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ALERT

Federal Circuit Patent Bulletin: *SkyHawke Techs., Inc. v. Deca Int'l Corp.*

July 18, 2016

"Because the Board applies the broadest reasonable construction of the claims while the district courts apply a different standard of claim construction [the issue of claim construction] to be determined by the district court has not been actually litigated. [Conversely,] issue preclusion does not require the Patent Office to use the claim construction determined by a district court. Likewise, judicial estoppel will not bind [the party] to the Board's claim construction, because judicial estoppel only binds a party to a position that it advocated and successfully achieved."

On July 15, 2016, in *SkyHawke Techs., Inc. v. Deca Int'l Corp.*, the U.S. Court of Appeals for the Federal Circuit (Taranto, Chen, Hughes*) granted Deca's motion to dismiss SkyHawke's appeal from the U.S. Patent & Trademark Office Patent Trial and Appeal Board decision in an inter partes reexamination that U.S. Patent No. 7,118,498, which related to a GPS enabled personal golfing assistant system, was not invalid under 35 U.S.C. § 103. The Federal Circuit stated:

Courts of appeals employ a prudential rule that the prevailing party in a lower tribunal cannot ordinarily seek relief in the appellate court. Even if the prevailing party alleges some adverse impact from the lower tribunal's opinions or rulings leading to an ultimately favorable judgment, the matter is generally not proper for review. SkyHawke's appeal fits cleanly into this prudential prohibition.

SkyHawke alleges a generalized concern that the Board made "an erroneous, overly-narrow claim construction, impacting SkyHawke's patent rights and its statutory right to exclude others from practicing its invention." But SkyHawke does not seek to alter the judgment of the Board in this case. . . . SkyHawke is primarily concerned that the

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district court will rely on the Board's claim construction and that Deca will thereby escape the infringement suit.

However, SkyHawke will be able to appeal any such unfavorable claim construction by the district court should that situation arise. While administrative decisions by the U.S. Patent and Trademark Office can ground issue preclusion in district court when the ordinary elements of issue preclusion are met, we cannot foresee how the claim construction reached by the Board in this case could satisfy those ordinary elements. Moreover, issue preclusion requires that "the issues were actually litigated." Because the Board applies the broadest reasonable construction of the claims while the district courts apply a different standard of claim construction [the issue of claim construction] to be determined by the district court has not been actually litigated. Informatively, we have held that issue preclusion does not require the Patent Office to use the claim construction determined by a district court. Likewise, judicial estoppel will not bind SkyHawke to the Board's claim construction, because judicial estoppel only binds a party to a position that it advocated and successfully achieved. SkyHawke clearly did not advocate the claim construction ultimately adopted by the Board. Finally, the claim construction adopted by the Board cannot create prosecution history disclaimer, at least because a party can avoid such disclaimer by opposing such statements when made by the Patent Office, which SkyHawke has done here.

Therefore, SkyHawke will have the opportunity to argue its preferred claim construction to the district court, and SkyHawke can appeal an unfavorable claim construction should that situation arise. With the present appeal, SkyHawke is merely trying to preempt an unfavorable outcome that may or may not arise in the future and, if it does arise, is readily appealable at that time. Therefore, we see nothing in the present case that warrants deviation from the standard rule counseling against our review of prevailing party appeals.

SkyHawke argues that the language of pre-AIA 35 U.S.C. § 141 (2006) requires us to take jurisdiction over this appeal contrary to the ordinary rule. Pre-AIA § 141provides that a patent owner "who is in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board . . . may appeal the decision only to" this court. SkyHawke argues that it is dissatisfied with the claim construction leading to the Board's final decision, so the present appeal fits properly within the scope of pre-AIA § 141. But we disagree. . . . Even if we were to divine some special meaning in the "dissatisfied" phraseology of § 141, it would not lead us to a conclusion in favor of SkyHawke.