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Paper 17
Entered: 30 December 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HANDI QUILTER, INC. and TACONY CORPORATION,
Petitioners,

v.

BERNINA INTERNATIONAL AG,
Patent Owner.

Case IPR2014-00270
Patent 6,883,446 B2

Before FRED E. McKELVEY, JENNIFER S. BISK, and MICHAEL J. FITZPATRICK, *Administrative Patent Judges.*

PER CURIAM.

DECISION
Request for Rehearing
37 C.F.R. § 42.71(d)

I. SUMMARY

Handi Quilter, Inc. and Tacony Corporation (collectively, "Petitioner") request rehearing of a Board decision denying institution of an *inter partes* review of claims 8-9, 11, 14-16, 22, and 32 ("relevant claims") of U.S. Patent No. 6,883,446 B2 (Ex. 1001) ("the '446 patent"). Paper 9 (Non-Institution Decision) entered June 16, 2014; Paper 10 (Request for Rehearing).

For reasons that follow, Petitioner's Request for Rehearing is *granted* and institution of an *inter partes* review is ordered.

II. Facts

In its Petition, Petitioner sought entry of an order instituting an *inter partes* review of the relevant claims of the '446 patent. Ex. 1001. *See* Paper 6 (Corrected Petition).

Petitioner alleges that the relevant claims are unpatentable under 35 U.S.C. § 103 over the prior art, *viz.*, Watabe (Ex. 1004) and Gordon (Ex. 1015). Paper 6 (Petition) 49-53.

Also relied upon by Petitioner is an Agilent Brochure (Ex. 1007). Paper 6 (Petition) 15-16.

We entered an order declining to institute an *inter partes* review. Paper 9 (Non-Institution Decision).

In declining to institute, we said:

> [A]lthough Petitioner argues that a person of ordinary skill *could* have modified Watabe to include features meeting the light source

> and measuring movement limitations, Petitioner does not explain persuasively *why* a person of ordinary skill would . . . [have done] so.

Paper 9, page 9 (italics in original).

Watabe describes a device that we have found anticipates Patent Owner's independent claim 1 (Ex. 1001, col. 12:10) calling *inter alia* for "detector means." *Handi Quilter, Inc. v. Bernina Int'l AG*, IPR2013-00364, slip op. 17-22 (PTAB Sept. 25, 2014) (Paper 39) (Final Written Decision), notice of appeal to the Federal Circuit filed Nov. 21, 2014 (Paper 40).

For the purpose of resolving the Request for Rehearing, claims 8 and 9 are representative.

Claims 8 and 9 further limit the "detector means" of independent claim 1.

Claim 8 includes a "light source." Ex. 1001, col. 12:54.

Claim 9 includes "optical means for measuring movement of . . . [a] stack source along orthogonal X and Y axes." Ex. 1001, col. 12:60-61.

The object of Patent Owner's invention is set out in the '446 patent.

> The present invention is directed to a system for fastening together two or more flexible planar layers and more particularly to a quilting method and apparatus for enabling a user to readily produce uniform stitches for fastening together a stack of fabric layers.
>
> [An] [a]pparatus in accordance with the invention permits a user to freely manually move a stack of planar layers across a planar bed, or plate, beneath an actuatable stitch head. *The apparatus includes a detector for detecting the movement of the*

> *stack proximate to the stitch head for controlling actuation of the stitch head*. Consequently, an apparatus in accordance with the invention functions to automatically synchronize the delivery of stitch strokes to the movement of the stack. This enables the user to move the stack within a wide range of speeds, to start or stop the stack movement at will, and to guide the stack in any direction across the planar bed.

Ex. 1001, col. 2:13-28 (italics added).

According to Patent Owner's specification:

> Preferred embodiments of the invention employ a detector capable of measuring stack surface movement without physically contacting the stack. A preferred detector in accordance with the invention responds to energy e.g., light, reflected from a surface of the stack as it moves across the planar bed. The detector preferably includes a detection window located to collect reflected energy from a target area coincident with the stack surface (top and/or bottom) within the machine's throat space.
>
> More particularly, a preferred apparatus in accordance with the invention includes a detector configured to detect stack movement within the throat space of a quilting/sewing machine by measuring the movement of at least one surface of the stack as it moves across the planar bed. *Stack movement is preferably measured by determining translation of the stack along perpendicular X and Y directions*.
>
> In a specific preferred embodiment, an optical detector is employed to provide output pulses representative of incremental translational movement of the stack along perpendicular X and Y directions. The output pulses are then counted to determine the distance the stack has moved. When the magnitude of movement exceeds a predetermined magnitude or threshold, a "stitch stroke"

command is issued to cause the stitch head to insert a stitch through the stacked layers. As the user continues to freely move the stack across the planar bed, additional stitch stroke commands are successively issued to produce successive stitches synchronized with the user controlled stack motion.

