

Shaw Industries Group, Inc. v. Automated Creel Systems, Inc: Final Written Decision

Article By:

Intellectual Property Litigation Drinker Biddle

Takeaway: Where the proposed modification of a prior art reference would render it inoperable, the combination would not have been obvious to a person of ordinary skill in the art.

In its [Final Written Decision](#), the Board found that Petitioner had shown by a preponderance of the evidence that claims 1-5, 8-12, 14, 19, and 20 of the '360 patent are unpatentable. However, with respect to claims 6, 7, 13, 15-18, and 21 of the '360 patent, the Board found that Petitioner had not shown by a preponderance that they are unpatentable.

The '360 patent “relates to ‘creels used for supplying stranded materials’ (e.g., yarn used for making textiles) to a machine for ‘subsequent treatment’ or the ‘fabrication of articles’ from the stranded materials.” The '360 patent describes movable carts or cartridges that include “pre-configured supply of materials” that could be used to load the materials into a creel.

With respect to claim construction, the Board’s constructions set forth in the Decision on Institution were not disputed by the parties. Accordingly, they were adopted in the Final Written Decision.

Turning to the instituted grounds of unpatentability, the Board first noted that Patent Owner did not contest the asserted grounds with respect to claims 1-3, 5, 8-12, 14, 19, and 20, and found them to be unpatentable. With respect to the remaining challenged claims, the Board addressed the four instituted grounds of unpatentability in turn.

Claims 6, 7, 13, 15-18, and 21

With respect to the first ground, Petitioner argued that claims 6, 7, 13, 15-18, and 21 are unpatentable based on the combination of Münnekehoff and Ligon. In particular, Petitioner, as supported by its expert, contended that it would have been obvious to replace Münnekehoff’s disclosed single bobbin arrangement (a bobbin supplying thread to the machine) with a pair of bobbins as taught by Ligon, at least because the pair of bobbins would double the runtime for each section before needing replacement.

The Board was not persuaded. First, the Board agreed with Patent Owner, as supported by its expert's declaration, that M nnekehoff could not be simply modified to include a pair of bobbins. Rather, the proposed modification "would result in an inoperable assembly" because of ensnarement of materials, requiring a complete redesign of the M nnekehoff apparatus. Quoting the Federal Circuit, the Board held that because the combination of references produced an inoperable assembly, "such references teach away from the combination and thus cannot serve as predicates for a prima facie case of obviousness." For similar reasons, the Board was not persuaded by Petitioner's argument that common sense would have led to the proposed combination of references. Accordingly, Petitioner's analysis did not provide the requisite "articulated reasoning with some rational underpinning to support the legal conclusion of obviousness."

Petitioner argued in its Reply that a person of ordinary skill in the art would understand how the combined arrangement could be modified to avoid the inoperable result raised by Patent Owner. In support of this argument, Petitioner relied upon a reply declaration from its expert describing alternative arrangements to avoid the ensnarement problem. However, the Board noted that this analysis was not included with the Petition, and therefore, constituted improper reply evidence. See 37 C.F.R.   42.23(b). Nevertheless, the Board held that even if the analysis were included with the Petition, it is still not persuasive.

Second, the Board found that "a person of ordinary skill in the art would not have been motivated to combine M nnekehoff with Ligon because M nnekehoff uses multiple sharp turns in guiding thread from the bobbins, and Ligon discourages the use of sharp turns." Petitioner's arguments to the contrary were not persuasive in overcoming the explicit disclosure in Ligon of "minimizing sharp changes in direction" of the yarn. Accordingly, the Board held that one of ordinary skill in the art would not have looked to Ligon to modify M nnekehoff.

Turning to the second ground of unpatentability of claims 6, 7, 13, 15-18, and 21, Petitioner relied upon the combination of Barmag and Ligon. The Board stated that the disclosure of Barmag was nearly identical to that of M nnekehoff, and that for the same reasons discussed above, the Board was not persuaded that the claims are obvious over the combination of Barmag and Ligon.

