

IN RE NUVASIVE, Appeal Nos. 2015-1672, -1673 (Fed. Cir. Nov. 9, 2016). Before Moore, Wallach, and Taranto. Appealed from the Patent Trial and Appeal Board.

Background:

Two inter partes review (IPR) proceedings assessed the obviousness of different claims within the same patent in view of different combinations of references. The same secondary reference was applied in both combinations of references.

In the first IPR proceeding, the challenging party briefly mentioned, in its petition, a passage in the secondary reference for teaching two of the features recited in the claims. The passage included a discussion of one of the reference's figures. The patent owner did not address the comments in its response. The board ultimately held that the claims would have been obvious because the figure discussed in those passages disclosed all disputed claim features.

In the second IPR proceeding, the challenging party did not include any citation or assertion pertaining to the figure in its petition. Instead, it pointed to the figure in its replies to the patent owner response. The patent owner objected, arguing that the statements constituted a new ground of invalidity raised for the first time in a reply. The board denied the patent owner's request for leave to file motions to strike or surreplies, and also refused to allow the patent owner to present substantive arguments addressing the figure during oral argument. It did, however, permit the challenging party to again address the figure during its rebuttal time at oral argument. The board again relied on the figure in invalidating the challenged claims.

The patent owner appealed, arguing that it was denied adequate notice or opportunity to address the challenging party's reading of the secondary reference in either IPR proceeding.

Issue/Holding:

Did the PTAB deny the patent owner adequate notice and a fair opportunity to respond to grounds of rejection, as required by due process and the Administrative Procedure Act? Yes, in the second IPR proceeding. Affirmed in part, vacated in part, and remanded.

Discussion:

The Federal Circuit first held that the figure was essential to the board's decision, and the board was required to provide the patent owner an opportunity to respond to the challenging party's arguments regarding the figure. Although the board may cite portions of the prior art not specifically brought to its attention where the disclosure is immaterial, the patent owner must be provided any opportunity to respond where the portions are relied on for an ultimate finding of invalidity (even when other portions of the same reference were extensively reviewed).

The Federal Circuit next held that the patent owner was provided with an opportunity to respond in the first IPR proceeding, but not in the second IPR proceeding. Although the challenging party did not cite directly to the figure in its petition in the first proceeding, its brief mention of the corresponding passages was sufficient to put the patent owner on notice. However, the patent owner was denied all opportunities in the second proceeding to respond after the figure was first addressed in the challenging party's replies. Furthermore, the challenging party's "barely sufficient" notice in the first proceeding did not constitute notice in the second proceeding. The board's decision in the second proceeding was therefore vacated, and the case remanded for further proceedings.