PERSONAL WEB TECHNOLOGIES, LLC, v. APPLE, INC., Appeal No. 2016-1174 (Fed. Cir. February 14, 2017). Before Taranto, Chen and Stoll. Appealed from Patent Trial and Appeal Board (PTAB).

Background:

Apple petitioned for *inter partes* review (IPR) of various claims of Personal's patent, asserting unpatentability for obviousness over two prior-art references. The PTAB instituted the IPR proceeding and agreed with Apple that the claims of Personal's patent were obvious over the two prior-art references, and therefore, are invalid.

Issue/Holding:

Did the PTAB err in finding that the claims at issue would have been obvious over the two prior-art references? Yes, vacated and remanded.

Discussion:

The Federal Circuit emphasized that under the obviousness theory, as presented by Apple and adopted by the PTAB, the PTAB had to make findings on two points: (i) that all claim elements at issue could be found in the two prior-art references, and (ii) that a skilled artisan would have been motivated to combine the prior art in the way recited by the claims at issue and would have had a reasonable expectation of success in doing so. The Federal Circuit found that the PTAB failed to meet these requirements as follows:

First, for one claim element, the PTAB stated that it relied on one prior-art reference as disclosing the element, and referred to a specific part of Apple's petition in doing so. But this part of Apple's petition only referenced the other prior-art reference, and the PTAB did not address this apparent discrepancy. For another claim element, the PTAB did not address all features therein.

Second, the Federal Circuit found that the PTAB did not properly articulate its reasoning as to why the skilled artisan would have been motivated to combine the two prior-art references in the manner recited by the claims. The PTAB once again relied on reasoning from Apple's petition, but the Federal Circuit found "that reasoning seems to say no more than that a skilled artisan, once presented with the two references, would have understood that they could be combined." The Federal Circuit found this reasoning insufficient because "it does not imply a motivation to pick out those two references and combine them to arrive at the claimed invention." The issue is not whether the references could be combined, but whether they would be combined by one of skill in the art. Moreover, the Federal Circuit found that the PTAB failed to explain and provide evidence for "how the combination of the two references was supposed to work."