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NOTE: This disposition is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

SECURITY PEOPLE, INC.,
Appellant

v.

OJMAR US, LLC,
Appellee

2017-1385

Appeal from the United States Patent and Trade-
mark Office, Patent Trial and Appeal Board in No.
IPR2015-01130.

JUDGMENT

(Filed Nov. 13, 2017)

TAREK N. FAHMI, Ascenda Law Group, PC, San
Jose, CA, argued for appellant.

JAMES L. DAY, JR., Farella Braun & Martel LLP,
San Francisco, CA, argued for appellee. Also repre-
sented by RODERICK MANLEY THOMPSON, DANIEL C.
CALLAWAY.

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THIS CAUSE having been heard and considered, it is
ORDERED and ADJUDGED:

PER CURIAM (PROST, *Chief Judge*, LOURIE and
CHEN, *Circuit Judges*).

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

November 13, 2017
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

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Paper 26

Entered: October 26, 2016

UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL
AND APPEAL BOARD

OJMAR US, LLC,
Petitioner,

v.

SECURITY PEOPLE, INC.,
Patent Owner.

Case IPR2015-01130
Patent 6,655,180 B2

Before WILLIAM V. SAINDON, BARRY L. GROSS-
MAN, and JAMES A. WORTH, *Administrative Patent
Judges.*

GROSSMAN, *Administrative Patent Judge.*

FINAL DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

Ojmar US, LLC (“Petitioner”) filed a Petition re-
questing an *inter partes* review of claims 1, 2, and 4 of

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U.S. Patent No. 6,655,180 B2 (“the ’180 patent”). Paper 1 (“Pet.”). Security People, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). Claims 1 and 2 of the ’180 patent, however, have been statutorily disclaimed and, thus, are no longer considered in this *inter partes* review.¹ See Prelim. Resp. 1 (“Patent Owner has filed a statutory disclaimer of claims 1 and 2), Ex. 3001, Ex. 3002. Only claim 4 remains at issue in this proceeding.

We instituted an *inter partes* review as to whether claim 4 of the ’180 patent would have been obvious based on Ogasawara (Ex. 1009) combined with either Gokcebay ’043 (Ex. 1010) or Lavelle (Ex. 1007). Paper 7 (“Decision”). Patent Owner filed a response. Paper 9 (“PO Resp.”). Petitioner filed a reply. Paper 14 (“Reply”).

An oral hearing was held on July 21, 2016. A transcript of the hearing is included in the record. Paper 25 (“Tr.”).

We have jurisdiction under 35 U.S.C. § 6. This final written decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73.

¹ See generally Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764-65 (Aug. 14, 2012) (“Moreover, a patent owner may file a statutory disclaimer of one or more challenged claims to streamline the proceedings. . . . Where one or more challenged claims remain, the Board’s decision on institution would be based solely on the remaining claims.” (citing *Sony Computer Entm’t Am. Inc. v. Dudas*, 2006 WL 1472462 (E.D.Va. 2006))).

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For the reasons that follow, we determine Petitioner has shown, by a preponderance of the evidence, that claim 4 is unpatentable.

A. Related Proceedings

Petitioner and Patent Owner both state that the '180 patent is involved in a pending district court case, *Security People, Inc. v. Ojmar US, LLC*, No. 3:14-cv-04968 (N.D. Cal. 2014). Pet. 1; Paper 4, 1.

B. The '180 Patent

The '180 patent is titled "Locker Lock with Adjustable Bolt." Ex. 1001, Title. The Abstract of the disclosed invention states:

An electronic lock device includes provision for setting different bolt or latch extension lengths, to accommodate different door lock situations. In addition, the bolt or latch itself preferably is interchangeable for bolts or latches of different sizes or configurations, including switching a latch for a bolt or vice versa. The bolt or latch extension can be settable via a keypad or ibutton. In the preferred embodiments the lock units include a D.C. geared micromotor, which is also included in other electronic lock units disclosed.

Id. at Abstract. Both the Title and Abstract emphasize the disclosed adjustability or interchangeability of the bolt or latch.

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The written description states that the “invention is concerned with security of lockers, safes, desks, cabinets or other such storage devices assigned for temporary or long-term use.” *Id.* at col. 1, ll. 6-8. In particular, the disclosed “invention relates to a lock operated by an electronic identification means for such storage situations.” *Id.* at col. 1, ll. 8-10. In summarizing the disclosed invention, the inventors state a “locking mechanism shown by the instant invention provides a locking mechanism to address numerous door types and preparations as well as numerous functionalities.” *Id.* at col. 1, ll. 51-54. The inventors emphasize that “[a]n important object of the invention is to provide an electro mechanical lock that fits to various standard door preparations without any modification, providing instant retrofit capability to various types of doors, and including programmable bolt extension length that is adjustable to the particular locking application.” *Id.* at col. 1, ll. 55-60. With respect to the scope of claim 4, the only claim remaining in this proceeding, the ’180 patent discloses primary and secondary mechanisms for electronic access code input. The general configuration of the disclosed invention is shown in Figure 1, reproduced below.

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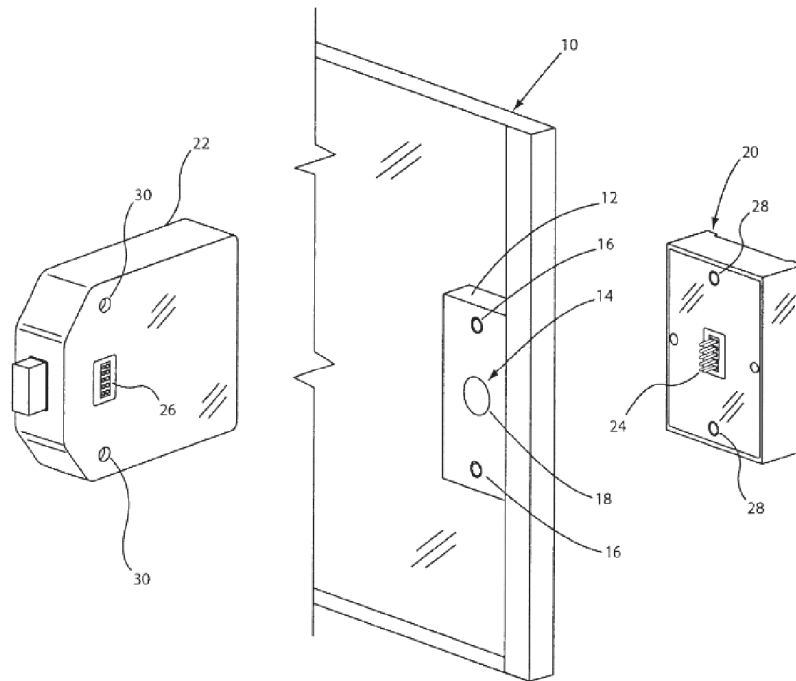


FIG. 1

Figure 1 shows an exploded view in perspective indicating the assembly of two sub units or housings of an electronic lock through a metal locker door.

As shown in Figure 1, locker door or cabinet door 10 has recessed lock mounting 12, recessed inwardly in the metal door. *Id.* at col. 3, ll. 10-12. A lock device includes outer housing 20 and an inner housing 22, shown separated and on either side of the door 10. *Id.* at col. 3, ll. 19-21. The inner and outer housings are assembled by connecting them with electrical pin 24

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and socket 26 connectors through recess 14 of the door.
Id. at col. 3, ll. 21-23.

