Product Development Standing and Lessons on Teaching Away

Gen. Elec. Co. v. Raytheon Techs. Corp., No. 2019-1319, 2020 WL 7635982, (Fed. Cir. Dec. 23, 2020)

By: Adam Reis & Peter Danos | January 8, 2021

The Court of Appeals for the Federal Circuit ("CAFC") recently affirmed standing to challenge a competitor's patent based on significant investment into and likely use of a potentially infringing product. The CAFC also vacated a decision of the Patent Trial and Appeal Board ("the Board"), affirming that the standard for whether a prior art reference teaches away requires more than a general preference for a certain design.

Raytheon Technologies Corporation ("Raytheon") applied for and obtained U.S. Pat. No. 8,695,920 ("the '920 Patent"), directed to a configuration for a jet turbine engine. Traditionally, turbine engines contain high- and low-pressure spools, each with a compressor and a turbine. Conventionally, the engine fan is connected to the same shaft as the low-pressure spool, and thus rotates at the same speed as the low-pressure compressor and turbine. The '920 Patent claims a configuration in which a gearbox is mounted on the shaft containing the fan and low-pressure spool, such that the gearbox reduces the rotational speed of the fan compared to the compressor and turbine. The claims also required the high-pressure turbine to include "at least two stages."

General Electric Company ("GE") petitioned for *inter partes* review of certain claims of the '920 patent. GE asserted the challenged claims were unpatentable as obvious over Wendus in view Moxon. The Board found that Wendus disclosed all of the elements of the challenged claims except the "at least two stages" of the high-pressure turbine, and that Moxon disclosed this remaining element. The Board ultimately concluded the challenged claims were nonobvious, however, finding that Wendus discussed the tradeoffs between one-stage and two-stage turbines but "specifically chose the one-stage option." To the Board, this taught away from the combination of Wendus and Moxon. GE requested a motion for rehearing, which was denied, and a timely appealed ensued.

Raytheon challenged GE's standing, arguing it never sued or threatened to sue GE, and that GE failed to establish a concrete and substantial risk of infringement. The CAFC noted "[w]hen an appellant 'relies on potential infringement liability as a basis for [standing], but is not currently engaging in infringing activity, it must establish that it has concrete plans for future activity that creates a substantial risk of future infringement or would likely cause the patentee to assert a claim of infringement.'"[1] This requires the appellant show that it "has engaged in, is engaging in, or will likely engage in activity that would give rise to a possible infringement suit." The CAFC found GE met this standard based on allegations that it invested $10–12 million in development of a geared turbofan, preferred this design for future sales, and had an informal offer for this engine in an ongoing bidding process, as well as a declaration that it "fully expects" Raytheon to accuse its engine of infringing.

The CAFC next considered the merits of the appeal, first noting "'[a] reference does not teach away if it merely expresses a general preference for an alternative invention but does not "criticize, discredit, or otherwise discourage" investigation into the invention claimed.'"[2] The CAFC found the Board lacked substantial evidence to find Wendus taught away from a two-staged turbine, because Wendus merely displayed a general preference for a one-stage turbine and failed to make "a single negative statement about the use of a two-stage high-pressure turbine." Similarly, the CAFC found the Board lacked substantial evidence for its findings of no motivation to combine and GE's failure to establish obviousness as a whole. Accordingly, the CAFC vacated and remanded.

---

[1] Quoting *JTEKT Corp. v. GKN Auto. LTD.*, 898 F.3d 1217, 1221 (Fed. Cir. 2018), cert. denied, —— U.S. ——, 139 S. Ct. 2713, 204 L.Ed.2d 1110 (2019).

[2] Quoting *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056 (Fed. Cir. 2018).