HUSKY INJECTION MOLDING SYSTEMS LTD. v. ATHENA AUTOMATION LTD., Appeal Nos. 2015-1726, 2015-1727 (Fed. Cir. September 23, 2016). Before Lourie, Plager, and Stoll. Appealed from PTAB.

Background:

Husky's former owner and president Robert Schad is a co-inventor of a patent directed to a molding machine (the '536 patent). In 2007, Robert assigned the '536 patent to Husky. Shortly thereafter, Robert sold Husky to a private equity group and left Husky to form Athena. In 2012, Athena filed a petition at the PTO for *inter partes* review of all claims in the '536 patent. Athena asserted that at least some of the claims were anticipated by Glaesener in combination with its incorporation by reference of Choi.

Husky then filed a preliminary response at the Board, arguing that assignor estoppel barred Athena from filing the *inter partes* review. Assignor estoppel prevents a party (or his privies) who assigns a patent to another from later challenging the validity of the assigned patent. However, the Board rejected Husky's argument and instituted review of the '536 patent. The Board found that Glaesener does not incorporate by reference Choi for purposes of anticipation. Thus, the Board found that Glaesener in combination with Choi fails to anticipate the '536 patent.

Husky appealed the Board's decision, focusing on the issue of assignor estoppel. Athena cross-appealed the Board's decision, focusing on the issue of incorporation by reference.

Issues/Holdings:

Did the Board err by instituting the *inter partes* review? No, Husky appeal dismissed. Did the Board err by finding that Glaesener does not incorporate by reference Choi for purposes of anticipation? Yes, vacated and remanded.

Discussion:

Husky contends that Athena is in privy with Robert so that Athena is estopped from challenging the claims of the '536 patent under *inter partes* review. Thus, Husky argues that the Board acted outside of its statutory authority when it instituted the *inter partes* review. The Federal Circuit ruled that it lacks jurisdiction to review the Board's determination on whether assignor estoppel precludes the Board from instituting *inter partes* review. The Federal Circuit found that Congress specifically gave the PTO non-reviewable discretion whether to initiate *inter partes* review. For example, 35 U.S.C. § 314(d) states that the determination whether to initiate *inter partes* review "shall be final and non-appealable."

Additionally, the Board found that Glaesener does not incorporate Choi by reference because Glaesener does not identify with sufficient particularity the material from Choi that Glaesener intends to incorporate. Glaesener recites that "the tie-bar nuts can be secured … by any appropriate mechanism, such as the pineapple and toothed-ring mechanism described in Choi." Although Choi does not specifically recite a "pineapple" or "toothed-ring" mechanism, the Federal Circuit held that a skilled artisan would have understood the relevant portions of Choi that were incorporated by reference.