Ex. 1001, col. 2:29-56.

Fig. 2 of the '446 patent is reproduced below:

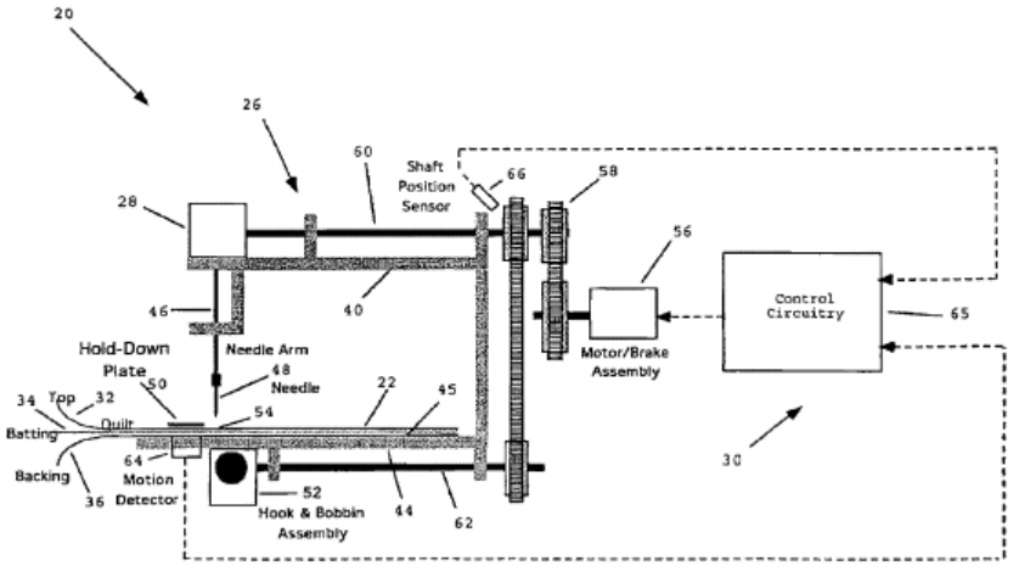


FIGURE 2

Fig. 2 depicts a diagrammatic illustration of an embodiment of the invention.

With reference to Fig. 2, the '446 patent states:

Although the motion detector **64** of FIG. 2 can take many different forms, including both noncontacting devices (e.g.,

optical detector) and contacting devices (e.g., track ball), *it is much preferred that it detect stack movement without physically contacting the fabric layers*. Accordingly, a preferred motion detector in accordance with the invention comprises a device for responding to energy reflected from, or sourced by, the stack. Although this energy can be of several different forms (e.g., ultrasonic, RF, magnetic, electrostatic, etc.), the preferred detector embodiment employs an optical motion detector (represented in FIG. 8) utilizing, for example, an optical chip ADNS2051 marketed by Agilent Technologies. Alternative detectors for measuring stack can employ technologies such as accelerometers, resistive devices, etc.

Ex. 1001, col. 5:43-57.

Fig. 8 of the '446 patent is reproduced below:

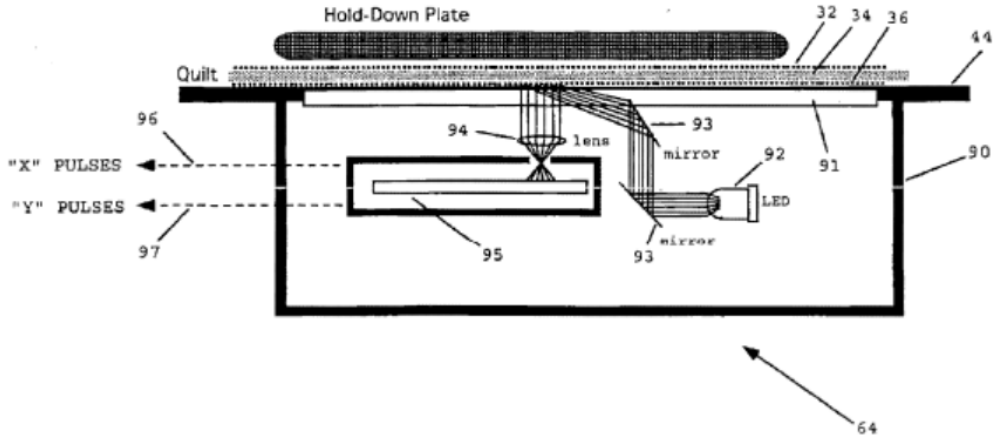


FIGURE 8

Fig. 8 depicts a schematic illustration of an optical motion detector.

