

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ARCONIC TECHNOLOGIES LLC,
Petitioner Application 15/708,798,
Petitioner,

v.

NOVELIS INC.,
Respondent Application 15/142,384,
Respondent.

DER2018-00004

Before JAMES T. MOORE, JOSIAH COCKS, and JUSTIN T. ARBES,
Administrative Patent Judges.

PER CURIAM.

DECISION

Denying Petitioner's Request on Rehearing of Decision Denying Institution

37 C.F.R. § 42.71(d)

Granting-in-Part Petitioner's Motion to Expunge

37 C.F.R. § 42.56

I. INTRODUCTION

Petitioner Arconic Technologies LLC (“Petitioner” or “Arconic”) filed a Petition to institute a derivation proceeding under 35 U.S.C. § 135. Papers 1 (confidential unredacted) (“Pet.”), 2 (public redacted). We exercised exclusive jurisdiction over the involved applications, and Petitioner filed a Supplemental Brief to address the fact that the claims of both applications had been amended since the filing of the Petition. Papers 20 (confidential unredacted) (“Supp. Br.”), 21 (public redacted). We subsequently denied institution of a derivation proceeding. Paper 24 (“Dec.”). Petitioner filed a Request for Rehearing of that Decision, asserting that we abused our discretion in denying institution. Paper 26 (“Req. Reh’g”). For the reasons stated below, Petitioner’s Request for Rehearing is *denied*.

II. STANDARD OF REVIEW

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “An abuse of discretion occurs if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors.” *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004). The party requesting rehearing bears the burden of showing an abuse of discretion, and “[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

III. ANALYSIS

As stated in the Decision, “Petitioner’s position appears to be that it disclosed to Respondent the particular six-step processes recited in each of Respondent’s claims” and, with respect to claim 22, that three of Petitioner’s named inventors (James M. Marinelli, Alfred M. Dennis, and Phillip C. Shoemaker) conceived of the process recited in the claim. Dec. 12, 15 (citing Supp. Br. 3–4, 6–8; Ex. 1003 ¶¶ 37, 61–62). We evaluated all of Petitioner’s evidence and arguments on those points, including Mr. Marinelli’s testimony and the documents cited by Petitioner as allegedly corroborating that testimony, and found that “Petitioner has not shown sufficiently a corroborated conception of the invention by the named inventors.” *Id.* at 15–22. In particular, we noted that

[w]e are not informed as to which of Mr. Marinelli, Mr. Dennis, and Mr. Shoemaker conceived what portions of the invention of claim 22 or how the three individuals jointly conceived of the recited process. Petitioner provides no explanation as to what the contributions of each individual were (other than that they were all “involved” in the development of the A951 process), the circumstances surrounding those contributions, or even when conception occurred. Indeed, Mr. Marinelli testifies that Petitioner began development of chromium-free aluminum pretreatments that provided the same performance characteristics of a chromate conversion coating in 1992 and that the development work spanned “the next two decades,” but does not explain when during that time he conceived of the process of claim 22 with Mr. Dennis and Mr. Shoemaker. Again, there is no meaningful information provided about what work was done by whom or the circumstances under which the claimed invention was conceived, other than a general assertion that it was Petitioner undertaking the work.

Id. at 16 (citations omitted). In addition to the failure to explain the circumstances of conception by the alleged inventors, we reviewed the

documents cited by Petitioner for each of the six steps of claim 22 and explained why they were insufficient to corroborate Mr. Marinelli's testimony. *Id.* at 16–22. We concluded that “[s]ubstantial evidence does not support Petitioner’s assertion that its inventors conceived of the inventions allegedly communicated to Respondent’s inventors (i.e., the six-step processes of each of Respondent’s claims)” and denied institution of a derivation proceeding. *Id.* at 23.

Petitioner makes three arguments in its Request for Rehearing. First, Petitioner argues that we “erred in imposing standards not required by the statute and contrary to law.” Req. Reh’g 5. 35 U.S.C. § 135(a)(1) provides (emphasis added):

An applicant for patent may file a petition with respect to an invention to institute a derivation proceeding in the Office. The petition shall set forth with particularity the basis for finding that an individual named in an earlier application as the inventor or a joint inventor *derived* such invention from an individual named in the petitioner’s application as the inventor or a joint inventor and, without authorization, the earlier application claiming such invention was filed. Whenever the Director determines that a petition filed under this subsection demonstrates that the standards for instituting a derivation proceeding are met, the Director may institute a derivation proceeding.