As shown in Figure 3, reproduced below, locker door 10 can be equipped with electronic door access device 36 having a keypad 38 for accessing the lock mechanism. *Id.* at col. 3, ll. 49-52. An alternative access mechanism, such as key slot 41 for receiving an electronic key, also may be provided. *Id.* at col. 3, l. 66–col. 4, l. 10.

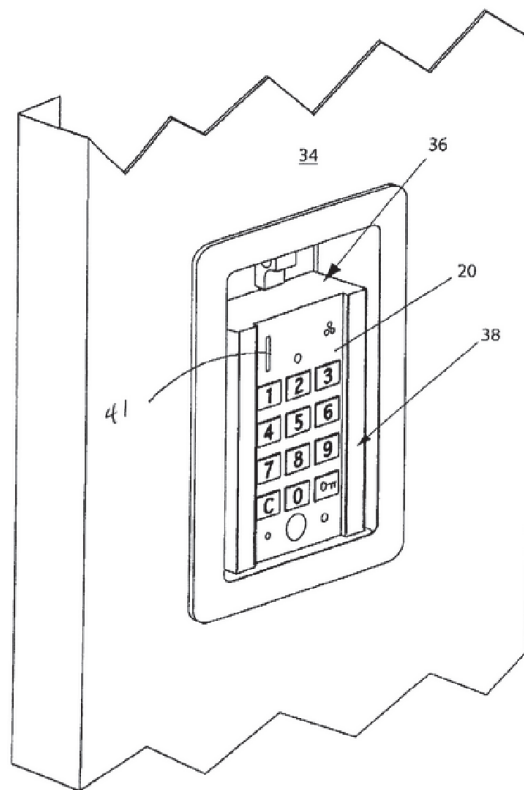


FIG. 3

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FIG. 3 is a perspective view showing a metal locker door front with a lock recess fitted with a keypad unit.

Locking device 42 (*see* Figure 5) includes micromotor 46 and gear head 48 (together referred to as a DC geared micromotor), and mechanism 50 for transferring motion from the motor and gear head to lock bolt 52. *Id.* at col. 4, ll. 26-31.

C. Challenged Claim

Claim 4, the only claim at issue, is reproduced below.

4. In combination with a locker for temporary storage of a user's articles, the locker having a door and a movable bolt or latch positioned to secure the door when in extended position and to unlock the door when moved to a retracted position, an electronic lock for controlling the bolt or latch, comprising:

an inner housing and an outer housing, the inner housing being secured at the inside of the door and the outer housing being secured at a directly opposed position on the outside of the door such that the door is sandwiched between the two housings, with an electrical connection connecting the inner housing to the outer housing, through an opening in the door,

electronic access means in the outer housing, for receiving an access code input by a user, including a keypad for input of a code to

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set or to access the lock, and further including a key reader receptacle for receiving an identification device as an alternate means for accessing the lock,

an electrically operated drive mechanism connected to the bolt or latch so as to control the position of the bolt or latch,

microcontroller means connected between the electronic access means and the electrically operated drive mechanism, for changing the position of the bolt or latch when a preselected access code is received by the electronic access means, and

a battery in one of the housings, connected to supply power to the electronic lock.

II. ANALYSIS

A. *Claim Construction*

In an *inter partes* review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144-46 (2016). Under that standard, and absent any special definitions, we give claim terms their ordinary and customary meaning, as would be understood by one of ordinary skill in the art at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Any special definitions for claim terms must be set forth with reasonable clarity,

deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). Only terms that are in controversy need to be construed, and then only to the extent necessary to resolve the controversy. *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

1. Claim Preamble

The parties disagree on whether the recitation of a “locker having a door” in the preamble of claim 4 is a substantive limitation of the claim. Petitioner asserts that the term “locker” “describes the use of the claimed ‘electronic lock’ and therefore does not limit the scope” of claim 4. Pet. 8-9.

Patent Owner asserts Claim 4 “is presented in a Jepson-type format” (PO Resp. 5) and should be construed as a claim on the combination of a locker having a door and an electronic lock (*e.g.*, *id.* at 6). Patent Owner’s proposed construction is essentially the same construction adopted in the Institution Decision. Decision 10 (“claim 4 is limited to the combination of a ‘locker having a door’ and ‘an electronic lock’”). As explained below, we maintain and adopt this same construction in this final decision.

The “Jepson” claim label is irrelevant to our claim construction and to our determination that claim 4 is not patentable. Drafting a claim in Jepson format (*i.e.*, the format described in 37 C.F.R. § 1.75(e)) is, simply, an implied admission that the subject matter of the preamble is prior art. *In re Fout*, 675 F.2d 297, 301

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(CCPA 1982) (“the implied admission that the Jepson format preamble of claim 1 describes prior art has not been overcome.”). Here, Patent Owner has admitted expressly that the preamble is prior art. PO Resp. 6 (“[T]he claimed combination is a locker for temporary storage of a user’s articles, with a locker door and an extendable bolt or latch (*all known*), and an electronic lock that controls the bolt or latch, the lock being defined in the body of the claim.”) (emphasis added). *See also* PO Resp. 22 (“the electronic lock constituting the improvement part of the combination . . . the electronic lock is something added to and regulating the movement of the *existing prior art* structure”).

What is relevant, however, is whether the claim covers a combination of a locker having a door and an electronic lock, or solely an electronic lock for use with a locker.

Whether to treat a preamble term as a claim limitation is “determined on the facts of each case in light of the claim as a whole and the invention described in the patent.” *Storage Tech. Corp. v. Cisco Sys., Inc.*, 329 F.3d 823, 831 (Fed. Cir. 2003). While there is no simple test for determining when a preamble limits claim scope, we are guided by some general principles established by our reviewing court.

As a general rule preamble language is not treated as limiting. *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1346 (Fed. Cir. 2002). Nonetheless, the preamble may be construed as limiting “if it recites essential structure or steps, or if it is ‘necessary to give life,

meaning, and vitality’ to the claim.” *Catalina Mktg. Int’l, Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801, 808 (Fed. Cir. 2002) (quoting *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1305 (Fed. Cir. 1999)). A preamble is not regarded as limiting, however, “when the claim body describes a structurally complete invention such that deletion of the preamble phrase does not affect the structure or steps of the claimed invention.” *Catalina*, 289 F.3d at 809. If the preamble “is reasonably susceptible to being construed to be merely duplicative of the limitations in the body of the claim (and was not clearly added to overcome a [prior art] rejection), we do not construe it to be a separate limitation.” *Symantec Corp. v. Comput. Assocs. Int’l, Inc.*, 522 F.3d 1279, 1288-89 (Fed. Cir. 2008). The preamble has no separate limiting effect if, for example, “the preamble merely gives a descriptive name to the set of limitations in the body of the claim that completely set forth the invention.” *IMS Tech., Inc. v. Haas Automation, Inc.*, 206 F.3d 1422, 1434 (Fed. Cir. 2000).

We determine that the preamble language in claim 4 is needed to give meaning to the claim. The preamble recites the “combination” of a “locker having a door” and “an electronic lock.” As recited in the body of claim 4, and as described in the written description of the ’180 patent (Ex. 1001, col. 3, ll. 19-24), the electronic lock includes inner and outer housing elements secured to “the door” “such that the door is sandwiched between the two housings.” Thus, the door is essential to this claimed combination in that it is needed for mounting the housings. Moreover, the door provides

additional structural limitations in that claim 4 requires that “through an opening in the door” the inner and outer housings are connected electrically. As described in the written description, pin 24 and socket 26 on the housings are connected through recess 14 in door 10. Ex. 1001, col. 3, ll. 19-24. Without a door having an opening as an element of the claim, the housings would not be connected electrically.

