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Federal Circuit Patent Bulletin: In re *AT&T Intellectual Prop. II, L.P.*

May 15, 2017

“Anticipation occurs when a prior art reference discloses each element of the claimed invention, not only where a particular embodiment within a reference discloses each element of the claimed invention.”

On May 10, 2017, in *In re AT&T Intellectual Prop. II, L.P.*, the U.S. Court of Appeals for the Federal Circuit (Dyk, Mayer, Reyna*) affirmed the U.S. Patent & Trademark Office Patent Trial and Appeal Board inter partes reexamination decision that U.S. Patent No. 7,454,071, which related to digital video data compression and transmission without scanning transform coefficients in any particular order, was anticipated by U.S. Patent No. 5,295,203 (Krause) The Federal Circuit stated:

Our authority to review the Board’s decision to institute inter partes reexamination is limited by 35 U.S.C. § 312(c) . . . “[A]n inter partes reexamination is a two-step process. First, the Director must make a determination ‘whether a substantial new question of patentability affecting any claim of the patent is raised by the request.’ . . . The statute is clear that that decision is ‘final and non-appealable.’ To the extent AT&T argues that, without a request or requester, the Board lacks statutory authority to institute a reexamination, we may review that issue because it does not pertain to whether “the information presented in the request shows that there is a reasonable likelihood that the requester would prevail.” The record does not support a finding that the Board instituted inter partes reexamination without the presence of a request and a requester. LG was the requester, and LG submitted a request. LG was still involved in the proceedings at the time the institution decision was made. While LG may have desired that its request to institute be denied, it was granted.

Authors

Neal Seth
Partner
202.719.4179
nseth@wiley.law

Practice Areas

Intellectual Property

Because a request and a requester were present, the Board acted within its statutory authority when it decided to institute reexamination in this case, and we lack authority to further consider the prudence or propriety of the Board's institution decision. . . .

To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either expressly or inherently. . . . The only dispute before us is whether Krause discloses the element in representative claim 1 of the '071 patent that requires: "mapping a square block of transform coefficients into a one-dimensional list." Accordingly, the question before us is whether substantial evidence supports the Board's factual determination that Krause discloses vector coding of an entire pixel block. We conclude that the Board's finding of anticipation is supported by substantial evidence.

As the examiner and the Board have explained, Krause's written description describes vector coding a subset of transform coefficients without limitation. Its disclosure of dividing a block of coefficients into regions is only a preferred embodiment, not a limitation on the scope of the patent's disclosure. Anticipation occurs when a prior art reference discloses each element of the claimed invention, not only where a particular embodiment within a reference discloses each element of the claimed invention. In addition, the written description's acknowledgement that vector coding an entire block at once is difficult does not limit the scope of the reference, but only demonstrates the advantage of the preferred embodiment. This distinction between Krause's disclosure of the general ability to vector code a subset of transform coefficients and the need to divide a block of coefficients into regions is further demonstrated by comparing Krause's independent claim 1, which claims vector coding a "group of coefficients," with dependent claim 2, which requires the additional limitation of dividing a block into regions. Based on that evidence, a reasonable mind could accept the conclusion that Krause discloses vector coding an entire block of transform coefficients, and the Board's decision is supported by substantial evidence.