Insights: Alerts

Federal Circuit Remands IPRs to PTAB for Reference Consideration

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The non-invasive prenatal testing field has been an active area for patent challenges. Ariosa has challenged patents held by competitors Sequenom and Verinata. The latter is patent owner in two IPR proceedings challenging U.S. Patent No. 8,318,430, related to determining the presence of fetal chromosomal abnormalities, in IPR2013-0276 and IPR2013-0277.[1] On October 23, 2014, the PTAB held that Ariosa failed to prove any challenged claims would have been obvious.

On November 16, 2015, in an order designated as precedential, the Federal Circuit Court of Appeals vacated and remanded these two IPR decisions on appeal.[2] The issue on remand is whether the PTAB properly considered a prior art brochure that was provided to support the expert's declaration and testimony related to the general state of the art. The reference, an Illumina brochure describing indexing and massively parallel sequencing using its commercially available Genome Analyzer System, "had not been identified at the petition stage as one of the pieces of prior art defining a combination for obviousness." That is, the brochure (Exhibit 1010) was submitted with the petitions as evidence of the background understanding of skilled artisans at the time of invention, but it was not named in a combination of references alleging obviousness.

The PTAB analysis stated "…neither Petitioner nor Dr. Morton explains why Exhibit 1010 could not have been presented as part of the asserted ground of unpatentability in the first instance with the petition. Therefore we accord this aspect of Dr. Morton's testimony no weight." The Federal Circuit opinion said "[t]he Board's language leaves open the distinct possibility that the Board incorrectly limited its consideration of Exhibit 1010," and explained that if the reason was because the reference was not part of a combination alleged to render the claims obvious, then the Board erred.

This decision is instructive because it illustrates the close scrutiny the Federal Circuit may give the PTAB's legal analyses in IPR and the other AIA proceedings. In *Proxyconn*, the Federal Circuit remanded for reconsideration of scope of the broadest reasonable interpretation of the claim language, noting that the construction must be *reasonable* in light of the specification.[3] As in *Proxyconn*, the Federal Circuit here found the PTAB's legal analysis wanting and remanded to determine whether the PTAB sufficiently considered the subject Exhibit.

[1] *Ariosa Diagnostics v. Verinata Health*, IPR2013-0276 and IPR2013-0277 (PTAB, Oct. 23, 2014).
[2] *Ariosa Diagnostics v. Verinata Health*, Nos. 15-1215, 15-1226 (Fed. Cir. Nov. 16, 2015).
[3] *Microsoft Corporation v. Proxyconn, Inc.,* No. 14-1453 (Fed. Cir. June 16, 2015).

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