Accordingly, we determine that claim 4 is limited to the combination of a “locker having a door” and “an electronic lock.”

2. “Locker Having a Door”

Having determined that claim 4 is directed to the combination of a locker having a door and an electronic lock, we also determine the meaning of the term “locker.”

Claim 4 recites a “locker for temporary storage of a user’s articles.” Patent Owner asserts “the claimed combination is a locker for *temporary* storage of a user’s articles.” PO Resp. 6 (emphasis added); *see also id.* at 7 (“In other words, the invention is the lock and temporary-storage locker combination.”). At the hearing, Patent Owner emphasized its position that “temporary” use limits the claim. Tr. 23:22-24; *see also id.* at 25:1-5 (“it’s a temporary use locker field. It is a well-developed field. It is distinct from the permanently-assigned lockers, such as a school, where there’s an entire school year of single lockers used. It is an in-and-out type thing.”).

We have not been directed to any evidence in the Specification that defines what is meant by “temporary” use. This argued temporary use limitation, however, is fundamental to Patent Owner’s arguments. Patent Owner argued that “temporary” use “is understood in the art” as “day use” or “[p]robably” use for a week, but maybe not a use for two weeks. *Id.* at 24:1-12.

The temporary use argument, however, is inconsistent with the disclosed use of the claimed invention:

This invention is concerned with security of lockers, safes, desks, cabinets or other such storage devices assigned for *temporary or long-term use*. In particular, the invention relates to a lock operated by an electronic identification means for such storage situations.

Ex. 1001, col. 1, ll. 6-10 (emphasis added). Interpreting the claims in light of the Specification, we determine that the “temporary storage” use recited in the preamble of claim 4 is *not* a substantive limitation on the type or structure of locker included in the claimed combination of a locker having a door and an electronic lock.

We also determine that the references to a “locker” and “door” are not limited to any specific construction other than the requirement that the door have an “opening” through which the two housings are connected electrically, as described above. The parties have not directed us to persuasive evidence that the term “locker” or “door” has any specific construction in claim 4. Accordingly, these terms are given their

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ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure of the '180 patent.

The Specification suggests that a broad meaning is intended for the phrase “locker having a door.” As stated in the Specification, a “locking mechanism shown by the instant invention provides a locking mechanism to address *numerous door types* and preparations *as well as numerous functionalities*.” Ex. 1001, col. 1, ll. 51-54 (emphases added). The Specification also states that the disclosed lock “fits to various standard door preparations without any modification, providing instant retrofit capability to various types of doors.” *Id.* at col. 1, ll. 56-58.

Additionally, the '180 patent incorporates by reference U.S. Patent No. 5,886,644 (the “'644 patent”). Ex. 1001, col. 1, ll. 64-67. The '644 patent states the following definition of the term “locker”:

it should be understood that the term “locker,” as used in the claims, is intended to include not only lockers of the types described and illustrated but also safes (as in FIG. 3), lock boxes, storage vaults or containers, and other applicable uses wherein access is to be granted to a door or other latchable facility only when the correct identification device is touched or inserted. Thus, the term “locker” should be understood in a broader sense than the typical usage.

Ex. 1004, col. 5, ll. 46-56.

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A dictionary definition of “locker” is (1) a chest, compartment, or closet in which clothing and valuables may be locked for safekeeping; (2) a large, typically room-size compartment, as in a cold-storage plant, for keeping frozen foods.² The ordinary and customary meaning of “locker” does not limit the phrase “locker having a door” to a door of any size, type, material, structure, or function.

3. “Bolt or Latch”

The preamble of claim 4 recites that the claimed combination of a “locker having a door” and “an electronic lock” also includes “a movable bolt or latch positioned to secure the door when in extended position and to unlock the door when moved to a retracted position.” The body of claim 4 further recites that the claimed combination includes “an electrically operated drive mechanism connected to the bolt or latch so as to control the position of the bolt or latch.” Claim 4 also requires a “microcontroller means . . . for changing the position of the bolt or latch when a preselected access code is received by the electronic access means.”

Petitioner proposes that the broadest reasonable construction of the term “bolt or latch” is “a member or component of a lock unit that when extended causes the *lock unit* to lock and when retracted causes the *lock unit* to unlock.” Pet. 11 (emphasis added) (citing Ex. 1017 ¶ 63). Claim 4 recites only that the bolt or latch

² Random House Kernerman WEBSTER’S COLLEGE DICTIONARY (2010). Retrieved October 20, 2015, from <http://www.thefreedictionary.com/locker>.

is “positioned to secure the door.” There is no requirement that the bolt or latch causes the *lock unit* to lock or unlock.

Patent Owner takes a different position on the meaning and function of the bolt or latch. According to Patent Owner, the plain meaning of claim 4 is that the bolt or latch “cannot be an internal locking dog.”³ PO Resp. 4. Patent Owner also asserts that the claimed structure “is limited to a bolt or latch that extends from a lock housing.” *Id.* at 5. Patent Owner also asserts:

what is intended in the claims by the phrase ‘bolt or latch’ is that which extends out from the housing to perform the locking function, not an internal locking dog buried deep within the lock, on the order of 1 or 2 mm in diameter, that prevents a rotatable element of the lock from being rotated.

Id. at 16 (emphasis added).

What is recited in claim 4, however, requires only “a movable bolt or latch positioned to secure the door when in extended position and to unlock the door when moved to a retracted position.” The claim does not recite where the bolt or latch is located or “positioned” or how it secures the door. Claim 4 does not recite that the door is secured by single point or by direct

³ “Dogging is the method of holding a spring loaded component in place and preventing it from moving. An internal locking dog allows components to be oriented in either a dogged or undogged position, dogged preventing or undogged allowing the movable component to be moved.” Ex. 2004 ¶ 11.

engagement of the bolt with a door frame, and we are not persuaded to read these limitations or other disclosed limitations into the claim. “[T]he claims must be read in view of the specification, but limitations from the specification are not to be read into the claims. ‘That claims are interpreted in light of the specification does not mean that everything expressed in the specification must be read into all the claims.’” *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1326 (Fed. Cir. 2002) (citations omitted). Claim terms take on their ordinary and accustomed meanings “unless the patentee demonstrated an intent to deviate from the ordinary and accustomed meaning of a claim term by redefining the term or by characterizing the invention in the intrinsic record using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.” *Id.* at 1327. We find no such intent on the record before us.

Accordingly, we determine that the broadest reasonable interpretation of the phrase “a movable bolt or latch positioned to secure the door when in extended position and to unlock the door when moved to a retracted position” requires only an element that when extended secures or locks a door and when retracted unlocks a door.

B. Asserted Grounds of Unpatentability

1. Obviousness Based on Ogasawara and Gokcebay '043 or Lavelle

Petitioner asserts that claim 4 would have been obvious based on Ogasawara combined with either Gokcebay '043 or Lavelle. Pet. 40-41, 48-51.

Section 103(a) precludes issuance of a patent when “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C. § 103(a). In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Court set out a framework for applying the statutory language of § 103:

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

Id. at 17-18. Objective indicia of non-obvious such as “commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Id.* “While the sequence of these questions might be reordered in any particular case, the factors continue to define the inquiry that

controls.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 407 (2007).

