MICROSOFT CORPORATION v. BISCOTTI, INC., Appeal No. 2016-2080, 2082, 2083 (Fed. Cir. December 28, 2017). Before Newman, O'Malley, and Reyna. Appealed from PTAB.

Background:

Biscotti sued Microsoft for infringement of patents disclosing real-time video calling solutions. In response, Microsoft petitioned the PTAB for *inter partes* reviews of the patents, offering evidence of a U.S. Patent to Kenoyer that allegedly invalidated Biscotti's claims.

Kenoyer discloses a similar structure, namely, a multicomponent videoconferencing system including a camera, a display, a microphone, and speakers. Microsoft alleged that Kenoyer anticipated asserted claim 6 (*see copy of claim 6 on reverse side*) because the "*storage medium*" limitation was disclosed by Kenoyer's recitation of: *"[e]mbodiments of a subset or all (and portions or all)* ***of the above*** *may be implemented by program instructions stored in a memory medium ... and executed by a processor*." Microsoft argued that the specification, at various places, disclosed the functions described by the claimed *storage medium instructions*. However, Biscotti contended that the cited language referred only to the description of FIG. 22, which immediately preceded the language on which Microsoft relied, rather than all of the disclosures made throughout Kenoyer. Biscotti contended that the language could not apply to all prior disclosures in the specification because the specification discussed certain components (*e.g.*, cooling fans and handles to carry equipment) that could not have been implemented in a *storage medium*. Biscotti argued that the more natural interpretation of the language was that it applied only to the discussion of FIG. 22 (*i.e.*, the discussion preceding immediately ***above***).

In finding that Microsoft failed to prove that Kenoyer anticipated the "*storage medium instructions*," the Board found that "*Kenoyer's program instructions sentence does not make sense as a disclosure blanketing all of the preceding 34 pages, and that the sentence does not refer back specifically to the various other disclosures cited by [Microsoft]*." Thus, the Board ultimately found that Microsoft failed to prove anticipation by Kenoyer. Microsoft also failed to separately address whether Kenoyer rendered the limitations obvious based on the teachings located in different parts of the specification (so Microsoft also failed to prove obviousness). Thus, the Board found that Microsoft did not prove unpatentability. Microsoft appealed.

Issue/Holding:

Did the PTAB err in concluding that Microsoft failed to prove unpatentability? No, affirmed.

Discussion:

In affirming the Board, the Federal Circuit noted that the correct legal standard for anticipation (a prior-art reference must disclose all of the elements "arranged as in the claim") was applied. Although the Federal Circuit recognized that Kenoyer could have more than one reasonable interpretation, the Federal Circuit noted that, as an appellate court, deference is given to the Board's factual findings on technical issues and held that substantial evidence supported the Board's interpretation.

Judge Newman dissented because she reasoned that the Kenoyer "*shows the same components, having the same function, combined in the same way for the same purpose*," which anticipated the claims of the patent.

Asserted Claim 6 of Biscott's U.S. Patent No. 8,144,182

6. A video communication system, comprising:
a first video communication device, comprising:
a video input interface to receive video input from a set-top box;
an audio input interface to receive audio input from the set-top box;
a video output interface to provide video output to a video display device;
an audio output interface to provide audio output to an audio receiver;
a video capture device to capture video;
an audio capture device to capture audio;
a network interface; at least one processor; and
a storage medium in communication with the at least one processor, the storage medium having encoded thereon a set of instructions executable by the at least one processor to control operation of the first video communication device, the set of instructions comprising:
instructions for controlling the video capture device to capture a captured video stream;
instructions for controlling the audio capture device to capture a captured audio stream;
instructions for encoding the captured video stream and the captured audio stream to produce a series of data packets; and
instructions for transmitting the series of data packets on the network interface for reception by a second video communication device.