



THINK FORWARD

The Federal Circuit Gives Patent Owners A Fighting Chance: Due Process In IPR Proceedings

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The June 15 decision by the Federal Circuit, *EmeraChem Holdings, LLC v. Volkswagen Group of Am., Inc.*, highlights the power of a procedural challenge to a final written decision by the PTAB. Procedural challenges should be considered by any party receiving an unfavorable IPR decision, but especially by patent owners who are facing [high cancellation rates](#) of claims challenged in IPRs. Patent owners should be alert for procedural unfairness during an IPR or other post-grant proceeding in order to preserve their right to appeal on those grounds. Petitioners should ensure that the prior art is tied to each claim the art is cited against, lest Petitioners face a procedural challenge as happened in *EmeraChem Holdings*.

Patent Owners Are Entitled To Notice And Chance To Respond To Rejection

In *EmeraChem Holdings*, the Federal Circuit vacated in part and remanded the PTAB's obviousness findings on three claims where the Board's findings were based on a reference that, while broadly and generally asserted in a petition ground, was not specifically analyzed in either the petition or the Board's institution decision. The court found that patent owner, EmeraChem, did not have sufficient notice and opportunity to respond to the Board's rejection.

The patent at issue, U.S. Patent No. 5,599,758 ("the '758 Patent"), involved methods for restoring the effectiveness of a pollutant absorber used in combustion engines that produce carbon monoxide and nitrogen oxide. In its final written decision, the Board relied upon the "Stiles" prior art reference to supply limitations in three dependent claims of the '758 patent, but failed to provide EmeraChem with sufficient notice of and an opportunity to respond to such reliance prior to its final decision. The Federal Circuit made clear that this was a violation of the Administrative Procedure Act.

Although the petition and the institution decision referred to Stiles with regard to independent claims, the arguments were not sufficiently directed to the dependent claims at issue. The petition included a statement that the challenged claims were obvious "over [other references] in view of Stiles" and the institution decision provided that the challenged claims were "likely unpatentable . . . over [other references] and Stiles." Such general statements did not "provide[] sufficient notice that Stiles could be applied *to all claims*," especially where the petition and institution decision "expressly identified particular references' disclosures for some claims and not for others," and where "neither party addressed in briefing or argument Stiles' application to [the dependent] claims." (emphasis added)

On another issue going to evidentiary sufficiency, the court affirmed the Board's findings that the "Campbell" reference was prior art despite EmeraChem's arguments that Campbell and the '758 patent shared the same "inventive entity." EmeraChem submitted only an uncorroborated inventor declaration as support for its argument, which the court treated "with skepticism" because the inventor had an

“interest at stake.” The court ruled that, although it is not required that “an inventor must produce contemporaneous documentary evidence in every case to support his or her declaration,” more than just a “naked assertion” is required.

Implications

For patent owners receiving an unfavorable IPR decision, *EmeraChem Holdings* demonstrates that a procedural challenge may be an attractive route on appeal. Unlike asking the Federal Circuit to assess the correctness of the Board’s factual findings on often complex technology, a procedural challenge involving fairness and due process may allow more flexibility in crafting an effective argument. For petitioners, *EmeraChem Holdings* emphasizes the importance of clearly and explicitly putting forth all of a petitioner’s arguments up front. Petitioners who discover they have missed such an opportunity, however, may consider filing a separate IPR petition. For all parties, *EmeraChem Holdings* is a reminder of the detail and thoroughness required to be ultimately successful in an IPR.

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