According to Petitioner, the statutory language only requires proof that “a named inventor *derived* the invention from another,” unlike § 135 as it existed prior to the Leahy-Smith America Invents Act, Public L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), which allowed an “original inventor [to] prove priority of invention by showing prior conception coupled with diligent reduction to practice.” Req. Reh’g 8. In other words, in Petitioner’s

view, proof of conception by a petitioner's inventor(s) is not required in a post-AIA derivation proceeding. *Id.* at 2–3, 8–9.

We disagree. It is well-established that to prove derivation, the party asserting derivation must establish (1) prior conception of the claimed subject matter, and (2) communication of that conception to an inventor of the other party. *See* Dec. 7–10, 13–14; *Cooper v. Goldfarb*, 154 F.3d 1321, 1332 (Fed. Cir. 1998) (“*Cooper*”); *Price v. Symsek*, 988 F.2d 1187, 1190 (Fed. Cir. 1993); *Davis v. Reddy*, 620 F.2d 885, 889 (CCPA 1980) (“There can be no derivation without prior conception on the part of the party alleging derivation.”); *Hedgewick v. Akers*, 497 F.2d 905, 908 (CCPA 1974); *Andersen Corp. v. GED Integrated Solutions, Inc.*, DER2017-00007, Paper 57 at 14–15 (PTAB Mar. 20, 2019); *Catapult Innovations Pty Ltd v. adidas AG*, DER2014-00002, Paper 19 at 4 (PTAB July 18, 2014), Paper 21 at 2–3 (PTAB Oct. 15, 2014) (determining that the petitioner was “incorrect that mere possession of an invention, however obtained, even if received via another source, constitutes conception of invention” because “derivation addresses originality—who invented the subject matter at issue, not mere possession”).

Petitioner points to the Court's statement in *Cooper* that “[t]o prove derivation *in an interference proceeding*, the party asserting derivation must establish prior conception of the claimed subject matter and communication of the conception to the adverse claimant,” arguing that the case is limited to interferences and “cannot override or conflict with the plain language of *the new statute*.” *See* Req. Reh'g 8–9; *Cooper*, 154 F.3d at 1332. Petitioner is correct that *Cooper* arose in the context of a pre-AIA interference, not a post-AIA derivation proceeding (which did not exist at the time). Petitioner,

however, has not pointed to anything, in the AIA or otherwise, indicating that Congress redefined the meaning of “derivation” as it was known and applied prior to the AIA. As explained in the Decision, we apply the case law of the U.S. Court of Appeals for the Federal Circuit and the U.S. Court of Customs and Patent Appeals on the substantive law of derivation of invention.¹ Dec. 7–8. Consistent with that case law (cited above), proving

¹ Interference proceedings determined priority of invention, but also adjudicated assertions of derivation of invention when derivation is alleged. The Federal Circuit has explained the difference between the two as follows:

Although derivation and priority of invention are akin in that both focus on inventorship and both may be resolved by the board in an interference action, they are distinct concepts. A claim that a patentee derived an invention addresses originality—who invented the subject matter of the count? Under this attack on a patent or patent application, the proponent asserts that the patentee did not “invent” the subject matter of the count because the patentee derived the invention from another. To prove derivation in an interference proceeding, the person attacking the patent must establish prior conception of the claimed subject matter and communication of the conception to the adverse claimant. . . .

Contrasted to derivation, a claim to priority of invention does not question whether the patentee “invented” the subject matter of the count, but instead focuses on which party *first* invented the subject matter of the count. Priority goes to the first party to reduce an invention to practice unless the other party can show that it was the first to conceive the invention and that it exercised reasonable diligence in later reducing that invention to practice. . . .

Price, 988 F.2d at 1190 (citations omitted); *see also Brand v. Miller*, 487 F.3d 862, 869–870 (Fed. Cir. 2007) (describing the requirements for proving “priority of invention” and “derivation,” and stating that “[i]n an interference proceeding, the person challenging the Senior Party’s priority

derivation requires proof of prior conception of the claimed subject matter and communication of that conception to an inventor of the other party. Indeed, the importance of including corroborating evidence of conception in derivation proceedings was expressly highlighted in the comments from the Federal Register providing the Final Rules to implement derivation proceedings. *See* Changes to Implement Derivation Proceedings; Final Rule, 77 Fed. Reg. 56,068, 56,074–75 (Sept. 11, 2012) (“Discovery prior to institution is not provided by the rules as it is the alleged inventor who conceived and communicated the conception of the invention to the alleged deriver and is in the best position to offer testimony or other evidence regarding the conception and communication. Further, it is well settled that an inventor’s testimony must be corroborated. . . . Derivation requires both earlier conception by the party alleging derivation as well as communication of the conception. Thus, by requiring demonstration of derivation, [37 C.F.R. § 42.405(c)] necessarily requires a showing of earlier conception as well as corroboration of that earlier conception.”).

