

Arctic Cat Inc. v. GEP Power Prod., Inc., 919 F.3d 1320 (Fed. Cir. 2019)

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GEP Power Products, Inc. petitioned for *inter partes* review (IPR) of two patents owned by Arctic Cat Inc. directed to an electrical-connection box for distributing power to various electrical components, including components of a personal recreational vehicle. During the IPR, Arctic Cat sought to remove one of the asserted references as prior art on the basis that it had conceived and diligently reduced the claimed invention to practice before the effective date of the reference. In support of its argument, Arctic Cat offered a declaration from an employee and the sole inventor listed on the patents. The declaration included a timeline of important emails during the relevant months.

In considering this evidence of diligence, the Patent Trial and Appeal Board (PTAB) concluded that the timeline lacked a “sufficiently detailed explanation of events occurring between the bookend communications.” The PTAB criticized the declaration for not adequately accounting for approximately half of the days during the critical period. It also faulted Arctic Cat’s declaration for providing “conclusory explanations, which lack specifics as to facts and dates.” Ultimately, the PTAB declined to find diligent reduction to practice due to insufficiently explained gaps during the critical period.

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Arctic Cat appealed the PTAB’s findings on diligence, among other issues. With respect to whether the PTAB applied an appropriate standard for evaluating the evidence of diligence, the Federal Circuit sided with Arctic Cat. The court held that “the Board’s analysis rested on too rigid a standard, and the record establishes diligence under the correct standard.” Specifically, the court held that the declaration showed that the inventor was persistent in moving progress of reduction to practice through multiple states in a timely manner. The court noted that product specifications and test protocols went through five revisions in only five months and, during the identified gaps in the inventor’s personal activity, the invention was being tested by a third party hired for that purpose. The court further explained that a lack of diligence, unreasonable delay, or abandonment cannot be inferred from putting the invention into someone else’s hands for needed testing and awaiting test results for a short period commensurate with the testing needed, at least where oversight was diligent. Here, the court found that the evidence confirmed that the inventor exercised diligent oversight, pressing for progress and requesting that he be kept apprised of the status of the various stages of testing in a timely manner. Ultimately, there was no substantial evidence of any meaningful inattention to the task of reducing the invention to practice.

Because it found Arctic Cat’s evidence of diligence sufficient, the Federal Circuit held that the reference had been antedated and was no longer prior art. Accordingly, the court reversed the PTAB’s determinations of unpatentability relying on that reference. To the extent the PTAB relied on the reference solely as background, the court remanded to allow the PTAB to evaluate whether those findings rested on consideration of that reference as prior art. The court did not disturb any findings of unpatentability that did not rely on the antedated reference as prior art.

RELATED CASES

- *ATI Technologies ULC v. Iancu*, 920 F.3d 1362, 1372 (Fed. Cir. 2019) (holding that the PTAB applied too stringent a legal standard for diligence and the PTAB's reasoning in its final decision was deficient because it failed to identify any evidence that fell outside the scope of the claims, as the PTAB had asserted, nor did the PTAB identify any delays or gaps in activity)
- *Kolcraft Enters., Inc. v. Graco Children's Prods., Inc.*, 927 F.3d 1320 (Fed. Cir. 2019) (affirming the finding of failure to corroborate evidence because the photographs attached to the inventor declaration were undated and failed to indicate authorship; metadata could have sufficed but was not of record and inventor deposition testimony discussing it was not independent corroboration)