The Supreme Court made clear that we apply “an expansive and flexible approach” to the question of obviousness. *Id.* at 415. Whether a patent claiming the combination of prior art elements would have been obvious is determined by whether the improvement is more than the predictable use of prior art elements according to their established functions. *Id.* at 417. To reach this conclusion, however, it is not enough to show merely that the prior art includes separate references covering each separate limitation in a challenged claim. *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011). Rather, obviousness requires the additional showing that a person of ordinary skill at the time of the invention would have selected and combined those prior art elements in the normal course of research and development to yield the claimed invention. *Id.* “A reference must be considered for everything it *teaches* by way of technology and is not limited to the particular *invention* it is describing and attempting to protect.” *EWP Corp. v. Reliance Universal Inc.*, 755 F.2d 898, 907 (Fed. Cir. 1985).

Moreover, *KSR* does not require that a combination only unite old elements without changing their respective functions. *KSR*, 550 U.S. at 416. Instead, *KSR* teaches “[a] person of ordinary skill is also a person of ordinary creativity, not an automaton.” *Id.* at 421. *KSR* also explains that the ordinary artisan recognizes “that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of

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ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.” *Id.* at 420; *see ClassCo, Inc. v. Apple, Inc.*, No. 2015-1853, 2016 WL 5219886, at *3 (Fed. Cir. Sept. 22, 2016).

Against this general background, we consider the references, other evidence, and arguments on which the parties rely.

a. Scope and Content of the Prior Art

i. Admitted Prior Art

Before describing the specific references on which Petitioner relies, we discuss the substantial admitted prior art by Patent Owner.

In the Specification, Patent Owner admits that outer housing 20 and inner housing 22, connected with electrical pin 24 and socket 26 connectors through recess 14 of a door, in a sandwiched construction, is “[a]ll . . . described in U.S. Pat. No. 5,894,277” (issued April 13, 1999).

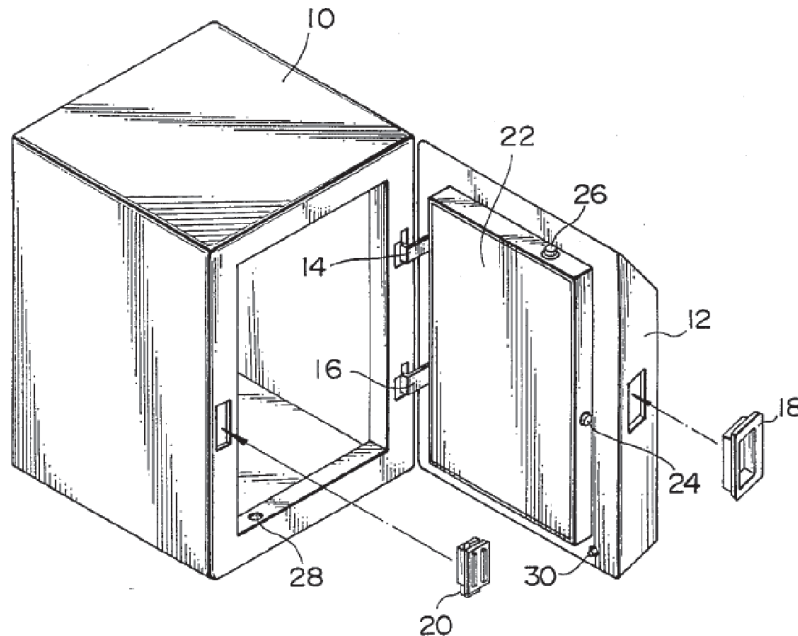
Patent Owner also admits that the electronic lock interacts with a preexisting bolt or latch, which is a “known structure.” PO Resp. 23; *see also id.* at 17-18 (“Claim 4’s preamble recites ‘a locker for temporary storage of a user’s articles’, with a locker door and a movable bolt or latch positioned to secure the door when in extended position. These are all introduced as known, existing prior art structures.”).

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Patent Owner also “concedes” that accessing an electronic lock using an electronic key reader, such as disclosed in Gokcebay '043, “was known prior to the '180 patent application.” PO Resp. 31-32.

ii. Ogasawara (Ex. 1009)

Ogasawara discloses an electronic safe, such as those commonly provided in hotel rooms for use by hotel guests. Ex. 1009, col. 1, ll. 15-18. The disclosed safe has a motor-driven locking mechanism by which the door is locked or unlocked by the rotational force of a drive motor rotating in accordance with the input of an open/close command signal. *Id.* at col. 1, ll. 7-13. Figures 2 and 3 from Ogasawara are reproduced below.



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Figure 2 from Ogasawara is a perspective view of a safe with the door open.

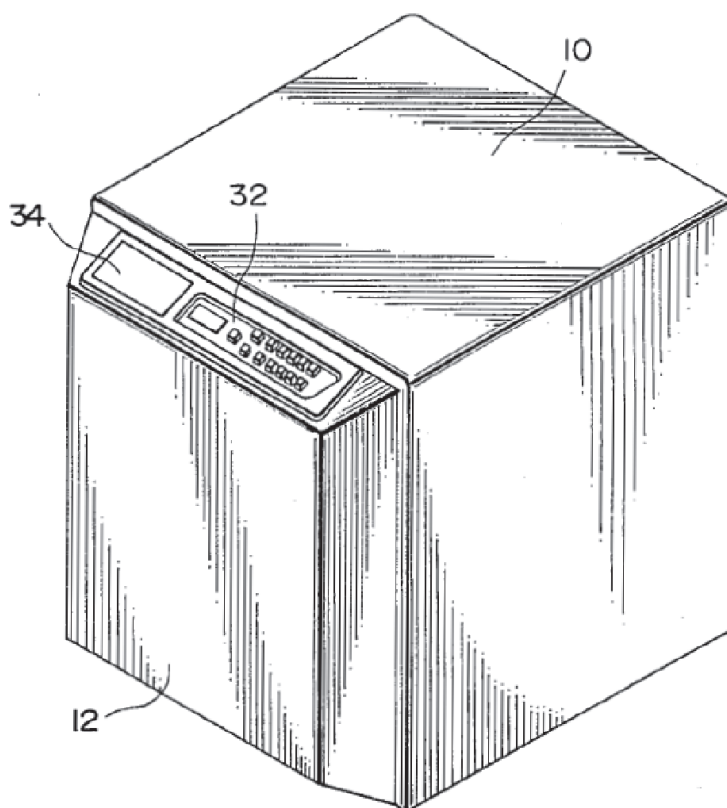


Figure 3 from Ogasawara is a perspective view of a safe with the door closed.

As shown in Figures 2 and 3, and as described in Ogasawara, safe body 10 is provided with door 12. *Id.* at col. 3, ll. 34-35. An electrically operated locking mechanism for opening or closing the locking engagement between door 12 and safe body 10 is within door 12. *Id.* at col. 3, ll. 49-50. Cover 22 conceals the locking

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mechanism. *Id.* at col. 3, ll. 51-52. Lock bolts 24, 26, and 52 (bolt 52 is shown in Figure 1) provide locking engagement for door 12 from three directions. *Id.* at col. 3, ll. 53-58. Although Ogasawara discloses a preferred use of three lock bolts, it also discloses that the safe may be locked using only one lock bolt. *Id.* at col. 4, ll. 44-48. Holes on safe body 10 receive the respective lock bolts when door 12 is in the closed, locked position. *Id.* at col. 3, ll. 59-61.