Second, Petitioner argues that, even if proof of conception is required, it provided sufficient evidence for purposes of institution. Req. Reh’g 3–9. Petitioner asserts that it “developed a proprietary process known as ‘A951’ for the treatment of aluminum and . . . in 2011 an automaker requested Petitioner make the process available to its competitors,” so “clearly by this time Petitioner had already conceived of the A951 process.” *Id.* at 3 (citing Pet. 2, 11), 9 (arguing that “there is substantial evidence that Petitioner’s

date bears the burden of proof on derivation and must make two showings”: prior conception and communication of that conception).

inventors *did* conceive of the claimed process and well before involvement with Respondent—otherwise, an automotive manufacturer would have never asked Petitioner to make it available to Respondent”). Petitioner further contends that conception is shown by Mr. Marinelli “disclos[ing] details of Petitioner’s proprietary A951 process” to Michael Bull, a named inventor of Respondent’s involved application, at various meetings. *Id.* at 3–5 (citing Pet. 2–3, 24, 26–36; Supp. Br. 3–5, 8–9; Exs. 1003, 1013–1016). According to Petitioner, “conception is a foregone conclusion in this case: persons employed by Petitioner conceived of and reduced-to-practice the A951 process which was disclosed via presentation and slides by Mr. Marinelli to Mr. Bull to teach Mr. Bull and Respondent[] how to use a process Petitioner had already conceived *and* reduced to practice.” *Id.* at 5–6. Finally, Petitioner again cites, as allegedly showing that “Petitioner’s inventors conceived of the claimed process,” two company documents that “pre-date any involvement with Respondent and specifically detail all processing steps of the ‘A951 process.’” *Id.* at 9 (citing Exs. 1024, 1025).

We are not persuaded. All of the evidence cited by Petitioner was evaluated and discussed at length in the Decision. *See* Dec. 14–22 (citing Exs. 1003, 1008, 1014–1016, 1024, 1025). A rehearing request is not an opportunity for the requesting party to reargue its case or merely to express disagreement with the underlying decision. *See* 37 C.F.R. § 42.71(d). Petitioner has not identified any arguments or evidence it put forth but which we misapprehended or overlooked in rendering the Decision.

Further, as we pointed out in the Decision, Petitioner incorrectly ascribes the allegedly conceived invention to the company itself, rather than alleging and providing proof that there was formation in the mind of

particular alleged inventors (in this case, with respect to claim 22, Mr. Marinelli, Mr. Dennis, and Mr. Shoemaker) of a definite and permanent idea of the complete and operative invention. *See* Dec. 18; Ex. 1003 ¶¶ 28–37 (Mr. Marinelli testifying that “Arconic conceived” of each step of claim 22); 35 U.S.C. § 100(f) (defining “inventor” to mean “the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention”). Petitioner repeats this misapprehension in its Request for Rehearing. *See, e.g.*, Req. Reh’g 3 (“clearly by this time *Petitioner* had already conceived of the A951 process” (emphasis added)), 6 (“a process *Petitioner* had already conceived” (emphasis added)), 8 (“no evidence to suggest *Petitioner* did not conceive of the inventions” (emphasis added)).

Third, Petitioner argues that the Decision’s “evidentiary standards are not in accordance with the law.” *Id.* at 10–15. Petitioner contends that we “required testimony as to which inventor claimed what part of the invention,” but “an applicant need not prove each named inventor’s contribution to each claim, because, as is common with collaborative work, it is often difficult to remember who specifically said or did what.” *Id.* at 7, 10 (citing Dec. 16, 22). Similarly, Petitioner argues that we improperly “required Petitioner to explain ‘*how*’ the three individuals jointly conceived of the process,” but “[t]here is no ‘*how*’ requirement in ‘the test for conception.’” *Id.* at 11 (citing Dec. 16).

