

SHAW INDUSTRIES GROUP, INC. v. AUTOMATED CREEL SYSTEMS, INC., Appeal Nos. 2015-1116, 2015-1119. (Fed. Cir. March 23, 2016). Before Moore, Reyna and Wallach. Appealed from the Patent Trial and Appeal Board.

Background:

Automated Creel Systems (ACS) sued Shaw, alleging infringement of a patent directed to "creels" for supplying stranded materials to a manufacturing process. ACS voluntarily dismissed the suit without prejudice. Shaw then petitioned for IPR of all of the patent claims. The board instituted IPR on all claims except for claim 4. Shaw filed a second petition for IPR of claim 4, and the Board instituted IPR on some of Shaw's proposed grounds, but found other grounds redundant.

The board consolidated the IPRs and issued a final decision, finding some claims obvious and other claims not unpatentable. Shaw appealed as to the claims found not unpatentable. ACS appealed as to one of the claims found obvious. The PTO submitted a brief and presented oral argument as an intervenor.

Issues/Holdings:

Did the board err in finding some grounds redundant? No. Did the board err in finding certain claims obvious? Yes. Did the board err in finding the second IPR not time-barred? No. Affirmed-in-part, vacated-in-part and remanded.

Discussion:

The Federal Circuit lacks jurisdiction to review the board's decisions instituting or denying IPR. Congress authorized the PTO to issue regulations regarding institution and governance of IPRs. The PTO exercised this authority in rules allowing the PTO to institute IPR on only some of the challenged claims and on only some of the proposed grounds. The board made specific findings that some grounds were redundant. The Federal Circuit lacks authority to review the board's decision to institute IPR on some but not all proposed grounds.

Regarding obviousness, the Federal Circuit found the language of the board's decision ambiguous at best regarding testimony by Shaw's expert. If the board found a disputed feature was not disclosed based on the testimony, it was an undisputed error.

Although the second IPR was instituted more than one year after service of the complaint by Shaw, the Federal Circuit held it did not have jurisdiction to review whether the second IPR was time-barred. However, the Federal Circuit noted that the decision by the Supreme Court to grant certiorari in *Cuozzo Speed Technologies, LLC v. Lee* may affect the court's holding regarding reviewability.