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PTAB Provides Guidance for Demonstrating Prior Invention to Overcome 102(a) Challenge

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October 1, 2014 — In a Final Written Decision finding the patent owner’s claims unpatentable, the PTAB provided guidance on establishing prior invention to overcome a challenge under 35 U.S.C. 102(a). The PTAB also commented concerning the grounds in an original petition seeking an *inter partes* review and attempting to “reserve rights” in a petition.

[IPR2013-00364 – Handi Quilter, Inc. and Tacony Corporation v. Bernina International AG \(Paper 39\)](#)

In *Handi Quilter*, patent owner unsuccessfully attempted to show prior invention in response to a 35 U.S.C. 102(a) challenge. In its Final Decision (Paper 39), the PTAB outlined the two ways of demonstrating prior invention over a published reference citable only under 35 U.S.C. 102(a): (1) proving a reduction to practice before the publication of the reference or (2) demonstrating a prior conception coupled with reasonable diligence to a reduction to practice (actual or constructive) after the publication of the reference. Here, the patent owner attempted to prove prior conception with diligence, but failed to demonstrate a complete conception.

The patent owner was handcuffed to a large extent by the death of its sole inventor less than a year before the filing of the petition. Fortunately for the patent owner, the inventor and his attorney were previously aware of the existence of the key reference (Watabe) and had done an investigation and collected relevant documents before the inventor’s death. Unfortunately, neither had the foresight to document the investigation to establish a sufficient record, according to the PTAB. The record lacked the reliability and credibility essential to a satisfactory showing of prior invention.

The PTAB's decision is instructive not only for its critique of the nature of the evidentiary record, but also for highlighting the need to keep all of the elements of the claimed invention in focus when attempting to prove prior invention. Even if the evidentiary record did not have the reliability and credibility shortcomings caused by the untimely death of the inventor, the patent owner's attempt to show prior conception still would not have been successful because the patent owner overlooked one key element of the claim.

The invention pertained to a method of stitching together two or more fabric layers of a fabric stack as done in quilting. According to the invention, a motion detector monitored the movement of the fabric stack. Signals generated by the motion detector were input to a control circuit, which then synchronized automatically the delivery of stitch strokes with the movement of the fabric stack. The inventor had drawn a flow schematic (basic algorithm) of the method and this served as the key item of evidence. Arguably, the drawing illustrated the use of a motion detector to monitor the movement of the fabric stack and suggested the use of that information to perform "a comparison . . . to a 'set stitch length' to decide whether to stitch." However, the document failed to illustrate specifically how one would use that information to control the sewing machines' stitch head responsive to the movement of the fabric stack. Furthermore, "Patent Owner [did] not present[] evidence that mere ordinary skill in the art would have been required to reduce to practice the invention, as ultimately claimed, which requires controlling the stitch head or needle arm so that it actuates in response to detected movement."

The PTAB explained that to show conception, one must demonstrate that the inventor had formed a mental outline of the complete invention so that only ordinary skill would be necessary to reduce the invention to practice, citing *Burroughs Welcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994). Here, the patent owner failed to account for the control element of the claim in its proofs. Since the algorithm assumed the control feature without a specific illustration of any suitable circuit, the patent owner's failure to demonstrate that a person of ordinary skill in the art would be able to supply a suitable circuit was fatal to its case.

In rendering its decision, the PTAB also provided comments concerning the grounds detailed in an original petition seeking an IPR. The cited Watabe reference was potentially relevant under both 35 U.S.C. 102(a) and 102(b) and the petitioner sought to preserve in its petition its options by "reserving the right" to assert the Watabe reference also under 102(b). The PTAB noted that the petition must both identify the specific grounds for the patentability challenge and must demonstrate how the challenged claims are unpatentable under every challenged ground. It is not possible to defer that showing, so the PTAB rejected this attempted reservation of rights. As a corollary, the PTAB also reaffirmed an earlier holding that it does not presume that a patent is entitled under 35 U.S.C. 120 to the benefit of an earlier filing date of a priority application that does not share the same disclosure as the patent.

The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.



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