

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

WesternGeco LLC v. ION Geophysical Corp. (In re WesternGeco LLC)

WesternGeco LLC v. ION Geophysical Corp. (In re WesternGeco LLC), 889 F.3d 1308 (Fed. Cir. 2018) · No. 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 · Decided May 7, 2018

SUMMARY

The United States Court of Appeals for the Federal Circuit affirmed six Patent Trial and Appeal Board decisions finding claims in three WesternGeco patents unpatentable in inter partes review proceedings. The court held that substantial evidence supported the Board’s anticipation and obviousness determinations and that the proceedings were not barred under 35 U.S.C. § 315(b). The court also addressed the common-law meaning of privity and concluded that ION and PGS were not privies for purposes of the statutory time bar.

CASE DETAILS

COURT	United States Court of Appeals for the Federal Circuit
WRITING FOR THE COURT	Chen; Wallach; Hughes
JURISDICTION	Federal
DECIDED	May 7, 2018
DOCKET	2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from six final written decisions of the Patent Trial and Appeal Board in inter partes review proceedings involving three WesternGeco patents.
STANDARD OF REVIEW	The court reviewed the Board's decisions under the Administrative Procedure Act; legal conclusions de novo and underlying factual findings for substantial evidence. The ultimate obviousness determination was reviewed de novo, underlying factual findings for substantial evidence, claim construction based on intrinsic evidence de novo, and denial of additional discovery for abuse of discretion.
PRECEDENTIAL VALUE	precedential

PARTIES

WesternGeco LLC v. ION Geophysical Corporation, ION International S.A.R.L.

TOPICS[patent law](#)[obviousness](#)[administrative procedure act](#)[appellate procedure](#)[statutory interpretation](#)**PRACTICE AREAS**[patent law](#)[inter partes review](#)[administrative law](#)[appellate procedure](#)**QUESTIONS PRESENTED**

1. Whether the inter partes review petitions were barred under 35 U.S.C. § 315(b) because ION was a privy or real party in interest of PGS.
2. Whether the Board abused its discretion by denying WesternGeco additional discovery concerning the alleged privity relationship.
3. Whether the Board properly construed the claim term "predicting positions" in the '607 Patent.
4. Whether the Board properly construed the term "control mode" in the '520 Patent and correctly found the feather-angle claims obvious over Workman.
5. Whether the Board properly construed "global control system" in the '967 Patent and correctly found the challenged claims anticipated or obvious over the '636 PCT.
6. Whether the Board properly evaluated WesternGeco's objective evidence of nonobviousness.

HOLDINGS

1. ION and PGS were not privies within the meaning of § 315(b). Privity is a flexible, fact-dependent inquiry informed by common-law preclusion principles and bounded by due process; control is relevant but is not the exclusive test.
2. The IPR petitions were not barred by the one-year time limitation in 35 U.S.C. § 315(b).
3. The Board did not abuse its discretion in denying WesternGeco's request for additional discovery.
4. The term "predicting positions" means "estimating the actual locations" of streamer positioning devices and does not require use of behavior-predictive model-based control logic.
5. The Board correctly construed "control mode" to mean "operational state" and properly declined to add requirements that the mode be goal-oriented and automatic.
6. The Board correctly found claims directed to the feather-angle mode obvious over Workman.
7. The Board properly construed "global control system" as "a control system capable of overseeing and affecting the array of streamers and streamer positioning devices" and correctly found the challenged claims anticipated or, alternatively, obvious over the '636 PCT.
8. The Board properly found that WesternGeco failed to establish a sufficient nexus between the claimed inventions and its objective evidence of nonobviousness, and that the evidence would not overcome the

strong showing of obviousness in any event.

KEY QUOTATIONS

“But, importantly, the reach of privity cannot extend beyond the limits of due process.” (at 1316)

“As a general proposition, we agree with the Board that a common desire among multiple parties to see a patent invalidated, without more, does not establish privity.” (at 1318)

“The Board properly held that ION is not a real party in interest or privy of PGS.” (at 1322)

FACTUAL BACKGROUND

WesternGeco owned patents directed to controlling the movement and positioning of marine seismic streamers towed behind a vessel. WesternGeco sued ION for infringement, obtained a favorable jury verdict, and later sued PGS for related infringement. PGS responded by filing six inter partes review petitions challenging claims of three WesternGeco patents, and ION sought to join the first three proceedings. The Board found the challenged claims unpatentable as anticipated or obvious and rejected WesternGeco's contention that the proceedings were barred because ION was a privy or real party in interest of PGS.

