



## ARE Patent Law Alert: Federal Circuit Revisits Standing to Appeal PTAB Decision Of Non-Practicing Petitioner

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On December 23, 2020, the United States Court of Appeals for the Federal Circuit issued its decision involving a petitioner's standing to appeal and reversing a final written decision of the Patent Trial and Appeal Board ("PTAB") in *General Electric Co. v. Raytheon Techs. Corp.*, No. 19-1319 (Fed. Cir. Dec. 23, 2020).

Raytheon Technologies Corporation's U.S. Patent No. 8,695,920 (the '920 Patent) relates to "an engine mounting configuration for the mounting of a turbofan gas turbine engine to an aircraft pylon," and, specifically, claims a two-stage high pressure turbine engine for commercial airplanes.

General Electric Co. ("GE") petitioned the PTAB for inter partes review of multiple claims of the '920 Patent, asserting the claims unpatentable as obvious based on the combination of two prior art references, a research paper ("Wendus") and a magazine article ("Moxon").

After the PTAB issued its final written decision finding the '920 Patent not unpatentable for obviousness and denied GE's request for rehearing, GE appealed the decision to the Federal Circuit challenging the PTAB's application of the legal standard for both teaching away and motivation to combine.

### Standing of Non-Practicing Petitioner in an IPR Appeal

Raytheon moved to dismiss the appeal for lack of standing, arguing that it had never sued or threatened to sue, GE for infringing the '920 Patent, and GE had never alleged that an engine existed that presented a concrete and substantial risk of infringing the '920 Patent.

While the Federal Circuit has jurisdiction to review final decisions of the PTAB under 28 U.S.C. § 1295(a)(4)(A), an appellant must still meet "the irreducible constitutional minimum of standing" requiring the appellant to "(1) have suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the [appellee], and (3) that is likely to be redressed by a favorable judicial decision."



An appellant not currently engaging in infringing activity must establish that it has concrete plans for future activity that creates a substantial risk of future infringement or would likely cause the patentee to assert a claim of infringement in order to rely on potential infringement liability as a basis for injury in fact. *JTEKT Corp. v. GKN Auto. Ltd.*, 898 F.3d 1217, 1221 (Fed. Cir. 2018).

The Federal Circuit has further explained that “to establish the requisite injury in an appeal from a final written decision in an inter partes review,” “[a]n appellant need not face ‘a specific threat of infringement litigation by the patentee.’” *Adidas AG v. Nike, Inc.*, 963 F.3d 1355, 1357 (Fed. Cir. 2020) (quoting *E.I. DuPont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004 (Fed. Cir. 2018)). “Instead, ‘it is generally sufficient for the appellant to show that it has engaged in, is engaging in, or will likely engage in activity that would give rise to a possible infringement suit.’” *Id.* (quoting *Grit Energy Sols., LLC v. Oren Techs., LLC*, 957 F.3d 1309, 1319 (Fed. Cir. 2020)).

“Activities that will likely—but might not—occur in the future can be sufficient to confer standing.” The Federal Circuit reasoned that “GE’s specific investment in continued development of a geared turbofan engine design, its avowed preference to offer this design for sale, and its informal offer of this engine to Airbus in an ongoing bidding process” was enough to establish that GE will likely engage in the sale of this geared turbofan engine design.

Further, GE had plausibly established that a sale of its preferred next-generation engine design would raise a substantial risk of an infringement suit. Therefore, because GE alleged sufficient facts to establish that it is engaging in activity that creates a substantial risk of future infringement, the Federal Circuit held GE had standing to bring the appeal.

## **Obviousness and Teaching Away**

The Federal Circuit next addressed the merits of the appeal concerning the PTAB’s application of the legal standard for both teaching away and motivation to combine in an obviousness determination.

Factual considerations in an obviousness determination include (1) whether a prior art reference teaches away, (2) whether a skilled artisan would have been motivated to combine references, and (3) a skilled artisan’s reasonable expectation of success in combining references. “A reference does not teach away if it merely expresses a general preference for an alternative invention but does not criticize, discredit, or otherwise discourage investigation into the invention claimed.”



In its final written decision, the PTAB held that Wendus taught away from a two-stage high-pressure turbine, therefore, contributing to its overall determination that the '920 Patent was not unpatentable for obviousness. However, in its analysis, the Federal Circuit reasoned that Wendus only taught that the one-stage turbine is merely a general preference and "system benefit," and not "critical or enabling." Therefore, the Federal Circuit held that the difference between a "critical or enabling" technology and a mere "system benefit" undermines the PTAB's conclusion that Wendus displays a "strong preference" for the one-stage turbine.

Further, because Wendus does not make a single negative statement criticizing or discouraging the use of a two-stage high-pressure turbine, there is no substantial evidence to support the PTAB's conclusion that Wendus teaches away from modifying the Wendus engine to include the two-stage option.

For similar reasons, the PTAB also lacked substantial evidence for its conclusion that GE did not establish a motivation to combine Wendus and Moxon.

An invention claimed in a patent would have been obvious if a person of ordinary skill in the art would have had reason to attempt to make the composition or device, or carry-out the claimed process, and would have had a reasonable expectation of success in doing so.

As the Federal Circuit disagreed with the PTAB's finding of Wendus's "strong preference" for a one-stage turbine, it further reasoned that an artisan seeking to improve upon or otherwise modify the one-stage turbine taught in Wendus would have tried to implement a two-stage turbine design taught in Moxon because of the known advantages provided by a two-stage design. Indeed, the PTAB even recognized the advantages of a two-stage turbine in its final written decision. The Federal Circuit, therefore, held that "[u]nless the [PTAB] can show how Wendus teaches that a two-stage turbine would not lower mechanical stresses or improve fuel efficiency, adequately contradicting its own explicit, supported findings that a two-stage turbine would do so, the [PTAB] lacks substantial evidence for its conclusion that GE did not establish a motivation to combine Wendus and Moxon."

Therefore, because the PTAB lacked substantial evidence for its underlying factual conclusions from which it found the asserted claims of the '920 Patent non-obvious, the Federal Circuit vacated the decision and remanded the case to the PTAB.

We will continue to monitor this case and report on developments.

For more information, please contact us.



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