Petitioner misunderstands the cited portions of the Decision. We did not require an exact delineation between parts of claim 22 allegedly conceived by each of the three individuals (Mr. Marinelli, Mr. Dennis, and Mr. Shoemaker), but rather, in evaluating the totality of the evidence, noted

that Petitioner had not explained sufficiently *the circumstances surrounding conception* (e.g., who, what, when, how conception occurred) or how the cited documents allegedly corroborate Mr. Marinelli's testimony regarding conception. *See* Dec. 16, 22. In other words, the lack of explanation as to the contributions of Mr. Dennis and Mr. Shoemaker was but one consideration in analyzing why the totality of the evidence was insufficient. That deficiency was particularly notable, given that Mr. Marinelli discusses events as far back as 1992 and the main documents relied upon for corroboration have dates spanning approximately 12 years, such that we could not even determine if the documents are contemporaneous to conception or not. *See id.* at 19, 22.

We also note that Petitioner's cited case in support of its argument, *Canon Comp. Sys., Inc. v. Nu-Kote Int'l, Inc.*, 134 F.3d 1085 (Fed. Cir. 1998), is inapposite. In that case, the defendant appealed a district court preliminary injunction on patent infringement, arguing that it had made a sufficient showing of invalidity based on improper inventorship. *Id.* at 1088. The Court affirmed, noting the presumption of validity afforded to the plaintiff's issued patent as well as the fact that many of the alleged inventors had provided testimony in the case:

[The defendant] deposed at least fourteen of the named inventors. In deposition after deposition, the named inventors testified regarding the conception of the invention to the best of their recollection. Although the inventors were incapable of recalling each individual's specific contribution, they all generally recalled collaborating together in a series of meetings to produce the patented invention. As any member of a large discussion group well knows, it is often difficult to remember who first said what. Significantly, none of the inventors testified that any named inventor was not involved in that collaborative effort.

Id. By contrast, Petitioner here provides testimony from only one of three individuals alleged to have contributed to the conception of the claim 22 process (and only one of five individuals with respect to other claims) and relies on documents that we find are not sufficient to corroborate the alleged conception. *See* Dec. 14–23.

Finally, Petitioner argues that we improperly “focuse[d] on Exhibits 1024–25 and fail[ed] to evaluate all of Petitioner’s evidence” in a rule of reason analysis to determine whether Mr. Marinelli’s testimony is corroborated. Req. Reh’g 12 (citing Dec. 17–22). In particular, Petitioner challenges a portion of the Decision noting the lack of evidence as to who authored Exhibits 1024 and 1025 as allegedly “not in accordance with the law and [the Office’s] own procedures, where it is presumed that the correct inventors are named.” *Id.* at 13–14 (citing Dec. 18). In support of this argument, Petitioner cites a section of the Manual of Patent Examining Procedure (“MPEP”) applicable to pre-AIA applications, and pre-AIA 35 U.S.C. § 102(f) in particular:

The examiner must *presume* the applicants are the proper inventors unless there is evidence of record that another made the invention and that applicant derived the invention from the true inventor. In the uncommon situation where it is clear the application does not name the correct inventorship and there has been no request to correct inventorship under 37 CFR 1.48, the examiner should reject the claims under pre-AIA 35 U.S.C. 102(f).

MPEP § 2137 (emphasis added).² According to Petitioner, “[a]lthough Mr. Marinelli did not state that he authored particular pieces of evidence in his declaration, doing so would not have been relevant—there is nothing in

² Derivation proceedings, by contrast, are addressed in MPEP § 2310.

the law that suggests he or other named inventors must personally transcribe their inventions to prove derivation.” Req. Reh’g 14.

In the Decision, we imposed no requirement that Petitioner prove who authored Exhibits 1024 and 1025. Again, in evaluating the totality of the evidence, including the two documents that Mr. Marinelli relied upon extensively in his testimony, we noted that Petitioner had not explained their authorship or pointed to anything in them relating to the circumstances of the alleged conception of claim 22. Dec. 18–19; *see* Ex. 1003 ¶¶ 27, 29–36. “For *example*, Mr. Marinelli does not testify that he (or any of the other named inventors) authored [Exhibit 1024] and does not explain his connection (or that of any of the other named inventors) to the document.” Dec. 18 (emphasis added). Given that lack of explanation as to the relevance of the documents to showing conception, we found that they did not provide meaningful evidence that could reasonably be considered to be corroboration of conception by Mr. Marinelli, Mr. Dennis, and Mr. Shoemaker. Dec. 18–19.