Operation indicator 32 includes a keyboard for inputting an open/close command signal and a display portion for displaying the operational state. *Id.* at col. 4, ll. 7-10. A control circuit receives a command input from the keyboard and provides a drive signal to a drive motor, which opens or closes the locking mechanism. *Id.* at col. 4, ll. 60-63. A second, mechanical unlocking/unlocking mechanism is provided so that, for example, if the user forgets the registered code, the user can open the door 12 by mechanically operating the locking mechanism from the outside with a master key. *Id.* at col. 4, ll. 25-29.

As shown in Figure 1, lock bolt 24 is fixed to one end of lock bar 64. *Id.* at col. 4, ll. 65. Lock bolt 24 moves in the transverse direction by a predetermined length together with the lock bar 64 thereby reaching the lock/unlock positions. *Id.* at col. 5, ll. 9-12.

iii. Gokcebay '043 (Ex. 1010)

Gokcebay '043 discloses an access control system for a door, gate, drawer, safe, safety deposit box,

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computer terminal or other situation wherein high security is desirable. Ex. 1010, Abstract. The disclosed system combines card type keys or mechanical keys and lock cylinders with keyholder authentication, so that only the authorized keyholder or keyholders can use a key at an access control point. *Id.* Gokcebay '043 discloses both a key reader for reading the encoded data on the key, and, for example, key pad 30, for manually inputting a code.

iv. Lavelle (Ex. 1007)

Lavelle discloses an electronic door security system that employs an input console having two readers for enhanced security. Ex. 1007, Abstract. One of the readers is preferably a keypad that receives personal access codes. *Id.* at col. 2, ll. 12-13. The second reader is an electronic “key” reader, such as a card reader, a contact reader port, and/or a computer data port that also receives a personal access code. *Id.* at col. 2, ll. 13-16. A microprocessor processes inputs applied at each of the readers to permit access through a secured door. *Id.* at Abstract. The disclosed electronic lock assembly is responsive to either entry of a personal access code at a keypad or contact by an electronic “key” at an electronic reader. *Id.* at col. 2, ll. 21-23.

In Lavelle, electronic lock assembly 10 is adapted for mounting to door 12. Electrically actuated cylindrical lock 14 is mounted in circular bore 16 in door 12. Cylindrical lock 14 secures door 12 via a latch 18 that engages the door frame.

b. Level of Ordinary Skill

There is a significant difference between the parties in the asserted level of ordinary skill in the relevant technology.

Petitioner asserts the level of ordinary skill is “an undergraduate degree (or equivalent) in mechanical engineering, electrical engineering, physics, or comparable subject and at least five years of relevant work experience in the field of electronic locking hardware and access control systems.” Pet. 7-8 (citing Ex. 1017 ¶ 53).

Patent Owner asserts “the level of skill in the relevant art is relatively low.” PO Resp. 33. According to Patent Owner, “a person of ordinary skill would tend to be a technician, sales representative or a manager of a facility having a large number of lockers.” *Id.* (citing Ex. 2001 ¶ 20; Ex. 2003 ¶ 7). Patent Owner asserts “[s]uch a person would not necessarily have a college education.” *Id.*

What matters in the § 103 nonobviousness determination is whether a person of ordinary skill in the art, having all of the teachings of the references before him, is able to produce the structure defined by the claim. *Orthopedic Equip. Co. v. United States*, 702 F.2d 1005, 1013 (Fed. Cir. 1983). The person of ordinary skill in the art is a hypothetical person who is presumed to have known the relevant art at the time of the invention.

‘Factors that may be considered in determining level of ordinary skill in the art include: (1) the educational level of the inventor; (2) type of problems encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of active workers in the field.’ These factors are not exhaustive but are merely a guide to determining the level of ordinary skill in the art.

Daiichi Sankyo Co. v. Apotex, Inc., 501 F.3d 1254, 1256 (Fed. Cir. 2007) (citations omitted). We look at these factors below. We also note “[a] person of ordinary skill in the art is also a person of ordinary creativity, not an automaton.” *KSR*, 550 U.S. at 421.

According to Patent Owner, the electronic lock is the unknown or new element added to the known structure of a locker, locker door, and bolt or latch. PO Resp. 6. As recited in claim 4, the electronic lock includes, for example, an “electrically operated drive mechanism” and a “microcontroller.” Thus, the claimed invention suggests a level of ordinary skill with technical familiarity with electronics and drive mechanisms.

As shown in Figure 5 and described in the Specification, the electronic lock of the claimed invention includes micromotor 46, which includes gear head 48, together forming a DC geared micromotor. Ex. 1001, col. 4, ll. 25-28. The Specification also refers to “optical sensing” of the bolt extension. *Id.* at col. 5, ll. 6-38.

Thus, the Specification also suggests a familiarity with electronics, optical sensing, and geared micromotors.

Mr. Gokcebay, one of the named inventors in the '180 patent and President of Patent Owner, is a named inventor in 23 utility patents on locks or lock-related products or systems, including lockers with electronic locks. Ex. 2001 ¶ 3. Exhibit 1010, one of Mr. Gokcebay's other patents, and relied on by Petitioner, demonstrates a knowledge of electrical and mechanical engineering principles. This suggests a level of skill that involves intimate familiarity with technology and engineering.

Ms. Advocate, Vice President and Chief Financial Officer of Patent Owner, testified on cross-examination that to make the lock described in the '180 Patent one would need to "understand the fundamentals of both the mechanics and electronics of a lock" (Ex. 1019, 44:4-7) and have "both mechanic and electronic expertise" (*id.* at 44:13-15).

Based on the evidence, we determine that Petitioner's proposed level of skill is appropriate and we adopt it. There is no persuasive evidence that an installation technician or a manager of a health club, having all of the teachings of the references before him or her, would have had the skills to produce the structure defined by the claim.

2. *Obviousness Analysis*

According to Petitioner, “there is only one limitation of claim 4 not disclosed by Ogasawara – ‘a key reader receptacle for receiving an identification device.’” Pet. 51; *see* Reply 9; Tr. 5:10-18. Claim 4 requires “a key reader receptacle for receiving an identification device as an alternate means for accessing the lock.” Petitioner asserts it would have been obvious to replace the mechanical backup key of Ogasawara with an electrical backup key, such as disclosed in Gokcebay ’043 or Lavelle.

Petitioner asserts that Gokcebay ’043 discloses a key with encoded identification information that can be read optically by a key reader receptacle. Pet. 45-46. Gokcebay ’043 discloses mechanical key 16 that includes a mechanical configuration for engagement with a mechanical lock, and also includes encoded data related to high security access control. Ex. 1010, col. 6, ll. 4-7. The encoded data can be read by placing the key against a reader, by inserting the key into a slot, or by swiping through a slot. *Id.* at col. 6, ll. 12-14. Gokcebay ’043 discloses that encoding data on key 16 also applies to use of “credit card type keys, hole punched type flat keys, and other flat plastic or metal card type keys, as well as conventional mechanical keys.” *Id.* at col. 6, ll. 24-26. Gokcebay ’043 also discloses that the data encoded on key 16 does not itself open a lock. *Id.* at col. 6, ll. 45-48. The data encoded on key 16 is information specific to the intended keyholder. *Id.* at col. 6, ll. 48-49. The data is used for authenticating the keyholder when access is attempted by a keyholder using the key.