With reference to Fig. 8, the '446 patent states:

> FIG. 8 depicts a preferred motion detector **64** comprising a housing **90** having a light collecting window **91**. A light source, e.g., a light-emitting diode (LED) **92**, is mounted in housing **90** and illuminates (via mirrors **93** and window **91**) a target area coincident with the surface of backing layer **36** just above window **91**. The light reflected from layer **36** is collected by a lens system **94** and is applied to the optical chip **95** (e.g., Agilent ADNS 2051). The chip **95** internally as includes both a tiny CMOS array camera (not shown) which successively acquires images from the target area at about 1500 pictures per second and an associated digital signal processor or DSP (not shown). The signal processor operates at several million instructions per second to detect patterns in the acquired images and to determine, based on changes in a sequence of successive images, how those patterns have moved. As a consequence, the chip **95** is able to provide output pulses on lead **96** representative of incremental translation of the backing layer **36** portion coincident with the target area in an X direction and output pulses on lead **97** representative of incremental translation of the backing layer **36** in a Y direction.

Ex. 1001, col. 6:37-57.

Watabe describes the prior art problem it set out to solve as follows (paragraph numbers and parentheticals omitted):

> The present invention relates to a sewing machine that is able to perform sewing while the amount of fabric fed is adjusted manually.
>
> Conventionally, in sewing machines that can perform sewing while the amount of fabric fed is adjusted manually have

been structured so that the operating speed of the sewing needle can be changed through a pedal operation.

A sewing machine of such a structure causes the stitch pitch width to be uniform through having the operating speed of the sewing needle be slow when the amount of fabric fed is small, and having the operating speed of the sewing needle the fast when the amount of fabric fed is large.

However, in such a sewing machine, *it is necessary for the user to adjust both the amount of fabric fed and the speed of the sewing needle*, meaning that if the user lacks expertise it will not be possible to perform the sewing with the stitch pitch widths aligned uniformly.

The object of the present invention is to provide a sewing machine wherein the stitch pitch width can be matched even if the user lacks expertise.

The sewing machine according to the present invention, in order to solve the problem set forth above, comprises: *distance measuring means for measuring, with each constant time interval, a distance by which a fabric is fed; pitch width setting means for setting a stitch pitch width; and needle speed changing means for setting a sewing needle operating speed for forming stitches corresponding to the pitch width based on the distance measured by the distance measuring means and the pitch width set by the pitch width setting means*.

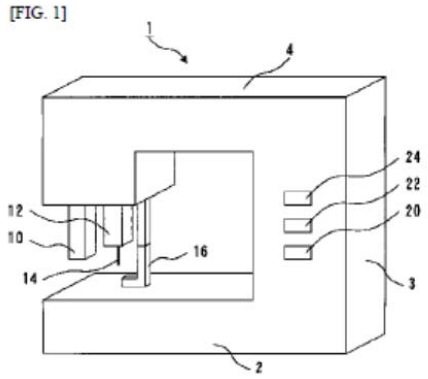
Insofar as the distance measuring means in the present sewing machine are able to measure the distance by which the fabric is fed, there is no particular limitation to any specific structure. For example, *the distance measuring means may be structured from an image sensor and a microcomputer. In this*

> *case, first still images of the fabric surface over a constant range are taken at specific time intervals. Following this, the microcomputer measures the distance of the offset (the amount of change) between two still images taken with the specific time interval. Moreover, while the microcomputer measures the distance by which the fabric is fed at constant time intervals, at this time preferably the time interval enables the pitch width to be matched accurately, where the shorter the time interval, the more frequently the operating speed of the sewing needle is changed*. However, insofar as the value is one wherein the pitch widths can be matched with a tolerance to the degree that there is no problem in practice, the time interval need not be an extremely small value. Moreover, this value may be set in advance, or the structure may be one wherein the user can set this value at will.

Ex. 1004, pages 2-3, ¶¶ 0001 through 0007 (italics added).

It is readily apparent that both the Patent Owner and Watabe set out to solve essentially the same problem.

Watabe Fig. 1 is reproduced below.