PROCEDURAL HISTORY

Petroleum Geo-Services, Inc. filed six petitions for inter partes review challenging claims of WesternGeco's patents. The Board instituted review, permitted ION to join the first round with spectator status, rejected WesternGeco's 35 U.S.C. § 315(b) time-bar arguments, and held the challenged claims unpatentable as anticipated or obvious. WesternGeco appealed; PGS later settled and withdrew, while ION continued as appellee. The Federal Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- WesternGeco L.L.C. v. ION Geophysical Corp., 837 F.3d 1358 (Fed. Cir. 2016)
- FAA v. Cooper, 566 U.S. 284 (2012)
- Microsoft Corp. v. i4i P'ship Ltd., 564 U.S. 91 (2011)
- Intel Corp. v. ITC, 946 F.2d 821 (Fed. Cir. 1991)
- Taylor v. Sturgell, 553 U.S. 880 (2008)
- Aspek Eyewear, Inc. v. Zenni Optical, Inc., 713 F.3d 1377 (Fed. Cir. 2013)
- Cal. Physicians' Serv. v. Aoki Diabetes Research Inst., 163 Cal. App. 4th 1506 (Cal. Ct. App. 2008)
- Wi-Fi One, LLC v. Broadcom Corp., 878 F.3d 1364 (Fed. Cir. 2018) (en banc)
- Wi-Fi One, LLC v. Broadcom Corp., No. 2015-1944, 2018 WL 1882911 (Fed. Cir. Apr. 20, 2018)
- In re Sullivan, 362 F.3d 1324 (Fed. Cir. 2004)
- Dickinson v. Zurko, 527 U.S. 150 (1999)

- Belden Inc. v. Berk-Tek LLC, 805 F.3d 1064 (Fed. Cir. 2015)
- Nike, Inc. v. Adidas AG, 812 F.3d 1326 (Fed. Cir. 2016)
- In re Giannelli, 739 F.3d 1375 (Fed. Cir. 2014)
- Consol. Edison Co. v. NLRB, 305 U.S. 197 (1938)
- In re Applied Materials, Inc., 692 F.3d 1289 (Fed. Cir. 2012)
- Ultratec, Inc. v. CaptionCall, LLC, 872 F.3d 1267 (Fed. Cir. 2017)
- In re Packard, 751 F.3d 1307 (Fed. Cir. 2014)
- Microsoft Corp. v. Proxyconn, Inc., 789 F.3d 1292 (Fed. Cir. 2015)
- Aqua Prods., Inc. v. Matal, 872 F.3d 1290 (Fed. Cir. 2017) (en banc)
- Comaper Corp. v. Antec, Inc., 596 F.3d 1343 (Fed. Cir. 2010)
- Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005)
- Allied Erecting & Dismantling Co. v. Genesis Attachments, LLC, 825 F.3d 1373 (Fed. Cir. 2016)
- Intellectual Ventures II LLC v. Ericsson Inc., 686 F. App'x 900 (Fed. Cir. 2017)
- Exxon Chem. Patents, Inc. v. Lubrizol Corp., 64 F.3d 1553 (Fed. Cir. 1995)
- Homeland Housewares, LLC v. Whirlpool Corp., 865 F.3d 1372 (Fed. Cir. 2017)
- SAS Institute, Inc. v. ComplementSoft, LLC, 825 F.3d 1341 (Fed. Cir. 2016)
- SAS Institute, Inc. v. Iancu, No. 16-969 (U.S. Apr. 24, 2018)
- Genzyme Therapeutic Prods. v. Biomarin Pharm. Inc., 825 F.3d 1360 (Fed. Cir. 2016)
- Constant v. Advanced Micro-Devices, Inc., 848 F.2d 1560 (Fed. Cir. 1988)
- PharmaStem Therapeutics, Inc. v. ViaCell, Inc., 491 F.3d 1342 (Fed. Cir. 2007)
- Kennametal, Inc. v. Ingersoll Cutting Tool Co., 780 F.3d 1376 (Fed. Cir. 2015)
- ABT Sys., LLC v. Emerson Elec. Co., 797 F.3d 1350 (Fed. Cir. 2015)
- Polaris Indus., Inc. v. Arctic Cat, Inc., 882 F.3d 1056 (Fed. Cir. 2018)
- Brown & Williamson Tobacco Corp. v. Philip Morris Inc., 229 F.3d 1120 (Fed. Cir. 2000)
- Ormco Corp. v. Align Tech., Inc., 463 F.3d 1299 (Fed. Cir. 2006)
- In re DBC, 545 F.3d 1373 (Fed. Cir. 2008)
- Sud-Chemie, Inc. v. Multisorb Techs., Inc., 554 F.3d 1001 (Fed. Cir. 2009)