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Id. at col. 6, ll. 50-51. A comparison is made between the encoded information and similar information input in another way, such as a keypad or fingerprint reader. *Id.* at col. 6, ll. 56-60, col. 7, ll. 3-27.

Petitioner also asserts that Lavelle discloses a “key reader receptacle for receiving an identification device,” as recited in claim 4. Pet. 47. Lavelle discloses an electronic lock assembly that is responsive to either entry of a personal access code at a keypad or contact by an electronic key at the electronic reader. Ex. 1007, col. 2, ll. 21-24. A first personal access code is entered in the electronic lock assembly 10 by selectively sequentially depressing keys 43 on the keypad 42. A second personal access code may be entered at electronic reader 44. *Id.* at col. 4, ll. 1-6. Electronic reader 44 may enable access through door 12 by an electronic key, which has an encased ROM chip 45 having a valid pre-established code. *Id.* at col. 4, ll. 10-12. As shown in Figure 1 of Lavelle, chip 45 is mounted to fob 49 to facilitate usage. *Id.* at col. 4, ll. 28-29.

As a rationale for modifying the mechanically operated backup key in Ogasawara with an electrically operated backup key, as disclosed in either Gokcebay '043 or Lavelle, Petitioner asserts that electronic keys were well known, inexpensive, more convenient, and more secure than the alternative mechanical key disclosed in Ogasawara. Pet. 51. According to Petitioner, it would have been obvious to a person of ordinary skill to substitute the improved electronic keys of Gokcebay '043 or Lavelle for the mechanical key of Ogasawara. *Id.* at 51-52 (citing Ex. 1017 ¶¶ 210-220, 228-232).

Other than the issues discussed above concerning claim interpretation and level of skill, Patent Owner asserts two primary reasons why the cited references do not disclose or suggest the device recited in claim 4:

(1) there is no motivation to modify the mechanical alternative access mechanism in Ogasawara with the electronic alternative access mechanisms in Gokcebay '043 or Lavelle; and

(2) objective evidence of nonobvious suggests that the invention recited in claim 4 would not have been obvious.

Patent Owner also presents arguments about the “locking dog” of Frolov.⁴ PO Resp. 19-22, 29-31. Our Decision expressly *excluded* the locking dog structure of Frolov from being incorporated by reference into the disclosure of Lavelle. Decision 20-21 (“Frolov also discloses additional elements, such as . . . “locking dog” 32 . . . we do not incorporate the additional elements from Frolov into the Lavelle disclosure.”). Thus, the “locking dog” arguments are not relevant to the asserted ground of unpatentability.

Concerning motivation, Patent Owner asserts “Ogasawara is more secure as it stands than it would be with an electronic key reader for emergency access.” PO Resp. 36. Patent Owner provides no persuasive evidence to support this assertion. Patent Owner also

⁴ Lavelle incorporates by reference the Frolov patent. In our Decision to institute a trial, we construed the scope of the incorporation by reference. *See* Decision 20-21.

asserts that replacing the alternative mechanical key of Ogasawara with the alternative electronic access mechanisms of the secondary references would require “major modification.” *Id.* at 37. Again, Patent Owner provides no persuasive evidence to support this argument.

We adopt the arguments and evidence of Petitioner, supported by the admitted prior art discussed above, that all of the elements recited in claim 4 are disclosed in the admitted prior art and the references on which Petitioner relies. We are persuaded by Petitioner’s arguments and evidence that replacing the alternative mechanical key of Ogasawara with the alternative electronic access mechanisms of the secondary references would have been well within the capabilities of a person of ordinary skill and creativity. It merely substitutes one well-known system for another in order to provide a more convenient, more secure alternative access mechanism.

i. Objective Evidence; Secondary Considerations

The objective indicia of non-obviousness play an important role as a guard against the statutorily proscribed hindsight reasoning in the obviousness analysis. *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1328 (Fed. Cir. 2016). “[E]vidence of secondary considerations may often be the most probative and cogent evidence in the record.” *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983); see also *Truswal Sys.*

Corp. v. Hydro-Air Eng'g, Inc., 813 F.2d 1207, 1212 (Fed. Cir. 1987) (“That evidence is ‘secondary’ in time does not mean that it is secondary in importance.”).

“[T]here is a presumption of nexus for objective considerations when the patentee shows that the asserted objective evidence is tied to a specific product and that product is the invention disclosed and claimed in the patent.” *WBIP*, 829 F.3d at 1329 (citations omitted). “The presumption of nexus is rebuttable: a patent challenger may respond by presenting evidence that shows the proffered objective evidence was ‘due to extraneous factors other than the patented invention.’” *Id.* (citing *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1393 (Fed. Cir. 1988)). Such extraneous factors include additional unclaimed features and external factors, such as improvements in marketing. *Id.*

Patent Owner provides evidence of alleged commercial success, long-existing but unsolved need, and copying of the claimed invention by others. PO Resp. 41-43 (“all three of these considerations are present”) (citing Exs. 2001, 2002, and 2003).

It is the established rule that “objective evidence of non-obviousness must be commensurate in scope with the claims which the evidence is offered to support.” *Allergan, Inc. v. Apotex Inc.*, 754 F.3d 952, 965 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 956 (2015) (quoting *In re Tiffin*, 448 F.2d 791 (CCPA 1971)). In *Tiffin*, evidence showing commercial success of thermoplastic foam “cups” used in vending machines was

not commensurate in scope with claims directed to thermoplastic foam “containers” broadly, and thus not probative of patentability of the claimed invention.

Patent Owner commercializes the structure recited in claim 4 as its “Generation 2” locker lock products. PO Resp. 42; Ex. 2001 ¶ 10. Patent Owner asserts it now holds “about 90% of the U.S. day-use locker market.” PO Resp. 3 (citing Ex. 2001 ¶¶ 11-13). Ms. Advocate testifies that Patent Owner “now has approximately 90% of the U.S. market for temporary-use lockers with its Generation 2 lock.” *Id.* at ¶ 13. Based on our claim construction in Section II(A)(2) above, however, the structure recited in claim 4 is not limited to day-use or temporary-use lockers. *See* Ex. 1001, col. 1, ll. 6-8 (“This invention is concerned with security of lockers, safes, desks, cabinets or other such storage devices assigned for *temporary or long-term use.*”) (emphasis added). Thus, Patent Owner’s asserted market share is only somewhat commensurate with the scope of claim 4. It has some probative weight.

Ms. Advocate testifies that the commercial success of the “Generation 2” locks, asserted to be based on the ’180 patent, was because the new locks could be reprogrammed quickly and easily. Ex. 2001 ¶ 9 (“this also allowed all locks to be reprogrammed for the different manager access in a much more efficient manner”), ¶ 12 (“the time it would take to change the manager key access was decreased by about 75%”). Ms. Advocate also testifies that the significant sales increase of the Generation 2 locks “was due solely to the change made in manager access.” *Id.* at ¶ 13. Ms. Advocate also

testifies that the “change in manager access” “solved a problem” in the industry. *Id.* at ¶ 14.

As Petitioner notes, however, and with which we agree, claim 4 does not recite the reprogramming and manager access features that Ms. Advocate states were a basis for increased sales and solving an industry problem. Reply 20-21. Thus, there is insufficient nexus between claim 4 and the features that led to any commercial success.

