

ALERT

Federal Circuit Patent Bulletin: *Troy v. Samson Mfg. Corp.*

July 14, 2014

"[Because] there are no limits on the admissibility of evidence in [§ 146] civil actions except those in the Federal Rules of Evidence and Federal Rules of Civil Procedure, we conclude that new evidence on new issues is admissible in such proceedings."

On July 11, 2014, in *Troy v. Samson Mfg. Corp.*, the U.S. Court of Appeals for the Federal Circuit (Prost, Bryson, Moore*) vacated and remanded the district court's judgment in a 35 U.S.C. § 146 proceeding that upheld the U.S. Patent and Trademark Office (PTO) Board of Patent Appeals and Interferences decision involving U.S. Patent No. 7,216,451 (Troy) and U.S. patent application Serial No. 11/326,665 (Samson), which related to a modular hand grip and rail assembly for firearms, and that cancelled the claims of the '451 patent. The Federal Circuit stated:

Based on the Supreme Court's holding in *Hyatt* that there are no limits on the admissibility of evidence in [§ 146] civil actions except those in the Federal Rules of Evidence and Federal Rules of Civil Procedure, we conclude that new evidence on new issues is admissible in such proceedings. Introducing new evidence on a new issue in a civil action is not barred by any Federal Rule of Evidence or Federal Rule of Civil Procedure. [T]o the extent that our prior precedent held that new evidence on an issue not presented to the Board was generally to be excluded in district court proceedings, it is no longer viable following the Supreme Court's *Hyatt* decision. It is established that a later panel can recognize that the court's earlier decision has been implicitly overruled as inconsistent with intervening Supreme Court authority. . . . "[T]he issues decided by the higher court need not be identical to be controlling. Rather, the relevant court of last resort must have undercut the theory or reasoning underlying the prior circuit precedent in such a way that the cases are clearly irreconcilable." Indeed, lower courts are "bound not only by the holdings of higher courts' decisions but also by their 'mode of analysis.'" . . .

Samson also argues that even if Hyatt requires that the district court admit such new evidence, this holding is applicable to § 145 actions only. Samson argues that the proceeding at issue in this case, an interference arising under § 146, ought not be governed by the same rules. Troy responds that there is no meaningful difference between § 145 and § 146 and that both types of proceedings ought to be subject to the same evidentiary rules. The PTO argues that, in its view, our ruling on new issues will apply to both § 145 and § 146; it contends that any distinction on admissible evidence between the two sections would be “difficult” to make. . . . The question we confront is whether there are differences between § 145 and § 146 such that the evidentiary rules that apply to § 145 actions ought not to similarly apply to § 146 actions. We see no basis in the language of the statutes for differing treatment with regard to the types of evidence that ought to be admitted. . . .

Section 146 explains: “In such suits the record in the Patent and Trademark Office shall be admitted on motion of either party . . . [and] when admitted shall have the same effect if originally taken and produced in the suit.” By its express terms, the PTO record is not required to be part of the § 146 civil action at the district court. We interpret this language as contemplating a fresh start in the district court. Moreover, § 146 expressly states that the parties have “the right . . . to take further testimony.” Section 145 has no explicit mention of the permissibility of additional evidence. Based upon the language of the statute, we see no basis for concluding that new evidence is permitted in § 145, but not in § 146. We thus conclude that the Supreme Court’s decision in Hyatt applies with equal force to both § 145 and § 146 actions.

Turning to the case before us, we vacate the district court’s decision and remand with instructions to consider the new evidence and arguments raised by Mr. Troy in his district court filings. Mr. Troy is not prohibited from arguing that he established reduction to practice at least as of July 2004. On remand, the district court should consider all evidence presented by Mr. Troy including the Conley deposition and the Chin affidavit to establish a July 2004 reduction to practice. Mr. Troy also argues that the misappropriated material is evidence that supports his claimed dates of conception. On remand, the court should consider Mr. Troy’s arguments and evidence regarding Samson’s alleged inequitable conduct based upon the misappropriation.