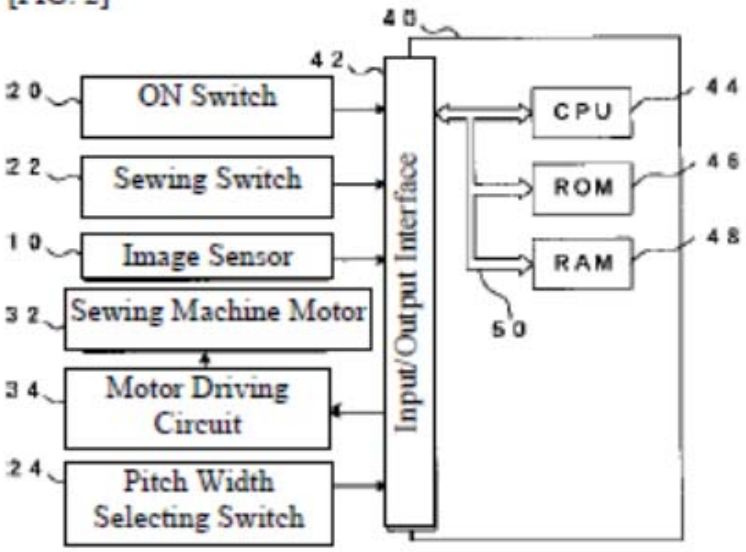


Watabe Fig. 1 depicts a perspective view of an embodiment of a sewing machine.

Arm portion **4** is provided with an image sensor **10**. Ex. 1004, page 4, last ¶, line 3. "Image sensor" is another name for "detector."

Watabe Fig. 2 is reproduced below.

[FIG. 2]

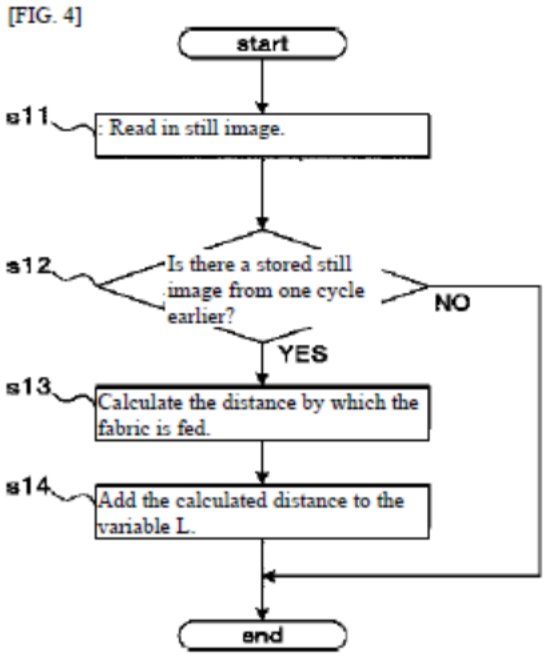


Watabe Fig. 2 depicts a diagram of a control system.

As illustrated in Watabe Fig. 2, sewing machine **1** (Fig. 1) has a microcomputer **40** built in. Ex. 1004, page 5:4.

Operation involves both a "first interrupt procedure" and a "second interrupt procedure." Ex. 1004, page 5, last line and page 6:3.

Watabe Fig. 4 is reproduced below.



Watabe Fig. 4 depicts a flowchart of a procedure executed by a microcomputer in the sewing machine.

With respect to the "first interrupt procedure," Watabe states (parentheticals omitted):

> The first interrupt procedure executed by the microcomputer **40** will be explained next based on FIG. 4. First, the microcomputer **40** reads in a still image of the fabric surface (**s11**). This still image is read in as a still image of a part of a video that is inputted into the microcomputer **40** as a video from the image sensor **10**, and is stored in an image storing region of the RAM 48 [Fig. 2]. The structure is such that the most recent still image read in through this procedure, and the still image read in

the first interrupt procedure executed one cycle earlier, are stored in the still image storing region.

…[T]he microcomputer **40** [then] checks whether or not a still image read in one cycle earlier has been stored (**s12**). At the stage wherein the first interrupt procedure has first been started, only the most recent still image is stored in the image storing region. The distance by which the fabric is fed is measured based on the most recent still image and the still image from one cycle earlier, and thus if no still image from one cycle earlier is stored in the image storing region, the distance by which the fabric is fed cannot be measured. Consequently, in this procedure performing a check as to whether or not a still image that has been read in one cycle earlier is stored serves as a check as to whether or not the distance by which the fabric is fed can be calculated. As a result, the next execution of the first interrupt procedure, which is executed once every 0.01 seconds, is awaited.

