

REG SYNTHETIC FUELS, LLC v. NESTE OIL OYJ, Appeal No. 15-1773 (Fed. Cir. November 8, 2016). Before Prost, Taranto, and Chen. Appealed from PTAB.

Background:

Neste requested *inter partes* review of the claims of REG's patent directed to a composition having at least 75 wt% even carbon number paraffins. The Board instituted trial based on a reasonable likelihood of finding that the Craig and Dindi references anticipated the claims of REG's patent. At trial, REG sought to introduce certain exhibits to establish an earlier invention date that pre-dated Dindi's filing date. Neste moved to exclude these REG exhibits, and the Board agreed based on lack of authentication, hearsay, or improper reply evidence. The Board ultimately held that Neste established by a preponderance of evidence that Craig and Dindi anticipated all of the challenged claims. REG appealed.

Issues/Holdings:

Did the Board err in (i) holding that REG's claims are anticipated by Dindi, and (ii) excluding a REG exhibit establishing the inventor's conception of the invention prior to Dindi's filing date. Yes, vacated and remanded.

Discussion:

REG argued that Dindi was not prior art to its patent because its inventor invented the subject matter of the patent before the filing date of Dindi. In order to show prior invention, REG must either prove (1) a conception and reduction to practice before the filing date of Dindi or (2) a conception before the filing date of Dindi combined with diligence and reduction to practice after that date. Conception must include every feature or limitation of the claimed invention. The Federal Circuit held that REG had proven conception prior to the filing date of Dindi based on its exhibits, one of which (Exhibit 2061) the Board incorrectly excluded from evidence based on hearsay.

REG contended that the emails of Exhibit 2061 were not hearsay because the emails show that the inventor recognized the usefulness of high even carbon number paraffins as a PCM material and that he would not have otherwise contacted a third party manufacturer. In *Knorr v. Pearson*, the U.S. Court of Customs and Patent Appeals found that a statement was not hearsay if the communication had legal significance. The Federal Circuit found that *Knorr* supports REG's position that the inventor's communication with the third party is legally significant because it shows that he communicated the conception of his invention to a third party. The Federal Circuit found that the documentary evidence (including evidence contained in Exhibit 2061) shows that REG's inventor conceived of a definite and permanent idea of the complete and operative invention, and that he had disclosed to a third party his complete thoughts in such clear terms that the third party was able to make his invention using his process, prior to Dindi's filing date. However, because the Board did not make factual findings on diligence or reduction to practice, the Federal Circuit remanded for the Board to make further fact finding.