

EMERACHEM HOLDINGS, LLC v. VOLKSWAGEN GROUP OF AMERICA, INC., Appeal No. 2016-1984 (Fed. Cir. June 15, 2017). Before Moore, Clevenger, and Chen. On appeal from Patent Trial and Appeal Board. (Notice And Opportunity To Respond In IPR Reviews)

Background:

After EmeraChem sued Volkswagen in U.S. district court for patent infringement, Volkswagen filed an Inter Partes Review (IPR) petition challenging the validity of claims of the patent on four grounds. The PTAB (Board) instituted review on all four grounds but limited its final decision to the fourth ground.

In the fourth ground of its petition, Volkswagen broadly alleged that Claims 1-14 and 16-20 were invalid for obviousness based on the combination of references to a Campbell patent (Campbell) naming four coinventors, and either references to Hirota or Saito, in view of Stiles. Volkswagen also included a detailed claim chart to identify, claim-by-claim and element-by-element, the specific portions of these references it believed supported obviousness. For Claims 3, 16 and 20, Volkswagen cited Saito as the only reference.

Another issue, raised by EmeraChem during the IPR review, was whether Campbell was prior art. The subject matter of Campbell was incorporated in the patent in suit. Of evidence was a declaration of Campbell, who declared that he and named coinventor Guth (who had since died) were the sole coinventors of the subject matter relied on as prior art against the patent, which named Campbell and Guth as sole coinventors. As Campbell was not otherwise a statutory bar, EmeraChem argued that Campbell was, in effect, not work of another according to 35 USC §103.

In its final decision, the Board held that Claims 3, 16 and 20 were invalid over prior art including the Stiles reference, and that the remaining claims, rejected over at least Campbell, were also invalid, finding that EmeraChem did not meet its burden of proof that coinventors Campbell and Guth were the sole inventors of the pertinent subject matter and thus, that Campbell was not prior art.

EmeraChem then appealed to the Federal Circuit. During the appeal, the PTO Director (Intervenor) intervened to defend the Board's decision. In its appeal, EmeraChem argued that it was not provided sufficient notice and opportunity to respond in accordance with the Administrative Procedure Act (APA) to the Board's reliance on Stiles.

Issue/Holding:

Did the Board err in holding the patent invalid on all challenged claims? Yes, for Claims 3, 16 and 20; no, for the remaining claims.

Discussion:

In response to EmeraChem's argument that it was not provided sufficient notice and opportunity to respond to the application of Stiles against Claims 3, 16 and 20, Volkswagen and the Intervenor argued that EmeraChem had sufficient notice because the reference was part of "broad, general statements concerning obviousness that mention Stiles" in its petition. The Court rejected this argument, relying primarily on the more detailed, claim-by-claim analysis by Volkswagen in the original petition, and the fact that Stiles was also not part of the grounds for rejecting Claims 3, 16 and 20 in the Board's institution decision, or any parties' briefing.

As to the issue of Campbell as prior art, the Court found that coinventor Campbell's declaration was uncorroborated with sufficient outside evidence, such as testimony from the two other named coinventors on Campbell. The Court distinguished earlier cases (*In re DeBaun*, 687 F.2d 459 (CCPA 1982) and *In re Katz*, 687 F.2d 450 (CCPA 1982)) on their facts.