

District court reviews will permit new evidence

THE CASE

Stephen P Troy, JR v Samson Manufacturing Corp
US Court of Appeals for the Federal Circuit
11 July 2014

The decision to allow new evidence in a recent Federal Circuit appeal case will be welcomed by IP lawyers preparing challenges to the patent appeals board, says **Ernest V Linek**

On 11 July 2014, the US Court of Appeals for the Federal Circuit decided the case of *Stephen P Troy, JR v Samson Manufacturing Corp*, an appeal from the US District Court for the District of Massachusetts.

Intellectual property attorneys who challenge decisions from the US Patent and Trademark Office's Board of Patent Appeals and Interferences (Board) will applaud this decision as it permits new evidence to be presented during a district court review of an adverse Board decision.

The Massachusetts district court case was a civil action filed by Stephen P Troy under 35 USC § 146, for review of an adverse decision issued by the Board. The Board, in an interference proceeding with Samson Manufacturing Corp, had cancelled the claims of Troy's US Patent No. 7,216,451 ('451 patent).

In an interference case, the party showing that it was first to invent the subject matter usually has priority, and with priority comes the right to patent protection on the subject matter of the patent. Such cases are slowly disappearing – as the new America Invents Act no longer permits interferences. Now the first inventor to file has priority against later filers for the same invention.

The Board declared an interference between Troy's '451 patent and Samson's US Patent Application No 11/326,665 ('665 application). Because Samson's '665 application had an earlier priority date than the '451 patent, Samson was named the senior party – which includes a presumption of priority.

The Board concluded that Troy failed to prove that he should have priority and entered judgment against Troy, and ordered all claims of the '451 patent cancelled.

Troy challenged the Board's decision in the Massachusetts district court under § 146, and proffered new evidence to support his priority claim. After reviewing the record before the Board and some of the new evidence proffered

by Troy, the district court concluded that Troy failed to carry his burden to prove priority. The district court then affirmed the Board's order canceling all claims of Troy's patent.

More importantly, the district court refused to consider some of the new evidence offered by Troy, because "[a] party is generally precluded from raising issues or theories of law in a Section 146 proceeding that were not previously raised before the board."

“The court could find no basis in the language of the statutes for differing treatment with regard to the types of evidence that ought to be admitted.”

Troy's Federal Circuit appeal challenged the district court's refusal to consider evidence pertaining to issues not raised before the Board. Troy argued that the US Supreme Court rejected the rule against new issues when it held that “there are no limitations on a patent applicant's ability to introduce new evidence in a § 145 proceeding beyond those already present in the Federal Rules of Evidence and the Federal Rules of Civil Procedure,” see *Kappos v Hyatt*, 132 S Ct 1690, 1700–01 (2012).

Samson argued that even if *Hyatt* requires that the district court admit such new evidence, the holding in that case is applicable to § 145 actions only. Samson argued that the proceeding at issue in this case, an interference arising under § 146, ought not to be governed by the same rules. Troy responded that there is no meaningful difference between § 145 and § 146, and that both types of proceedings ought to be subject to the same evidentiary rules.

The Federal Circuit concluded that to

the extent that prior precedent see, eg, *Conservolite v Widmayer*, 21 F.3d 1098, 1102 (Fed Cir 1994), held that new evidence on an issue not presented to the Board was generally to be excluded in district court proceedings, is no longer viable following the Supreme Court's *Hyatt* decision.

The question confronted by the Federal Circuit was whether there are differences between § 145 and § 146 such that the evidentiary rules that apply to § 145 actions ought not to similarly apply to § 146 actions. The court could find no basis in the language of the statutes for differing treatment with regard to the types of evidence that ought to be admitted. The court thus concluded that the Supreme Court's decision in *Hyatt* applies with equal force to both § 145 and § 146 actions.

The Federal Circuit reversed the ruling from the district court, holding that new evidence is to be admitted without regard to whether the issue was raised before the Board. The case was vacated and remanded because the district court erred in refusing to consider new evidence pertinent to a critical issue in the patent interference, namely the determination of priority.

Author



Ernest V Linek is a principal shareholder in the Boston office of Banner & Witcoff. He has successfully prosecuted hundreds of US and international patent applications, and assisted clients in the selection and registration of hundreds of new trademarks and service marks in the US and abroad. He has also successfully protected clients' interests in numerous federal district courts and before the US Court of Appeals for the Federal Circuit.