Further, we see no conflict between our analysis and the Office’s procedures in the MPEP. Petitioner bears a burden of proof in a derivation proceeding—at the institution stage, the required showing is substantial evidence that, if unrebutted, would support a determination of derivation. *See* 35 U.S.C. § 135(a); 37 C.F.R. § 42.405(c); Dec. 3. Our rules do not set forth any presumption to apply in determining whether a petitioner has made that threshold showing. *See* 37 C.F.R. §§ 42.400–42.412.

IV. CONCLUSION

Based on the foregoing discussion, we determine that Petitioner has not demonstrated that we misapprehended or overlooked any matters in the Decision as required by 37 C.F.R. § 42.71(d).

V. MOTION TO EXPUNGE

Petitioner also filed a Motion to Expunge requesting that, “if Petitioner’s Request for Rehearing is denied,” certain materials for which we granted Petitioner’s motions to seal be expunged from the record. Paper 27, 10 (“Mot.”). Specifically, Petitioner argues that Exhibits 1003, 1015, 1016, 1023–1025, 1038, and 1054, the unredacted versions of the Petition (Paper 1) and Petitioner’s Supplemental Brief (Paper 20), and the unredacted version of the Decision denying institution (Paper 24) should be expunged. Mot. 10.

“After denial of a petition to institute a trial or after final judgment in a trial, a party may file a motion to expunge confidential information from the record.” 37 C.F.R. § 42.56. The Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), 21–22, *available at* <https://www.uspto.gov/TrialPracticeGuideConsolidated> (“Trial Practice Guide”), provides:

Confidential information that is subject to a protective order ordinarily would become public 45 days after denial of a petition to institute a trial or 45 days after final judgment in a trial. There is an expectation that information will be made public where the existence of the information is referred to in a decision to grant or deny a request to institute a review or is identified in a final written decision following a trial. A party seeking to maintain the confidentiality of information, however, may file a motion to

expunge the information from the record prior to the information becoming public. 37 C.F.R. § 42.56. The rule balances the needs of the parties to submit confidential information with the public interest in maintaining a complete and understandable file history for public notice purposes. The rule encourages parties to redact sensitive information, where possible, rather than seeking to seal entire documents.

Petitioner argues that the exhibits and redacted portions of the three papers contain confidential information, redacted versions of the papers are available to the public (Papers 2, 21, and 25), and “[p]ublic disclosure of Petitioner’s highly confidential business information would cause great harm to Petitioner, including competitive, business, and reputational harm.”

Mot. 3–8. Petitioner further contends that “[t]he public can understand from the Decision that the Board did not believe substantial evidence was presented to warrant institution of a derivation trial” and “[t]he Board’s Decision and the basis for its decision are clear without knowing the particulars of the sealed information.” *Id.* at 8. Under these circumstances, we grant-in-part Petitioner’s Motion and expunge Exhibits 1003, 1015, 1016, 1023–1025, 1038, and 1054, and the unredacted versions of the Petition (Paper 1) and Petitioner’s Supplemental Brief (Paper 20). The unredacted version of the Decision (Paper 24) will be maintained under seal. As previously stated, we also expunge Exhibits 1009–1014, 1017, 1026, 1029–1037, and 1049–1053, which were not cited or relied upon in the Decision. *See* Dec. 26.

Finally, under 37 C.F.R. § 42.412(b)(1), the default rule is that all papers filed in a derivation proceeding are open and available for access by the public, “unless a patent application not otherwise available to the public is involved.” Both applications involved in this proceeding are now

available to the public. *See* Paper 14, 7–8. Having received no objection from the parties, the record of this proceeding (other than the unredacted version of the Decision, Paper 24) will be made publicly available. *See id.*

VI. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Petitioner’s Request for Rehearing is *denied*;

FURTHER ORDERED that, within 30 days of this Decision, Petitioner shall file a proposed redacted version of this Decision, labeled on the first page as “Public Version” in the top and bottom margins, or a paper notifying the Board that no redactions are necessary, on the basis of which we will enter a public version of this Decision;

FURTHER ORDERED that a copy of the public redacted version of the Decision denying institution (Paper 25, Exhibit A) shall be placed in the files of U.S. Patent Application Nos. 15/708,798 and 15/142,384;

FURTHER ORDERED that Petitioner’s Motion to Expunge is *granted-in-part*; and

FURTHER ORDERED that Papers 1 and 20, and Exhibits 1003, 1009–1017, 1023–1026, 1029–1038, and 1049–1054, shall be expunged from the record of the proceeding.

DER2018-00004

Petitioner Application 15/708,798

Respondent Application 15/142,384

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