If, in the procedure in **s12**, a still image read in one cycle earlier is stored (**s12**: YES), the microcomputer **40** measures the distance by which the fabric is fed (**s13**). The first interrupt procedure is structured so as to be executed repetitively with a specific time period, and thus the still image that is stored in the first interrupt procedure that is currently in execution, and the still image that was stored in the first interrupt procedure one cycle earlier, stored in the image storing region, will have a dislocation (offset) in the images corresponding to the time difference of one period in this specific time period. In this procedure, the distance by which the fabric is fed, corresponding to the dislocation in the image, is measured as a shift in the image with each one period time interval, from the still image from one cycle earlier to the most recent still image. Here the shift in the image that is measured is measured as a number of the pixels that structure the

> still image, but because the still images read in by the image sensor **10** are images of a specific range on the fabric surface (which, in the present embodiment, is a circle with a radius of 5 mm), values indicating the surface area (distances in the lengthwise and crosswise direction) on the fabric surface corresponding to the size of the individual pixel are calculated in advance. These values are stored in advance in the ROM 46 [Fig. 2], so the microcomputer **40**, based on the values in the ROM 46 [Fig. 2], converts the measured number of pixels into a value indicating the distance on the fabric surface, and adds this value to the variable L in the RAM 48 (**s14**). The value of the variable L is summed, as the distance by which the fabric is fed, until it is initialized in the second interrupt procedure, described below. *Note that because the method for measuring the distance by which the fabric is fed uses a known method, detailed explanations thereof will be omitted.*

Ex. 1004, page 6-7,¶¶ 18-21.

For the purpose of considering Petitioner's position on unpatentability under § 103 over Watabe and Gordon, the subject matter described by Watabe differs from the subject matter of the relevant claims, including claims 8 and 9, in that Watabe does not explicitly describe the specific detectors called for by those claims.

However, the record establishes that those detectors were known.

Patent Owner does not maintain that Gordon fails to describe the detector called for by the relevant claims.

As pointed out in the Petition (Paper 6, pages 15-16), the Agilent Technology brochure confirms that as of January 2, 2002 (Ex. 1007,

page 40), an Agilent ADNS-2051 sensor mentioned in the specification (Ex. 1001, col. 5:54 and col. 6:44) was known.

Petitioner acknowledged in the Petition that claim 8 requires a detector having a light or energy source. Petitioner concedes that the required light or energy source differentiates claim 8 from independent claim 1. Petitioner goes on to note that the claim 8 detector "was not something the [Patent Owner's] inventor conceived." Paper 6, page 17, ¶ B.

Petitioner states that "use of an integrated light/energy source was technology already part and parcel of the image correlation technology found in standard optical mouse devices known and in use at the time of the . . . invention." *Id*.

Petitioner further acknowledged that claim 9 requires that measurement of fabric movement must occur along two perpendicular (or "orthogonal") paths identified as X and Y axes. Paper 6, page 17, ¶ C.

The Agilent Brochure states that:

> The IAS [image acquisition system] acquires microscopic surface images via . . . [a] lens and illumination system . . . . These images are processed by . . . [a] DSP [digital signal processor] to determine the direction and distance of motion. The DSP generates the Δx and Δy relative displacement values that are converted into two channel quadrature signals.

Ex. 1007, page 1, col. 2.

As pointed out in the Petition (Paper 6, page 19), and confirmed by the Agilent Brochure, the "Δx and Δy relative displacement" mentioned in

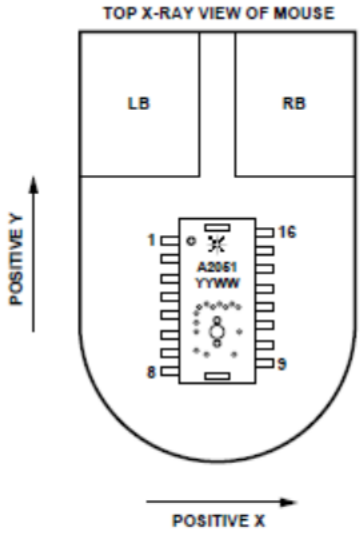
the Agilent Brochure refers to measurement in perpendicular (i.e., orthogonal) directions as borne out by Fig. 39 of the Brochure, reproduced below.