Moreover, Ms. Advocate also testified on cross-examination that commercial success of the Generation 2 locks was based on even further factors unrelated to the device recited in claim 4. For example, Patent Owner offered customers an “upgrade program” to encourage replacement of Generation 1 locks with Generation 2 locks (Ex. 1019, 87:19-25) and that Generation 2 locks had better battery life than Generation 1 locks (*id.* at 133:1-8). Neither the “upgrade program” nor battery life are elements of, or relevant to, claim 4. We have not been directed to persuasive evidence that the “upgrade program” specifically stressed and highlighted the *patented* features as a way to introduce this new product to the public.

Patent Owner also asserts that three different competitors copied the Generation 2 lock and infringe claim 4. PO Resp. 43 (citing Ex. 2001 ¶¶ 15-17). Not every competing product that arguably falls within the scope of a patent is evidence of copying; otherwise, “every infringement suit would automatically confirm the nonobviousness of the patent.” *Wyers v. Master*

Lock Co., 616 F.3d 1231, 1246 (Fed. Cir. 2010) (quoting *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1325 (Fed.Cir.2004)). Copying requires evidence of efforts to replicate a specific product, which may be demonstrated through internal company documents, direct evidence such as disassembling a patented prototype, photographing its features, and using the photograph as a blueprint to build a replica, or access to the patented product combined with substantial similarity to the patented product. *Wyers v. Master Lock*, 616 F.3d at 1246 (citations omitted). Patent Owner cites no such persuasive evidence.

Weighing the totality of the evidence before us, including the probative value of Patent Owner's evidence of secondary considerations, we determine that a preponderance of the evidence establishes that claim 4 would have been obvious based on Ogasawara combined with either Gokcebay '043 or Lavelle.

III. CONCLUSION

Based on the evidence and arguments, Petitioner has demonstrated, by a preponderance of the evidence, that claim 4 of the '180 patent would have been obvious based on Ogasawara combined with either Gokcebay '043 or Lavelle.

IV. ORDER

In consideration of the foregoing, it is hereby

ORDERED that, based on Petitioner's showing by a preponderance of the evidence, claim 4 of the '180 patent is unpatentable.

This is a final decision. Parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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NOTE: This order is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

SECURITY PEOPLE, INC.,
Appellant

v.

OJMAR US, LLC,
Appellee

2017-1385

Appeal from the United States Patent and Trade-
mark Office, Patent Trial and Appeal Board in No.
IPR2015-01130.

**ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN,
HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

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ORDER

(Filed Jan. 17, 2018)

Appellant Security People, Inc. filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on January 24, 2018.

January 17, 2018
Date

FOR THE COURT
/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

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2017-1385

**United States Court of Appeals
for the Federal Circuit**

SECURITY PEOPLE, INC.,
Appellant

v.

OJMAR US, LLC,
Appellee.

Appeal from the United States Patent and
Trademark Office, Patent Trial and
Appeal Board in No. IPR2015-01130

**APPELLANT'S COMBINED REQUEST
FOR REHEARING AND PETITION
FOR REHEARING EN BANC**

FILED ON BEHALF OF: APPELLANT, SECURITY PEOPLE, INC.

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**[ii] CERTIFICATE OF INTEREST AND
CORPORATE DISCLOSURE STATEMENT**

Counsel for Appellant-Patent Owner, Security People, Inc., certifies the following:

1. The full name of every party or amicus represented by me is: Security People, Inc.

2. The name of the real party in interest represented by me is: Security People, Inc.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are: None.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are: Thomas M. Freiburger.

5. The title and number of any cases known to counsel to be pending in this or any other court or agency that will directly affect or be affected by this court's decision in the pending appeal are:

a. Security People, Inc. v. Ojmar US, LLC, Case No. 4:14-[iii]cv-04968-HSG (CAND), currently stayed.

b. Security People, Inc. v. Lee, Case No. 3:15-cv-03172 (CAND), terminated 2/23/2017,

petition for cert. pending from Appeal No. 16-2378.

c. *Security People, Inc. v. Matal*, Appeal No. 16-2378 (Fed. Cir.), petition for cert. filed Aug. 2, 2017.

c. *Ojmar US, LLC v. Security People, Inc. d/b/a Digilock et al.*, Case No. 4:16-cv-04948-HSG (CAND).

Date: _____

Frear Stephen Schmid
Attorney for Appellant

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**[1] STATEMENT OF COUNSEL –
FEDERAL CIRCUIT RULE 35(B)**

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

(1) Does Fed. Cir. R. 36 (“Rule 36”) permit the Court to affirm a final decision of the Patent Trial and Appeal Board (“Board”) in an *Inter Partes* Review (“IPR”) without opinion when the Board’s rationale is legally flawed?

(2) May the Court ever affirm a final IPR decision without opinion?

Based on my professional judgment, I believe the panel’s decision is contrary to the following decisions of the Supreme Court of the United States or the precedents of this Court: *S.E.C. v. Chenery Corp.*, 318 U.S. 80 (1943); *Power Integrations, Inc. v. Lee*, 797 F.3d 1318 (Fed. Cir. 2015).

Date: _____

Frear Stephen Schmid
Attorney for Appellant

[2] I. INTRODUCTION AND SUMMARY OF ARGUMENT

This appeal of a Final Written Decision of the United States Patent and Trademark Office (“USPTO”) Patent Trial and Appeal Board (“Board”) arrived at the Court on the basis of a legally flawed conclusion of obviousness. The Court’s Rule 36 judgment without opinion leaves that analysis unaddressed, inviting the Board to commit the same mistake again. The potential for such repeated errors makes Rule 36 judgments inappropriate where, as here, the Board’s decision cannot stand on the soundness of its stated reasons.

Contrary to the analysis undertaken by the Board, identifying the level of ordinary skill in the art is not a search for an individual needed to make a challenged claim obvious. Indeed, the question of obviousness does not even arise until the level of ordinary skill in the art has been determined. Yet, the Court’s Rule 36 judgment provides no insight into how the Court resolved the Board’s reverse application of the test for obviousness; making it an improper application of hindsight. Accordingly, the panel’s Rule 36 judgment should be reversed, or at least vacated.

Finally, the *en banc* Court should take this opportunity to consider whether a Rule 36 judgment in an IPR appeal is ever appropriate. The public relies on this Court for even-handed judicial review of the Board’s decisions. The opacity of Rule 36 judgments test that trust and their place in such proceedings deserves review.

**[3] II. POINTS OF LAW OVERLOOKED OR MIS-
APPREHENDED BY THE PANEL**

Pursuant to Federal Circuit Rules 36(e)(3)(F) and 40(a)(4), Appellant-Patent Owner, Security People, Inc. (“Security People”), provides this statement of points of law or fact that were overlooked or misapprehended by the Court in its panel decision:

The panel misapprehended or overlooked the fundamental errors in the Board’s stated rationale for its own decision that require reversal and that preclude this Court from summary affirmance; namely, the misapplication of the test for obviousness as a means for identifying a person of ordinary skill in the art.

