CFRD RESEARCH, INC. v. MATAL, Appeal No. 2016-2198 (Fed. Cir. December 5, 2017) (Newman, Mayer, and O'Malley). Appealed from the U.S. Patent Trial and Appeal Board.

Background:

CFRD Research ("CFRD") owns the '223 patent directed to methods and systems for user-directed transfer of an on-going software-based session from one device to another device. The '223 patent was subject to three *inter partes* review proceedings (*Iron Dome*, *DISH*, and *Hulu*), which were all appealed and the appeals were consolidated.

In *Iron Dome* and *DISH*, the Board found the claims of the '223 patent anticipated. The Board interchanged the steps of the '223 patent to read on the steps of the prior art. The Board held that the claims did not expressly require "specifying a second device" to take place before "discontinuing the session on the first device." The Board reasoned that although the '223 patent includes two examples in which a user specifies a second device before discontinuing a session, the '223 patent's specification indicates that "the steps of the method may be performed in a different order than illustrated or simultaneously."

In *Hulu*, the '223 patent was challenged as anticipated by Bates, obvious over Bates, and obvious over Bates in combination with other references. The Board held that Bates did not anticipate the claims of the '223 patent. However, the Board did not review the '223 patent under obviousness over Bates alone, stating that such analysis would be redundant with the analysis under §102. Instead, the Board reviewed the '223 patent over Bates in combination with other references, but did not consider any of the arguments regarding obviousness over Bates alone because the arguments were not asserted in any of the instituted grounds. The Board ultimately found that the '223 patent would not have been obvious.

Issues/Holdings:

Did the Board err in *Iron Dome* and *DISH* by holding that the '223 patent was anticipated? No, affirmed.

Did the Board err in not finding the '223 patent obvious over Bates in *Hulu*? Yes, reversed.

Discussion:

First, the Federal Circuit affirmed the Board's finding of anticipation because the broad claim language of the term "specifying" did not limit when, in the user-directed transfer process, the specifying occurred, and who or what performed the "specifying" step. Thus, the Federal Circuit held that the '223 patent is anticipated as long as the prior art discloses specifying a second device at some point in time by any user or other device.

Second, the Federal Circuit reversed the Board's obviousness determination of the '223 patent and held that the Board's findings on anticipation were insufficient as a matter of law to support its finding of nonobviousness without separately conducting a review under an obviousness analysis to determine whether Bates *suggests* the claimed features. Upon review of Bates, the Federal Circuit held that some embodiments disclosed in Bates suggested the limitations at issue, and therefore the claims would have been obvious.