LAST PIXEL

FF	EF	DF	CF	BF	AF	9F	8F	7F	6F	5F	4F	3F	2F	1F	0F
FE	EE	DE	CE	BE	AE	9E	8E	7E	6E	5E	4E	3E	2E	1E	0E
FD	ED	DD	CD	BD	AD	9D	8D	7D	6D	5D	4D	3D	2D	1D	0D
FC	EC	DC	CC	BC	AC	9C	8C	7C	6C	5C	4C	3C	2C	1C	0C
FB	EB	DB	CB	BB	AB	9B	8B	7B	6B	5B	4B	3B	2B	1B	0B
FA	EA	DA	CA	BA	AA	9A	8A	7A	6A	5A	4A	3A	2A	1A	0A
F9	E9	D9	C9	B9	A9	99	89	79	69	59	49	39	29	19	09
F8	E8	D8	C8	B8	A8	98	88	78	68	58	48	38	28	18	08
F7	E7	D7	C7	B7	A7	97	87	77	67	57	47	37	27	17	07
F6	E6	D6	C6	B6	A6	96	86	76	66	56	46	36	26	16	06
F5	E5	D5	C5	B5	A5	95	85	75	65	55	45	35	25	15	05
F4	E4	D4	C4	B4	A4	94	84	74	64	54	44	34	24	14	04
F3	E3	D3	C3	B3	A3	93	83	73	63	53	43	33	23	13	03
F2	E2	D2	C2	B2	A2	92	82	72	62	52	42	32	22	12	02
F1	E1	D1	C1	B1	A1	91	81	71	61	51	41	31	21	11	01
F0	E0	D0	C0	B0	A0	90	80	70	60	50	40	30	20	10	00

FIRST PIXEL

Part of Agilent Fig. 39 depicts pixel addresses
(looking through an HDNS-2100 lens of a
sensor shown in the next figure)



Another part of Agilent Fig. 39 depicts a mouse sensor with an HDNS-2100 lens

Petitioner's position on obviousness is bottomed on several theories, one of which is that "a person of ordinary skill in the art would have appreciated that the *Gordon* optical sensor could easily have been substituted for the *Watabe* optical sensor, with the result being the same . . . ." Paper 6 (Corrected Petition), page 50, first full paragraph, second sentence; Paper 10 (Petition for Rehearing), page 5:7-10 ("The only question . . . is whether a person of ordinary skill in the art . . . would have had 'an apparent reason to combine the known elements in the fashion claimed by the patent at issue.' *See* . . . [*KSR Int'l Co. v Teleflex, Inc.*, 550 U.S. 398, 418 (2007)]").

What the prior art describes does not seem to be in dispute.

Rather, Patent Owner argues that Watabe and Gordon cannot be combined, *i.e.*, Watabe and Gordon are said to be non-analogous art.

According to Patent Owner, Gordon's mouse is not in the same field of endeavor as Watabe and does not describe its use for any solution to any problem confronting Watabe.

III. Analysis

Watabe and the '446 patent describe solving essentially the same problem.

To solve its identified problem, Watabe describes the use of a sensor **10**, which Patent Owner refers to as a detector.

Watabe reveals that sensors (*i.e.*, detectors) are known and therefore there was no need to further describe sensors. Watabe's election not to describe what was known is consistent with applicable precedent. *Carnegie Steel Co. v. Cambria Iron Co.*, 185 U.S. 403, 437 (1902) (an inventor may assume that what was already known in the art of manufacturing steel was known to those skilled in the art); *Webster Loom Co. v. Higgins*, 105 U.S. 580, 586 (1881) (an inventor may begin at the point where the invention begins, and describe what has been made that is new, and what it replaces of the old; that which is common and well known is as if it were written out in the patent and delineated in the drawings).

Watabe further reveals to those skilled in the art that a detector having characteristics necessary to carry out the Watabe objectives (which are essentially

the same as Patent Owner's objectives) are known. Watabe, however, leaves it to those skilled in the art to use an appropriate detector.

On this record, the Agilent and Gordon detectors likely would have been recognized by those skilled in the Watabe art as being suitable for use as Watabe's detector. Why? The Agilent and Gordon detectors (1) were known, (2) perform the function required by Watabe, and (3) would have been expected to achieve a predictable result, *i.e.*, Watabe's objective. *KSR,* 550 U.S. at 416 (combination of known elements (Gordon and Agilent with those of Watabe) according known methods (Watabe) is likely to be obvious when it does no more than yield predictable results).

In other words, because the Agilent and Gordon detectors would have been recognized by one skilled in the art as being suitable for use as the Watabe sensor, those references reveal a means for solving a problem faced by Watabe—use of an appropriate sensor to carry out Watabe's objectives.

