and dismissed in part. The Federal Circuit vacated and remanded the Board's determination of obviousness, as none of the cited references explicitly or implicitly teach a reaction that combines the claimed reactants (or an equivalent) to produce the claimed product (or an equivalent). The Federal Circuit held that the Board did not analyze the purposes of the different reactants discussed in each of the references, and instead engaged in hindsight to select the reactants to describe the claimed reaction, based on the identities of the reactants (not their uses in the reactions). The Board failed to identify a suggestion in the references that would allow for the combination thereof. The Federal Circuit also concluded that the Board erred in assigning Knauf the burden of proof for whether the cited references disclosed (inherently or explicitly) the claimed concentrations of the reactants/product of the reaction.

The Federal Circuit dismissed Rockwool's cross-appeal for lack of standing. Rockwool failed to indicate an injury-in-fact or an ongoing controversy regarding the claims. The Federal Circuit rejected Rockwool's argument that its participation in the *inter partes* reexamination granted Rockwool standing to appeal adverse findings, noting that the grant of a reexamination certificate is similar to the initial patent grant, which does not result in an injury or other cause of action in and of itself.

In re Gates, No. 18-2331 (Oct 16, 2019) (non-precedential); Application No. 15/349,668**Key point(s):**

- Anticipation under §102 is not the same as a 1-reference obviousness rejection under §103.
- Different embodiments in a single reference may be separate and a §103 rejection may be required to combine those embodiments.

Facts/Background: The '668 Application is directed to a hand held device with two operational modes (a remote control or a mouse) based on a proximity of the device to a surface that uses two different transmission technologies based on the currently selected operational mode (*e.g.*, infrared remote control or radio frequency mouse). The Examiner rejected the claims under §102 based on the *Tiphane* reference (2003/0028688). Gates appealed to the Board arguing that the Examiner's rejection under §102 was inappropriate as the distinct embodiments discussed in the *Tiphane* reference did not describe the invention as claimed. The Board affirmed the Examiner's rejections, and Gates appealed.

Holding: Reversed and remanded. Gates argued that *Tiphane* did not disclose the elements in a single embodiment and thus could not be a proper basis for rejection under § 102. The Federal Circuit agreed with Gates that *Tiphane* did not disclose a single embodiment with every limitation present in the claims, and thus a rejection under §102 is not supported by *Tiphane*. The Federal Circuit, however, declined to determine whether the invention would be obvious under § 103 in light of *Tiphane*, since that had not been a basis for the Examiner's rejection or considered by the Board.

Fraunhofer-Gesellschaft v. Sirius XM Radio Inc., No. 18-2400 (Oct 17, 2019) (Precedential) (3-0); Patent Nos. 6314289, 6931084, 6993084, 7061997

Key point(s):

- Ambiguity in a contract cannot be resolved in a motion to dismiss.

Facts/Background: Sirius worked with Fraunhofer in 1999 to develop its satellite systems using technology developed by Fraunhofer. Fraunhofer had previously licensed these technologies to WorldSpace under a Master Agreement licensing patent rights. The Master Agreement stated that it was governed by German law. Sirius sublicensed the patents in suit from WorldSpace. In 2008, after Sirius deployed its satellites, WorldSpace went bankrupt and stopped paying license fees to Fraunhofer. In 2015, Fraunhofer sent a letter to WorldSpace, allegedly terminating the license agreement for WorldSpace's failure to pay.

Fraunhofer sued Sirius for patent infringement in 2017. The district court granted Sirius' motion to dismiss on the ground that the sublicense was not terminated and was a complete defense to infringement. The district court also denied Fraunhofer's motion to amend the complaint as futile. This appeal followed.

Holding: Vacated, Reversed, and Remanded. Fraunhofer brings the present appeal to determine whether the Master Agreement assigning patent rights to WorldSpace was terminated and, if so, whether such termination also terminated the sublicense to Sirius. The parties had not addressed whether German law should apply (or would be applied differently than US law). In the absence of such evidence, and applying regional circuit law, the Federal Circuit, held that US law applied to the case.

The Federal circuit rejected Fraunhofer's argument that the license and sub-license were unilaterally terminated by rejection in bankruptcy, *Mission Prod. Holdings, Inc. v. Temonology, LLC*, 139 S. Ct. 1652, 1657-58 (2019) (a rejection [during bankruptcy] breaches a contract but does not rescind it). As the district court did not decide the issue of whether Fraunhofer properly terminated the agreement (*e.g.*, provided proper notice) according to the terms of the Master Agreement, the Federal Circuit remanded the issue for further consideration.

The Federal Circuit held that the Master Agreement was ambiguous as to whether sublicenses survived the termination of the original license (or if the Master Agreement had even been terminated). The appellate court explained ambiguity cannot be resolved in a motion to dismiss, and thus remanded the issue for further consideration. As Fraunhofer's proposed amendments to the complaint sought to bring in evidence for some of the extrinsic factors bearing on the issue of ambiguity, the Federal Circuit also reversed the district court's denial of the motion to amend the complaint.

In re Gen'l Elec. Co., No. 19-1112, 19-1113, 19-1115 (Oct 18, 2019) (non-precedential); Patent No. 7,990,705 and Application Nos. 14/593,087, 15/070,427, and 15/070,483

Key point(s):

- Prosecution history is considered when determining what subject matter has been surrendered during prosecution in light of impermissible re-capture of subject matter in the reissue claims.
- Additional limitations or overlooked aspects of reissue claims are irrelevant when considering whether the reissue claims seek to recapture surrendered subject matter.

Facts/Background: General Electric (GE) received the '705 patent with claims directed to a jet enhanced convection cooling component in 2011. During the course of prosecution, GE added a limitation that the jet assembly is attached to a sidewall of the associated enclosure, and allowance followed.

In 2013 GE filed a reissue application, which the Examiner restricted and GE divided into the three applications at issue in the present case. The Examiner rejected the claims based on defective reissue declarations. GE appealed. The Board reversed the Examiner's rejections on form, but rejected the reissue claims as an attempt to recapture surrendered subject matter. The Board found that none of the proposed claims indicated that the jet was attached to (versus configured to cool) a sidewall as the original claims recited as a limitation. GE appealed.

Holding: Affirmed. The Federal Circuit held that the reissue claims impermissibly attempted to recapture subject matter surrendered during prosecution of the 705 patent. The Federal Circuit examined the prosecution history of the original application and concluded that the integration of the jet assembly to the sidewall was key to the allowability of the original claims.

Regarding the '087 application, the Federal Circuit rejected GE's arguments that the Board interpreted the nature of what was surrendered during prosecution in an unreasonably restrictive manner (*e.g.*, positioning versus integration). The Federal Circuit also held GE's arguments that further limitations were added to the claims were irrelevant.

Regarding the '427 and '483 applications, the Federal Circuit rejected GE's arguments that standalone jet assemblies (that do not recite a sidewall to be integrated in) were aspects that were "overlooked" during original prosecution, and thus could not be surrendered. The Federal Circuit held that the prosecution history indicated that the claims of the '427 and '483 applications were within the scope of the original claims and thus were not "overlooked" during the original prosecution, and were thus directed to surrendered subject matter.