III. ARGUMENT

A. The Rule 36 Judgment Should Be Reversed Or At Least Vacated Because The Board’s Decision Cannot Stand On Its Stated Rationale

Rule 36(d) pertains to appeals from administrative agencies. In agency appeals, the rule permits affirmance without opinion only where the decision “warrants an affirmance under the standard of review authorizing the petition for review.” Fed. Cir. R. 36(d). In appeals from the Board, the standard of review is established by §706 the Administrative Procedures Act (“APA”). *See* 5 U.S.C. § 706; *and see S.E.C. v. Chenery Corp.*, 318 U.S. 80, 87 (1943) (recognizing that an agency’s [4] decision must stand or fall on the

soundness of the agency's own stated reasons); *Pride Mobility Prods. Corp. v. Permobil, Inc.*, 818 F.3d 1307, 1313 (Fed. Cir. 2016); *Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1326 (Fed. Cir. 2015) (“[O]ur review of a patentability determination is confined to the grounds upon which the Board actually relied. . . . We have no warrant to . . . supply a reasoned justification for an agency decision that the agency itself has not given.”) (internal quotations and citations omitted).

The Board's decision below cannot be affirmed based on the reasons stated by the Board itself. At the outset of oral argument, Security People's counsel succinctly identified the fundamental error committed by the Board (summarizing the primary arguments advanced in Security People's briefs) – misapplying the test for obviousness as a mechanism for identifying the level of ordinary skill in the art. *See* Case No. 17-1386, Oral Argument Recording of Nov. 6, 2017, at 0:40 – 1:27. In effect, the Board bestowed the ability to produce the structure defined by the challenged claim on the person of ordinary skill, and then asked (redundantly) whether the claim was obvious to such an individual. That is akin to asking whether the invention is obvious to one standing in the shoes of the inventor – a practice forbidden by this Court's precedents. *Orthopedic Equipment Co.*, 702 F.2d 1005, 1013 (Fed. Cir. 1983) (citing *In re Twomey*, 218 F.2d 593 (CCPA 1955)); *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, [5] 718 (Fed. Cir. 1991) (“The importance of resolving the level of ordinary skill in the art lies in the necessity of maintaining objectivity in the obviousness inquiry.”).

By approaching the analysis in the fashion adopted by the Board, the question being answered during the IPR was not whether a person of ordinary skill would have found the challenged claim obvious, but instead, what sort of individual was needed to make it obvious. The Board's practice of assessing the skills to "produce the structure defined by the claim" and then identifying a person that possesses such skills as the person of ordinary skill guarantees a conclusion of obviousness because the approach is nothing more than a hindsight reconstruction of the invention in the prior art. As such it is legally impermissible. *See, e.g., W.L. Gore & Assocs. v. Garlock, Inc.*, 721 F.2d 1540, 1547 (Fed. Cir. 1983) (identifying as error an attribution of "that which only the inventor taught . . . to the prior art"). In short, the Board's rationale for finding the challenged claim obvious was legally improper, and, hence, cannot stand on its own rationale. It was therefore wrong for this Court to enter a summary affirmation under Rule 36.

B. The Court's Rule 36 Judgment Allows An Important Area Of Patent Law To Go Un-addressed

Apart from reciting lists of factors for consideration, there exists surprisingly little guidance from this Court concerning how the level of ordinary skill should [6] actually be assessed. *See, e.g., Joseph P. Meara, Just Who Is the Person Having Ordinary Skill in the Art? Patent Law's Mysterious Personage*, 77 WASH. L. REV. 267, 278, 289 (2002). As evidenced by the Board's

(incorrect) decision in this case, simply providing a list of factors for consideration is not sufficient. For example, such a list does not prevent the search for the level of ordinary skill from becoming, as it did here, the search for a person that will find a claimed invention obvious.

The Court has instructed that among the factors that may be considered in determining the level of ordinary skill in the art may include: (A) “type of problems encountered in the art;” (B) “prior art solutions to those problems;” (C) “rapidity with which innovations are made;” (D) “sophistication of the technology; and” (E) “educational level of active workers in the field.”), *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995); and see *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962 (Fed. Cir. 1986); *Environmental Designs, Ltd. v. Union Oil Co. of California*, 713 F.2d 693, 696 (Fed. Cir. 1983). Perhaps more important that *what* is to be considered, however, is *how* the consideration is to proceed. One cannot, as the Board did, simply envision a person having the necessary skills to “produce the structure defined by the claim” and brand that individual the person of ordinary skill. Doing so is simply applying hindsight having already reached a conclusion of obviousness. See *Ryko Mfg. Co.*, 950 F.2d at 718.

[7] By issuing a Rule 36 judgment, the Court failed to provide guidance as to the manner in which the determination of the level of ordinary skill in the art should proceed. While it may not be necessary to prescribe a particular process that must be followed by

rote, the Court should direct that the inquiry not occur by misapplying the test for obviousness. Instead of *attributing* the skills needed to produce the structure defined by the claim from the prior art to the person of ordinary skill, the Board should have investigated *whether* that individual had sufficient skills and motivation to do so. No list of factors to be considered incorporates such a requirement, and this Court should have used this case to make clear the need for such a study.

C. The *En Banc* Court Should Grant Rehearing To Consider Whether a PTAB IPR Decision Can Ever Be Affirmed Without Opinion

For at least the above reasons, Rule 36 should be read to preclude affirmance without opinion where, as here, the Board's decision cannot stand on its own rationale. Accordingly, the Court's Rule 36 affirmance without opinion in this case should be reversed or at least vacated.

[8] Further, Security People urges the Court to rehear this appeal *en banc*, to decide whether this Court can ever affirm a Board's IPR decision without opinion.¹ See 35 U.S.C. § 144 (in an appeal from the USPTO, the Federal Circuit "shall issue to the Director its mandate *and opinion . . .*") (emphasis added). See

¹ This question is also presented in petitions for certiorari to the United States Supreme Court in *C-Cation Technologies, LLC v. Arris Group, Inc. and Cox Communications, Inc.*, Fed. Cir. No. 16-2561, Supreme Court No. 17-617, and *In re Celgard, LLC*, Fed. Cir. No. 16-1218, Supreme Court No. 16-1526.

also Crouch, Wrongly Affirmed Without Opinion, Univ. of Missou. L. Stud. Research Paper No. 2017-02), <http://ssrn.com/abstract=2909007> (January 31, 2017).

When this Court sits in review of an IPR decision of the Board (*i.e.*, the outcome of an administrative trial), it sits as a court of limited appellate jurisdiction. In particular, the Court is limited to reviewing the sufficiency of the Board's stated reasons for its decision, using the standards of review that are established by the Administrative Procedure Act ("APA"). *See Chenery Corp.*, 318 U.S. at 87 ("The grounds upon which an administrative order must be judged are those upon which the record discloses that its action was based."); 5 U.S.C. § 706. However, when the Court invokes Rule 36, neither the parties to the appeal nor the public can be assured that the Court has confined itself to that limited role and has not, for example, [9] substituted its own reasoning for the Board's. Nor can a dissatisfied party, such as the instant Patent Owner, readily show that has been the case. Precisely because Rule 36 judgments do not state the Court's reasons for affirmance, the public trust in its decisions is eroded.

In each and every IPR, important patent property rights are at stake. There is a strong presumption that whatever the Board's decision, it will be subject to judicial review. *See, e.g., Bowen v. Michigan Acad. Of Family Physicians*, 476 U.S. 667, 670-73 (1986); *see also* 5 U.S.C. §§ 702, 704, 706. Yet, the opaque nature of the Court's Rule 36 judgments provides no assurance that the Court has conducted meaningful and even-handed judicial review of Board decisions. The Court should

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therefore grant this petition and take the opportunity to consider and address its authority to issue Rule 36 affirmances without opinion in appeals from the Board.

Respectfully submitted,

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[Addendum Omitted]