The Supreme Court counsels that often it will be necessary to look to (1) interrelated teachings of multiple patents, (2) the effects of demands known to the design community or present in the marketplace, and (3) the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent. *KSR*, 550 U.S. at 418.

Here there are multiple patents, one of which (Watabe) tells those skilled in the art to use known sensors and other prior art (Gordon, as well as the Agilent Brochure) revealing a sensor suitable for use in Watabe's environment is known.

At this stage of the IPR, there is no evidence that Patent Owner's combination leads to an unpredictable result or that Patent Owner's combination performs any new function vis-à-vis the Watabe apparatus. *McClain v. Ortmayer*, 141 U.S. 419, 429 (1891) (patent in suit does not involve invention, at least in the absence of *conclusive evidence* that the single spring performs some new and important function not performed by it in the prior patent). *See also Sakraida v. AG Pro, Inc.*, 425 U.S. 273, 282 (the patent did not produce a new or different function); *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 60 (1969) (same); *Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U.S. 485, 493 (1900) (same), and *compare with United States v. Adams*, 383 U.S. 39 (1966) (new function performed); *Eibel Process Co. v. Minn. & Ont. Paper Co.*, 261 U.S. 45 (1923) (same); *Webster Loom Co. v. Higgins*, 105 U.S. 580 (1881) (same).

Because a person skilled in the Watabe art is taught to use a sensor, and further because the sensor described in the '466 patent and the Gordon sensor were known, it follows that one skilled in the art likely had a "reason" (and a right) to use the known sensor in the Watabe combination. These details provide an "articulated reason[] with some rationale [factual] underpinning to support a [prima facie] legal conclusion of obviousness." *KSR*, 550 U.S. at 418.

Accordingly and on the current record before us, the patent appears to take away from the public domain the obvious use of the Gordon/Agilent sensor as a suitable sensor for use in the Watabe environment.

Determining that there is a reasonable likelihood of obviousness based on the record before us is not inconsistent with other applicable precedent.

For example, in *Hotchkiss v. Greenwood*, 52 U.S. 248 (1851), the Court held that substitution of clay or porcelain knobs in place of known wood or metal knobs would have been obvious. Like the case before us, the prior art reference differed in that it did not describe clay or porcelain knobs in the precise combination claimed by Hotchkiss. However, those knobs were known and were known to perform the function required by the metal or wood knobs in the prior art. In the case before us, the sensor was known and was known to perform the function required by Watabe.

In *Sinclair & Carroll Co., Inc. v. Interchemical Corp.*, 325 U.S. 327 (1945), the inventor claimed the use of a particular solvent to solve a particular problem. The characteristics of a solvent needed to solve the inventor's problem were known. Likewise, solvents having those characteristics were known. While the prior art patents did not describe the use of the inventor's particular solvent, the Court observed that:

> Reading a list and selecting a known compound [i.e., solvent] to meet known requirements is no more ingenious than selecting the last piece to put into the last opening in a jig-saw puzzle. It is not invention [*i.e.*, it would have been prima facie obvious].

Sinclair, 325 U.S. at 335.

So it is here. On this record, it appears that Watabe describes the need for a sensor and its characteristics and the prior art reveals that sensor's having those

characteristics were known. It also appears, on this record, that Patent Owner has used a known sensor for its intended purpose to carry out Watabe's invention.

See also Dow Chemical Co. v. Halliburton Oil Well Cementing Co., 324 U.S. 320 (1945) (the mere substitution of equivalents which do substantially the same thing in the same way, even though better results may be produced, is not such an invention as will sustain a patent).

We have not overlooked Patent Owner's argument that a person having ordinary skill in the art "would not look to Gordon"—an argument that in this case at this time we do not find controlling.

The significant prior art teaching is found in Watabe. As noted earlier, Watabe refers the reader (i.e., a person having ordinary skill in the art) to the use of sensors and leaves it to that person to determine which sensor would be appropriate in Watabe's environment.

The reason Gordon (and for that matter the Agilent Brochure) is offered in evidence is to establish that sensors used by the Patent Owner and falling within the scope of those suggested by Watabe were known.

Moreover, Patent Owner's "would not look to Gordon" argument is undermined by observations in the patent jurisprudence of the Supreme Court.

For example, in *Graham v. John Deere Co.*, 383 U.S. 1, 10 (1966), the Court, quoting from a letter from Thomas Jefferson to Oliver Evans[1], observed:

[1] Oliver Evans is the Evans in *Evans v. Eaton*, 16 U.S. 454 (1818), *Evans v. Eaton*, 20 U.S. 356 (1822), and *Evans v. Hettich*, 20 U.S. 453 (1822), involving Evans "Hopperboy," which the Patent Office identifies as Patent No. X3.

