

# Federal Circuit Patent Bulletin: *NFC Tech., LLC v. Matal*

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October 9, 2017

*"[C]orroboration of every factual issue contested by the parties [regarding conception] is not a requirement of the law."*

On September 20, 2017, in *NFC Tech., LLC v. Matal*, the U.S. Court of Appeals for the Federal Circuit (Newman, Lourie,\* Hughes) reversed and remanded the U.S. Patent and Trademark Office Patent Trial and Appeal Board inter partes review decision that certain claims of U.S. Patent 6,700,551, which related to a near-field communication device, were invalid for obviousness under 35 U.S.C. § 103. The Federal Circuit stated:

NFC does not challenge the merits of the Board's obviousness determination, and instead focuses on the inurement analysis. Specifically, it argues that (1) the Board should not have addressed the inurement issue at all because it was not raised by the parties; (2) the Board erred by evaluating the evidence using interference standards for determining priority of invention, rather than the 37 C.F.R. § 1.131 standard for antedating a reference; and (3) NFC provided sufficient evidence corroborating Charrat's conception to establish inurement. Even assuming that the Board did not err in addressing the inurement issue or applying interference law, we determine that the Board's conclusions and findings relating to Charrat's conception are not supported; accordingly, we limit our analysis to that issue.

Inurement is a question of law that we review de novo. Conception is a question of law based on subsidiary factual findings. "We have treated the sufficiency of corroboration as a question of fact." We review the Board's legal conclusions de novo, and its factual findings for substantial evidence. A finding is supported by substantial evidence if a reasonable mind might accept the evidence as

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sufficient to support the finding. “[A]n inventor’s testimony, standing alone, is insufficient to prove conception—some form of corroboration must be shown.” “There is no particular formula that an inventor must follow in providing corroboration of his testimony of conception.” Instead, corroboration “is determined by a ‘rule of reason’ analysis, in which ‘an evaluation of all pertinent evidence must be made so that a sound determination of the credibility of the inventor’s story may be reached.’” Under the rule of reason, the evidence “must be considered as a whole, not individually.” Thus, an inventor’s conception can be corroborated even though “no one piece of evidence in and of itself” establishes that fact, and even through circumstantial evidence. At bottom, the goal of the analysis is to determine “whether the inventor’s story is credible.” . . .

When taken “as a whole,” the documents corroborate Charrat’s account of conception. The data sheet was created by “BC,” with no other author listed. Although CE generated the PCB layout, that same document refers to INSIDE as its “client” and as providing the “concept.” When it came time to approve fabrication of the prototype, CE communicated only with Charrat, and he alone gave final approval for fabrication to begin. The initial data sheet, PCB layout, and cover sheet— which were all prepared before the creation of the prototype that the Board assumed embodied the claimed invention—all refer to the “M210H” device. Taken together, this independent documentary evidence corroborates Charrat’s account of product development and later fabrication of the prototype. . . . “[C]orroboration of every factual issue contested by the parties is not a requirement of the law.” On these facts, and particularly considering the amount of time that has passed, we determine that Charrat’s account was adequately corroborated. . . .

Indeed, the Board’s analysis raises the question of who, if not Charrat, designed the prototype. HTC did not allege that CE or another INSIDE employee made any inventive contribution to the design of the prototype. Yet the documentation establishes that a prototype was fabricated and later tested by INSIDE staff, and Charrat is the only source identified by the evidence for the design of the prototype. Indeed, there is no record evidence of any other INSIDE employee communicating with CE. Under the rule of reason, the totality of the evidence establishes the credibility of Charrat’s account. . . .

We note that the foregoing analysis assumes that conception is relevant under the present circumstances. Our cases that the Board read as establishing that proof of conception is relevant to inurement involved third-party recognition during testing that the invention would work for its intended purpose. Here, there is no evidence that CE did anything other than fabricate the prototype. Although NFC appears to recognize this distinction, NFC only uses it to argue that interference law should not be applied to this case. As NFC has not challenged whether and to what extent conception must be shown to establish inurement under interference law in the present circumstances, we leave that question for another day.

The determination that fabrication of the prototype inures to Charrat’s benefit does not resolve this case. As explained previously, the Board assumed, but did not decide, that the prototype embodied the claimed invention. That issue must be decided in order to determine whether Sears can be antedated. Thus, we remand the case for that determination in the first instance. Fortunately, whether the prototype embodied the claimed invention was a disputed issue between HTC and NFC during the initial IPR. Accordingly, the Board may decide the case on the briefing previously submitted.