

REDLINE DETECTION, LLC v. STAR ENVIROTECH, INC. Appeal No. 15-1047 (Fed. Cir. December 31, 2015). Before Lourie, Wallach and Hughes. Appealed from PTAB.

Background:

Redline Detection (Redline) filed an inter partes review (IPR) petition requesting review of two claims of Star Envirotech's (Star) patent. The petition alleged 12 grounds of invalidity based on obviousness. The PTAB instituted an IPR based on two of these grounds. Within one month of institution of the IPR (trial), Redline filed a motion under 37 CFR § 42.123 (§ 42.123) to file supplemental information, which included a 60-page declaration by Redline's expert explaining why Star's claims would have been obvious over the cited prior art. Since Redline understood that the IPR might not be granted on all 12 grounds alleged, Redline stated that it was more cost-effective to have its expert opine only on the grounds on which the IPR was granted and thus, the need for a supplemental filing.

The PTAB denied Redline's motion on the ground that Redline could have submitted the proffered evidence with the petition itself. The PTAB ultimately held that Redline failed to prove by a preponderance of evidence that Star's claims would have been obvious.

Issues/Holdings:

Did the PTAB err in (1) denying Redline's motion to file supplemental information, and (2) holding that Redline failed to prove by a preponderance of evidence that Star's claims would have been obvious. No and no, affirmed.

Discussion:

§ 42.123 contains three parts, i.e., (a), (b) and (c). Part (a) provides that once a trial has been instituted, a party may file a motion to submit supplemental information provided (1) the request is filed within one month of the date the trial is instituted, and (2) the supplemental information must be relevant to a claim for which the trial has been instituted.

Parts (b) and (c) provide that after the one-month period has passed, authorization to file such a motion must first be obtained, and the motion must include a showing why the supplemental information reasonably could not have been obtained earlier, and that consideration of the supplemental information would be in the interests-of-justice.

Redline argued that its motion should have been granted since it complied with § 42.123(a). Redline further argued that the Board erroneously conflated parts (b) and (c) of § 42.123 with part (a) thereof; in other words, since part (a) was met, it was improper to further require meeting any of parts (b) and (c). Redline also cited other IPR cases in which a motion to file supplemental information was granted with facts, alleged by Redline, that were similar to the facts at bar.

The Federal Circuit held that the PTAB did not abuse its discretion in denying Redline's motion. Particularly, it found that the PTO must be given deference in interpreting its own regulations regarding PTAB proceedings, for example, that the regulations "be construed to secure the just, speedy, and inexpensive resolution of every proceeding," and that the PTO's rules make sense as they are designed to encourage submission of "all of the evidence that supports the ground of unpatentability" at the petition stage. The court found that the PTAB was justified in finding that cost-savings was not a sufficient reason for granting the motion. The court also distinguished on their facts the other cases Redline relied on.