



First PTAB Decisions in Derivation Proceedings

The America Invents Act (“AIA”) eliminated interference proceedings for applications having a claim with an effective filing date on or after March 16, 2013, and created derivation proceedings for those applications.

A derivation proceeding is a trial proceeding conducted at the Patent Trial and Appeal Board (“PTAB”) to ensure that the first person to file a patent application is actually the true inventor of the claimed subject matter.

Derivation Proceedings Generally

In a derivation proceeding, the PTAB determines (i) whether an inventor named in an earlier-filed application derived the claimed invention from an inventor named in the petitioner’s application, and (ii) whether the earlier application claiming such invention was filed without authorization. Accordingly, only an applicant for a patent may file a petition for a derivation proceeding.

The petition must be filed within one year of the first publication of a claim to an invention that is the same or substantially the same as the earlier application’s claim to the invention. Notably, the determination of whether to institute a derivation proceeding is final and nonappealable. 35 U.S.C. § 135(a).

The petition must set forth with particularity the basis for finding that an inventor named in an earlier-filed application derived the claimed invention from the petitioner and must be supported by substantial evidence. A showing of derivation requires “both (1) prior conception of the invention by another and (2) communication of that conception to the patentee that is ‘sufficient to enable him to construct and successfully operate the invention.’” *Cooper v. Goldfarb*, 154 F.3d 1321, 1332 (Fed. Cir. 1998); *Price v. Symsek*, 988 F.2d 1187, 1190 (Fed. Cir. 1993); *Hedgewick v. Akers*, 497 F.2d 905, 908 (CCPA 1974). In addition, the petitioner must identify which application or patent is disputed and provide at least one affidavit addressing communication of the derived invention and the lack of authorization for filing the earlier-filed application.

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To date,¹ six derivation petitions have been filed with the PTAB. Of those, three have been denied, see *Catapult Innovations PTY Ltd. v. adidas AG*, DER2014-00002, DER2014-00005, DER2014-00006 (July 18, 2014),² and the other three are still pending.³ The PTAB denied Catapult’s petitions to institute derivation proceedings directed to three of adidas AG’s patent applications.

In these decisions, the PTAB applied the jurisprudence on the substantive law of derivation of invention as it existed prior to the enactment of the AIA. Accordingly, the PTAB explained that to prove derivation, a petitioner has to show prior conception and that it has “at least one claim that is (i) the same or substantially the same as the respondent’s claimed invention, and (ii) the same or substantially the same as the invention disclosed to the respondent.” Respondent’s claims considered to be a derived invention are those that are shown to be drawn to the same or substantially the same invention as the disclosed invention. Further, “[c]onception must be proved by corroborating evidence which shows that the inventor disclosed to others his completed thought expressed in such clear terms as to enable those skilled in the art to make the invention.” Accordingly, if a petitioner “identifies one of its own claims as defining or representing that invention disclosed to an inventor of the other party, then petitioner has to establish corroborated conception of that claimed invention, as well as corroborated communication of that conception.”

The adidas AG applications related to an activity-monitoring system that facilitates live monitoring of a plurality of individuals. Catapult’s arguments were based on technical disclosures allegedly made by the founder and CEO of Catapult to adidas in a two-day presentation and demonstration.

To prove derivation, there are three separate relationships that must be analyzed to determine whether they meet the “same or substantially the same” requirement: (i) a “two-way” analysis between the petitioner’s claim and the respondent’s claim; (ii) a “one-way” analysis from the petitioner’s claim to the invention disclosed to the respondent; and (iii) a “one-way” analysis from invention disclosed to the respondent to the respondent’s claim.

In this case, the PTAB found that Catapult satisfied the “two-way” test and the “one-way” test from the invention disclosed to respondent to the respondent’s claim. However, the PTAB determined that Catapult failed to identify the invention disclosed to the respondent and show that the same disclosed invention was the same or substantially the same as respondent’s claim. That is, the PTAB concluded that Catapult failed to show a consistent disclosed invention in the “one-way” analysis from the petitioner’s claim to the

disclosed invention and in the “one-way” analysis from the disclosed invention to the respondent’s claim.

Catapult argued that the invention disclosed to the respondent was all the information communicated over the two-day presentation and demonstration, which the PTAB accepted. However, the PTAB found that Catapult did not identify any of its own claims as being the same or substantially the same as all of this communicated information. Accordingly, Catapult should have defined the invention disclosed to adidas in a manner such that it was the same or substantially the same as one of Catapult’s claims.

Independent of the above analysis, the PTAB observed that, while Catapult demonstrated that its inventors had possession of the subject matter of the technical disclosures communicated to adidas, it did not establish that its inventors had a conception of the subject matter communicated to adidas prior to the communication. The PTAB explained that “[d]erivation is about prior ‘conception’ and communication of the prior ‘conception,’ and not about prior possession and communication of the prior ‘possession.’” Indeed, “[i]t is unfounded to assume that one who had an invention in his or her possession must have conceived of the invention and be the source or origin of that invention.” Here, proof of prior conception was missing entirely from the petitions and testimony. For this additional reason, the PTAB denied Catapult’s petitions to institute derivation proceedings directed to claims of adidas’s applications because they did not meet the threshold showing of presenting substantial evidence, which if un rebutted, would support the assertion of derivation.

Practice Tips

The *Catapult* cases emphasized a few things that are important to note going forward.

First of all, the jurisprudence on the substantive law of derivation of invention as it existed prior to the enactment of the AIA is still applicable. Thus, it remains essential to provide evidence of prior conception by the petitioner and communication of that conception to the respondent as well as corroboration of both the conception and the communication.

In addition, it is important to carefully define the invention disclosed to the respondent and show that it is the same or substantially the same as the respondent's claim. The lessons learned from these initial decisions provide substantial guidance, but it will be important to continue to monitor the evolution of derivation proceedings before the PTAB as more decisions are issued.

Lawyer Contacts

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our "Contact Us" form, which can be found at www.jonesday.com.

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Endnotes

- 1 As of November 24, 2014.
- 2 While these are three separate decisions, they are essentially identical and any differences are not material to the discussion here. As a result, this article will focus on DER2014-00002, but the analysis applies to all three decisions.
- 3 Derivation proceedings are kept confidential until reviewed by a PTAB judge. As a result, the citations for the three currently pending petitions are unavailable at this time.