NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

EMERSON ELECTRIC CO.,
Appellant

v.

SIPCO, LLC,
Appellee

2017-1866

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2015-01973.

Decided: August 29, 2018

DOUGLAS HALLWARD-DRIEMEIER, Ropes & Gray LLP, Washington, DC, argued for appellant. Also represented by STEVEN PEPE, New York, NY; JAMES RICHARD BATCHELDER, JAMES LAWRENCE DAVIS, JR., East Palo Alto, CA.

GREGORY J. GONSALVES, The Gonsalves Law Firm, Falls Church, VA, argued for appellee. Also represented by THOMAS F. MEAGHER, Meagher Emanuel Laks Goldberg & Liao, LLP, Princeton, NJ.

Before NEWMAN, TARANTO, and STOLL, *Circuit Judges*.

STOLL, *Circuit Judge*.

Emerson Electric Co. challenged various claims of SIPCO, LLC's U.S. Patent No. 8,013,732 in an inter partes review. The U.S. Patent and Trademark Office's Patent Trial and Appeal Board determined that Emerson failed to show that certain claims would have been unpatentable as obvious. Because the Board did not adequately explain its reasoning on a point that was central to its analysis and its conclusion on that point was contrary to another Board opinion on nearly identical facts, we vacate the Board's determination as to the appealed claims and remand for further proceedings.

I

A

SIPCO's '732 patent is titled "Systems and Methods for Monitoring and Controlling Remote Devices." It describes and claims systems and methods for "monitoring a variety of environmental and/or other conditions within a defined remotely located region," such as utility meters in a specific area. '732 patent, Abstract.

The patent effectively takes a prior art wired sensor network and converts it to a wireless network. *Compare id.* Fig. 1, *with id.* Fig. 2, *and* col. 4 ll. 42–43, *and* col. 7 ll. 33–56. Independent claim 13 is illustrative of the invention, which is directed to a system for wirelessly monitoring conditions in a defined region:

> 13. In a system comprising a plurality of wireless devices configured for remote wireless communication and comprising a device for monitoring and controlling remote devices, the device comprising:

> a transceiver having a unique identification code and being electrically interfaced with a sensor, the transceiver being configured to receive select information and identification information transmitted from another wireless transceiver in a predetermined signal type;
>
> the transceiver being further configured to wirelessly retransmit in the predetermined signal type the select information, the identification information associated with the nearby wireless transceiver, and transceiver identification information associated with the transceiver making retransmission; and
>
> a data controller operatively coupled to the transceiver and the sensor, the data controller configured to control the transceiver and receive data from the sensor, the data controller configured to format a data packet for transmission via the transceiver, the data packet comprising data representative of data sensed with the sensor.

Id. at claim 13.

B

In September 2015, Emerson petitioned for inter partes review of claims 13, 14, 16–21, and 23–35 as obvious under 35 U.S.C. § 103. Each ground Emerson articulated included Kahn[1] in view of the Admitted Prior Art.[2]

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[1] Robert E. Kahn et al., *Advances in Packet Radio Technology*, 66 Proceedings of the IEEE 1468 (1978) (Ex. 1002) ("Kahn"), J.A. 376–404.

[2] Petitioner defined the "Admitted Prior Art" as the disclosures found in the '732 patent at column 1, lines 54 through 65; column 2, lines 27 through 29; column 5, lines 32 through 44; and Figure 1. *Emerson Elec. Co. v.*

Kahn discloses a wireless packet radio network. Kahn at 1468 col. 1, J.A. 376. Indeed, Kahn explained that one capability of the packet radio network was rapid and convenient deployment. Kahn at 1470, J.A. 378. The Admitted Prior Art discloses monitoring and control systems, including sensor actuators electrically coupled to a local controller. *See* '732 patent, col. 5 ll. 32–37. Emerson, in its petition, relied on Kahn for the motivation to use the wireless packet radio of Kahn as a communication network for the prior art monitoring and control systems described in the Admitted Prior Art. Petition Requesting Inter Partes Review, *Emerson Elec. Co. v. SIPCO, LLC*, IPR2016-01973, Paper 2 at 14 (P.T.A.B. Sept. 25, 2015) ("*Petition*"), J.A. 82. Specifically, Emerson argued that a skilled artisan:

> would have recognized the advantage of using the communication infrastructure disclosed in Kahn to allow the sensors and actuators of the [Admitted Prior Art] to be moved from location to location without having to re-install physical cables and wires to connect the sensors and actuators.

Id. In March 2016, the Board instituted inter partes review based on all of the grounds in Emerson's petition.[3]

At the oral hearing, Emerson for the first time referred to an article by Bill Greeves, *SCADA Uses Radio to Bridge the Gap*, 14 Sensor Review, no. 2, 1994, at 31 ("Greeves"), J.A. 1368–72, to support its argument regard-

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SIPCO, LLC, No. IPR2015-01973, Paper 25 at 2 n.2 (P.T.A.B. Mar. 27, 2017) ("*Final Written Decision*").

[3] Because the Board issued a Final Written Decision addressing all the claims that Emerson challenged, this case is not impacted by the Supreme Court's recent decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

ing motivation to combine. Emerson relied on Greeves to show that a person of ordinary skill in the art would have been motivated to combine Kahn and the Admitted Prior Art, noting that Kahn itself affirmed that the need for cost reduction described in the Admitted Prior Art was a known problem. The Board, however, determined that it would be improper for it to rely on Greeves as evidence of motivation to combine because Emerson did not rely on it until oral argument. It was SIPCO's declarant who introduced Greeves into the record for the purpose of showing challenges with radio technology. Emerson did not even mention Greeves in its briefing or its expert declaration. Accordingly, the Board focused its analysis only on Kahn and the Admitted Prior Art.

The Board, in its Final Written Decision, concluded that it was "not persuaded that Kahn provides a rationale, separate and apart from hindsight, which would motivate one of ordinary skill in the art to combine the teachings of Kahn and the [Admitted Prior Art]." *Final Written Decision* at 12. Accordingly, the Board held that Emerson had not proven by a preponderance of the evidence that the challenged claims of the '732 patent were unpatentable. Emerson timely appeals. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A).

II

Emerson raises two main issues on appeal: (1) whether the Board erred by not considering Greeves; and (2) whether the Board erred in finding that one of ordinary skill would not have been motivated to combine the teachings of Kahn and the Admitted Prior Art. A patent claim is invalid "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person

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