Claim 4

The third ground alleged the unpatentability of claim 4 based on the combination of M nnekehoff and Bluhm. It was not disputed that M nnekehoff disclosed all of the limitations of claim 4's parent claims, but Patent Owner argued that Bluhm did not disclose the remaining limitations of claim 4.

In a previous denial of institution of an inter partes review with respect to claim 4 (IPR2013-00132), the Board had found that M nnekehoff did not disclose the recited distance limitation. In this proceeding, Petitioner relied upon Shaw for disclosing the lacking feature in M nnekehoff. The Board was persuaded that Shaw disclosed the limitation recited in claim 4 and that a person of ordinary skill in the art would have had reason to combine the two references. The Board was particularly persuaded in light of the fact that the relevant disclosure of Bluhm was "identical to the exemplary embodiment in the Specification of the '360 patent."

Patent Owner's arguments were found to be not persuasive. Patent Owner improperly attempted to incorporate by reference portions of the Decision on Institution and its expert's testimony. The Board indicated that the testimony would be considered to the extent specifically referred to in the Patent Owner Response. The Board also credited Petitioner's expert's reading of the prior art as being persuasive.

With respect to the fourth ground of unpatentability, obviousness of claim 4 based on Barmag and Bluhm, the Board stated that the disclosure of Barmag is similar to that of Münnekehoff. Thus, the Board found that Petitioner had shown by a preponderance of the evidence that claim 4 is unpatentable based on Barmag and Bluhm for similar reasons discussed above.

Motions to Exclude

The Board denied the parties' Motions to Exclude. In IPR2013-00132, Petitioner moved to exclude two portions of Mr. Chadwick's declaration, arguing that he was not qualified to offer expert testimony. The Board denied the Motion, noting that the first portion was not relied upon in the final decision, and that the Board could sufficiently assign the second portion the "appropriate weight."

In IPR2013-00132, Patent Owner moved to exclude portions of Petitioner's Reply and supporting declaration, arguing that they mischaracterized testimony of Mr. Chadwick. The Board denied the Motion, stating that while Patent Owner may disagree with Petitioner's characterizations, Patent Owner still failed to show why the materials would be inadmissible.

In IPR2013-00584, Petitioner moved to exclude two portions of Dr. Brookstein's testimony – one for lack of factual support and the second for relevance. The Board denied the Motion, holding that Petitioner's arguments went to the weight of the testimony, not admissibility.

In IPR2013-00584, Patent Owner sought to exclude portions of Petitioner's original declaration and reply declaration as lacking factual support. The Board denied the Motion, again holding that the disagreement "as to how evidence should be interpreted or weighed ordinary does not mean that the evidence should be excluded."

Additional Matters

The Board noted that it considered Patent Owner's motion for observation on the cross-examination of Petitioner's expert in preparing its decision in IPR2013-00584, but did not provide any further comment.

The Board finally noted that in IPR2013-00132, Petitioner had filed redacted portions of a deposition transcript that had been designated Confidential, but that neither party had filed a motion to seal with the exhibit. The Board ordered the parties to confer and file either "(1) an unredacted version of Exhibit 1015 to replace the existing version, (2) a confidential, unredacted version (as "Parties and Board Only" in the Patent Review Processing System) with a motion to seal, or (3) a request that Exhibit 1015 be expunged from the record of the proceeding."

Shaw Industries Group, Inc. v. Automated Creel Systems, Inc., IPR2013-00132; IPR2013-00584

Paper 44: Final Written Decision

Dated: July 24, 2014

Patent: 7,806,360 B2

Before: Josiah C. Cocks, Justin T. Arbes, and Brian J. McNamara

Written by: Arbes Related Proceeding: Automated Creel Systems, Inc. v. Shaw Industries Group, Inc., Case No. 1:12-cv-00424-RWS (N.D. Ga.); IPR2013-00132

© 2025 Faegre Drinker Biddle & Reath LLP. All Rights Reserved.

Source URL: <https://natlawreview.com/article/shaw-industries-group-inc-v-automated-creel-systems-inc-final-written-decision>