> A man has a right to use a saw, an axe, a plane separately; may he not combine their uses on the same piece of wood?"

In *Dunbar v. Myers*, 94 U.S. 187, 195 (1876), the Court states (italics added):

> *Ordinary mechanics know how to use bolts, rivets and screws* and it is obvious that anyone knowing how to use such devices would know how to arrange a deflecting plate at one side of a circular saw which had such a device properly arranged on the other side….

A parallel between these statements from *Graham* and *Dunbar* and the case before us is manifest.

In terms of Jefferson's question: Does not a person skilled in the Watabe art have a right to use the known sensor (which happens to be described by Gordon)? On the record before us, it is difficult to think of a reason why not. If on that record one answers "no," then one would be suggesting removal from the public domain an obvious use of applicable sensor technology without a *quid pro quo* (*i.e.*, teaching the public anything not essentially taught by Watabe).

In terms of the *Dunbar* statement: A person skilled in the Watabe art knows how to use sensors. It is likely that it would have been obvious for that person to use a known sensor (which happens to be described by at least

Gordon and the Agilent Brochure) consistent with Watabe's suggestion to use known sensors.

In our view, the Patent Owner's "not look to Gordon" argument is too narrow. *KSR* demands more as confirmed by a 2010 decision of our appellate reviewing court noting:

> The Supreme Court's decision in *KSR* . . . directs us to construe the scope of analogous art broadly, stating that "familiar items may have obvious uses beyond their primary purposes, and a person of ordinary skill often will be able to fit the teachings of multiple patents together like pieces of a puzzle[2]."

Wyers v. Master Lock Co., 616 F.3d 1231, 1238 (Fed. Cir. 2010).

IV. The Rehearing Request

According to 37 C.F.R. § 42.71(d), "[t]he burden of showing a decision should be modified lies with the party challenging the decision" and the "request must specifically identify all matters the party believes the Board misapprehended or overlooked."

Petitioner points out in its Request for Rehearing that the Non-Institution Decision in this case did not find persuasive Petitioner's proffered declaration evidence supporting the asserted rationale for obviousness. Req. Reh'g 2 (citing

[2] The reference to a puzzle in *KSR* is similar to a reference to a puzzle in *Sinclair*, *supra*.

Dec. 10–11). Petitioner notes, however, that the Non-Institution Decision apparently overlooked Petitioner's argument that Watabe itself, even without the support of expert testimony, provides sufficient rationale to show a reasonable likelihood that a person of ordinary skill in the art would have found it obvious to combine the teachings of Watabe and Gordon. *Id.* at 2-7 (citing Pet. 50). We agree that we misapprehended the significance of this argument in the Petition. The import of this argument becomes clear, however, upon consideration of Petitioner's request.

Obviousness, the issue considered in this case to decide whether to institute, is a question of law. *Graham*, 383 U.S. at 17.

Because the evidence supports a reasonable likelihood that Petitioner will establish that the invention of the claims before us would have been obvious, Petitioner has demonstrated that the Non-Institution Decision should be modified to institute an *inter partes* review.

At this stage, and having made out a prima facie case of obviousness, Petitioner has established that there is a reasonable likelihood that Petitioner will prevail on the merits. 35 U.S.C. § 314(a).

It is true that upon trial, any *prima facie* case may be overcome, when Patent Owner has an opportunity to present evidence and its side of the story. But, Patent Owner gets to put on its merits case only after *inter partes* review is ordered.

The Request for Rehearing should be granted and an order entered instituting an *inter partes* review.

V. Decision and Order

Upon consideration of the Petitioner for Rehearing (Paper 10), Patent Owner's opposition (Paper 15) and Petitioner's reply (Paper 16), and for the reasons given, it is

ORDERED that the Request for Rehearing is *granted*.

FURTHER ORDERED that an *inter partes* review is instituted commencing on the date of this DECISION.

FURTHER ORDERED that notice is hereby given of the institution of a trial. 35 U.S.C. § 314(c); 37 C.F.R. §42.4.

FURTHER ORDERED that that an initial conference call with the Board is scheduled for 1 PM Eastern Time on January 14, 2015. The parties are directed to the Office Trial Practice Guide, 77 Fed. Reg. 48756, 48765-66 (Aug. 14, 2012) for guidance in preparing for the initial conference call. Further, the parties should come prepared to discuss and agree to an appropriate schedule governing the rest of this proceeding in light of the current status of related case IPR2014-00364.

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