

AC TECHNOLOGIES S.A. v. AMAZON.COM, INC., Appeal No. 2018-1433 (Fed. Cir. January 9, 2019). Before Moore, Schall, and Stoll. Appealed from the Patent Trial and Appeal Board.

Background:

Amazon filed a Petition for Inter Partes Review (IPR) at the Patent Trial and Appeal Board (PTAB). The Petition requested invalidation of AC's patent in view of a prior art reference on three separate grounds: 1) all of the claims of AC's patent would have been obvious under a narrow construction of the prior art reference; 2) the independent claim was anticipated under a broad construction of the prior art reference; and 3) the dependent claims would have been obvious under the broad construction of the prior art reference. The PTAB instituted review of Grounds 1 and 2, and stated that its analysis of Ground 1 rendered Ground 3 moot.

The PTAB agreed with AC that under the narrow construction of the prior art reference, the claims would not have been obvious under Ground 1. However, the PTAB found that under the broad construction, the independent claim was anticipated under Ground 2. The PTAB's decision did not include a decision on Ground 3, because review had not been instituted on it. Amazon moved for consideration of Ground 3, and the PTAB solicited additional arguments, expert declarations, and supporting exhibits from both parties for consideration of Ground 3. The PTAB then ruled that the dependent claims were invalid for obviousness under Ground 3.

AC appealed, arguing that the PTAB procedurally erred and violated its due process rights by invalidating the dependent claims on a ground of review that it did not institute.

Issues/Holdings:

Did the PTAB err in invalidating claims based on a ground of review it did not institute?
No, affirmed.

Discussion:

The Federal Circuit held that the PTAB did not err procedurally by invalidating the dependent claims on a ground of review that it did not institute. On the contrary, the Federal Circuit stated that under the framework set forth by the Supreme Court in *SAS Inst. Inc. v. Iancu*, once the PTAB institutes an IPR of a patent, it should issue a decision on all grounds raised by the petitioner. Thus, the PTAB would have erred procedurally had it *not* issued a decision on Ground 3.

The Federal Circuit also held that AC's due process rights were not violated. The PTAB had complied with the due process requirements of providing AC with sufficient notice of the legal issues to be adjudicated, and opportunity to be heard on those issues. Specifically, the PTAB had given AC the opportunity to provide additional arguments, expert declarations, and supporting exhibits to argue its position that the dependent claims were not invalidated under Ground 3.