

KNOWLES ELECTRONICS LLC. v. IANCU, Appeal No. 2016-1954 (Fed. Cir. April 6, 2018).
Before Newman, Clevenger, and Wallach. On appeal from Patent Trial and Appeal Board.

Background:

Knowles' patent was subject to an inter partes reexamination, in which the PTAB (Board) affirmed an examiner's prior art rejections. Knowles appealed to the Federal Circuit. The third-party requester declined to defend the judgment of the Board and so Andrei Iancu, the Director of the PTO (Director), intervened. Knowles' appeal challenged the Board's decision on the merits but accepted the Director's intervention. However, Knowles objected to the Director's filing of additional evidence upon intervening.

Issue/Holding:

Did the Board err in affirming the examiner? No. Did the Director have standing to intervene and defend the Board's decision? Yes.

Discussion:

In a 2-1 decision, the Court affirmed the Board's decision and found that the Director had standing. On the merits of the rejections, Knowles argued that (1) the Board construed a claim term differently from the Court's construction of the same term for a related patent, and (2) the Board's decision, based on its finding regarding the motivation to combine two prior art references, amounted to a new ground of rejection because the obviousness rejection did not rely on motivation.

The Court disagreed, finding with regard to issue (1) that the Board did consider the previous interpretation of the claim term and properly determined that its claim construction was consistent therewith and, with regard to issue (2), finding that there was no new ground of rejection in that the Board relied on the same reasons as the examiner, "albeit using slightly different verbiage" and that Knowles "had a fair opportunity to respond to this rejection, which is the 'ultimate criterion' for finding no new ground of rejection."

On the matter of Knowles' objection to the Director's additional evidence filing, the Court majority was silent.

The Court majority addressed the standing issue in a footnote only, citing the AIA and case precedent and finding that the Director "has an unconditional statutory right to intervene in an appeal from a PTAB decision," citing 35 USC § 143, adding that the Court's precedent "allows the USPTO to intervene to defend a PTAB decision when a petitioner withdraws on appeal."

Judge Newman dissented on the standing issue. Addressing the AIA and each case cited by the Court majority, as well as Supreme Court precedent on the issue of standing in an Article III court, the dissent found that the Director had standing to intervene in appeals from the Board only if it has a "concrete and particularized interest" such as responding to a challenge to its regulations or procedures. The dissent added that "[w]hen the intervenor does not have an independent interest or injury, and no party remains as appellee on the side favored by the intervenor, the requirements of intervenor status are not met." "Injury in fact is a constitutional requirement," which the dissent quoted from a 2016 Supreme court case on the matter of standing.

On the matter of the additional evidence, while the Director argued that it was pages from sources relied on by Knowles and thus it was justified to submit other pages from the same sources in rebuttal, the dissent found that the evidence violated the principle set forth in the well-known *Chenery* decisions of the Supreme Court that review be based on the record before an agency.