

Federal Circuit Patent Bulletin: *Rovalma, S.A. v. Böhler-Edelstahl GmbH & Co. KG*

May 15, 2017

"[T]he Board must timely inform a patent owner of 'the matters of fact and law asserted,' give the patent owner an 'opportunity' for the 'submission and consideration of facts' and 'arguments,' and permit the patent owner 'to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts.'"

On May 11, 2017, in *Rovalma, S.A. v. Böhler-Edelstahl GmbH & Co. KG*, the U.S. Court of Appeals for the Federal Circuit (Wallach, Taranto,* Stoll) vacated and remanded the U.S. Patent & Trademark Office Patent Trial and Appeal Board inter partes review decision that U.S. Patent No. 8,557,056, which related to methods for making steels with certain desired thermal conductivities, was invalid for obviousness. The Federal Circuit stated:

The Supreme Court has recognized the importance of clarity with respect to obviousness determinations. [D]etermining whether a person of ordinary skill would have been motivated to combine known elements to arrive at the patented invention often requires a factfinder to compare the "interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art." "To facilitate review," the Court added, "this analysis should be made explicit." [T]he amount of explanation needed varies from case to case, depending on the complexity of the matter and the issues raised in the record.

In this case, the Board did not adequately explain the basis for the findings that *Rovalma* challenges. The Board found that EP '813 and the other asserted prior-art references expressly disclosed steel

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compositions “including carbidic constituents and, by weight, 2–10% Mo+W+V,” as required by the “providing” steps in claims 1 and 4 of Rovalma’s patent. But the Board did not sufficiently lay out the basis for its implicit findings regarding the remaining process limitations. With respect to those limitations, the Board found that a person of ordinary skill “would have at least inherently completed the ‘selecting’ steps” and apparently determined that the other steps would have been obvious in view of Rovalma’s submissions. But it did not explain the evidentiary basis for those determinations, and Böhler did not provide any explanation regarding the process claim elements that the Board could adopt as its own.

Nor did the Board adequately explain why a person of ordinary skill in the art would have been motivated to increase the thermal conductivities of the steels disclosed in the prior art. Stating that EP ‘813 and other asserted prior-art references disclosed “the desirability of steels having high thermal conductivity,” the Board found that a person of ordinary skill “would have had reason to increase the thermal conductivity of these compositions.” But the Board did not cite any evidence, either in the asserted prior-art references or elsewhere in the record, with sufficient specificity for us to determine whether a person of ordinary skill in the art would have been so motivated. As Rovalma points out, it does not necessarily follow from prior-art disclosures of the general desirability of high thermal conductivities that a person of ordinary skill would have been motivated to increase thermal conductivity beyond levels previously achieved.

Adequate explanation is also lacking for why a person of ordinary skill in the art would have reasonably expected success in achieving the claimed thermal conductivities. The Board found that Rovalma’s submissions disclosed that a person of ordinary skill would have understood “heat transfer through metallic matrices and entrained metal carbides” and “the ability to model the effects of thermal processing on steel alloy microstructure,” and from that finding the Board inferred that a person of ordinary skill “would have had a reasonable expectation of success in arriving at the claimed invention.” Again, however, the Board did not cite any evidence to support the inference that a person of ordinary skill would have reasonably expected to achieve the specific thermal conductivities recited in the claims. Without more explanation than we have, we are not prepared to reach a bottom-line judgment on Rovalma’s substantial-evidence challenge. The Board has not provided a sufficiently focused identification of the relevant evidence or explanation of its inferences for us to confidently review its decision and avoid usurping its fact-finding authority. . . .

Under the APA, the Board must comply with certain procedural requirements in conducting an inter partes review. Notably, the Board must timely inform a patent owner of “the matters of fact and law asserted,” give the patent owner an “opportunity” for the “submission and consideration of facts” and “arguments,” and permit the patent owner “to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts.” In applying those provisions, we have explained that the Board “‘may not change theories in midstream without giving respondents reasonable notice of the change’ and ‘the opportunity to present argument under the new theory.’” The Board’s procedural obligations are not satisfied merely because a particular fact might be found somewhere amidst the evidence submitted by the parties, without attention being called to it so as to provide adequate notice and an adequate opportunity to be heard.

In this case, because we cannot sufficiently determine how the Board reached the conclusion that the challenged claims would have been obvious, we also cannot conclusively determine whether the Board's actions complied with the APA's procedural requirements. [T]he Board's decision indicates that the Board found that a person of ordinary skill would have appreciated that the claimed thermal conductivities could be achieved by practicing the claimed process steps, but does not adequately explain the basis for that finding. Because the asserted prior-art references concededly did not disclose those steps in as many words, the Board relied on Rovalma's submissions to determine that skilled artisans would have found the process steps obvious. To the extent that the Board did rely on Rovalma's submissions, and drew reasonably disputable inferences from those submissions, Rovalma was entitled to adequate notice of and opportunity to address those inferences. But Böhler never described what inferences were to be made, as it essentially disregarded the process steps throughout the Board proceeding. And although the Board discussed the process steps extensively at the oral argument, that was too late in the absence of an additional adequate opportunity to be heard. Because we cannot sufficiently determine which inferences the Board drew from Rovalma's submissions, we will not decide whether the Board violated Rovalma's procedural rights. To make that decision, we would need to be able to determine what evidence the Board relied on to support its implicit factual findings, how the Board interpreted that evidence, and what inferences the Board drew from it. The Board's opinion does not sufficiently permit such determinations. As with the substantial-evidence challenge, a remand is warranted on Rovalma's procedural challenge.