

PAICE v FORD MOTOR COMPANY, Appeal No. 2017-1406 (Fed Cir. February 1, 2018).
Lourie, O'Malley, Taranto. Appealed from PTAB. (Incorporation by Reference)

Background:

Paice obtained two patents (the '097 and '634 patents) directed to torque-based algorithms for selecting operating modes in hybrid vehicles. In response to Paice's suit for infringement, Ford filed twenty-five IPR petitions against the '097 and '634 patents, asserting them to be unpatentable for obviousness over the "Severinsky" patent and the '455 PCT publication. In its obviousness determination, the Board agreed with Ford, and held the claims unpatentable over Severinsky and '455.

In response to a rejection of various electrical claims, Paice argued that the '455 PCT publication did not qualify as valid prior art, because the '634 patent claims priority to the '817 application, which predates '455, and further incorporated by reference Severinsky, which provides written description support.

The Board rejected the argument, concluding that the '817 application does not incorporate Severinsky by reference, and the electrical claims lack written description support in the '817 application alone. Paice appealed.

Issue/Holding:

Did the PTAB err in holding that the '817 application failed to incorporate Severinsky by reference? Yes, vacated and remanded.

Discussion:

The relevant language pertaining to incorporation by reference in the '817 application recites "[t]his application discloses a number of improvements over and enhancements to the hybrid vehicles disclosed in the inventor's U.S. Pat. No. 5,343,970 (Severinsky), which is incorporated herein by this reference. Where differences are not mentioned, it is to be understood that the specifics of the vehicle design shown in the '970 patent are applicable to the vehicles shown herein as well."

The Board held that the second sentence limits the incorporation by reference to only those disclosures in Severinsky that are not different from disclosures in the '817 application. Because the Board found differences between Severinsky's disclosures related to the electrical limitations and the '817 application's corresponding disclosure, the Board determined that Severinsky's disclosures are not incorporated into the '817 application.

The court disagreed, stating that the first sentence unambiguously incorporates the entirety of Severinsky into the '817 reference. With regard to the second sentence, the court disagreed with the Board's interpretation, stating that the second sentence merely notes that Severinsky's features are understood to also apply to the vehicles described in the '817 application. The court cited *Modine*, stating "The applicability of a document's disclosed features and the incorporation of the document itself are distinct features, and one does not imply the other."

The court further noted that even if the second sentence could be held as a narrow incorporation, *Harari* states that a narrow incorporation does not diminish the scope of a broad incorporation. Thus, the court vacated the Board's decision.

Because the Board rejected Paice's incorporation arguments, it did not consider whether the incorporated document could provide the necessary description to support the electrical claims. The court remanded back to the Board to address this issue.