Magnum Oil scores rare win over PTAB

By Jeff Bounds

(Aug. 3) – A Corpus Christi company has scored a rare victory for intellectual property owners, persuading an appeals court to **set aside** an administrative decision that would have killed one of the business's patents.

The Federal Circuit Court of Appeals has tossed out less than five percent of decisions by the Patent Trial and Appeal Board over the last year, according to data cited by Jackson Walker, whose attorneys won the ruling last week for Magnum Oil Tools International Ltd.

In a precedent-setting decision, the Circuit ruled July 25 that PTAB improperly threw out Magnum's patent by essentially adopting arguments on behalf of an outside party that had challenged the patent's validity – even though that party did not make those arguments and failed to present valid reasons to support them.

That outside party, Midland-based McClinton Energy Group, was involved in a broader patent dispute with Magnum. That dispute has since settled, which prompted the U.S. Patent and Trademark Office – which runs PTAB – to defend its judges' decision at the Circuit.

PTAB judges inappropriately forced Magnum to essentially disprove the central argument PTAB judges accepted for why the patent was supposedly invalid, rather than compelling McClinton to provide legal reasons why the PTAB judges should kill the Magnum patent, the Circuit ruled.

Though the USPTO has broad authority to set up procedures for PTAB to assess the validity of patents the agency has issued, "that authority is not so broad that it allows the (USPTO) to raise, address and decide un-patentability theories never presented by the (challenger) and not supported by the record evidence," the Circuit's opinion says.

A USPTO spokesman declined to comment. Jackson Walker attorneys did not respond to a request seeking comment. The Jackson Walker team that represented Magnum in the appeal included Nathaniel St. Clair, II, John Jackson and Chris Rourk

PTAB's judges tossed Magnum's patent on plugs used in oil-well drilling because they decided the invention the intellectual property covered would be "obvious" to ordinary workers in that field.

A federal statute, 35 USE 103, says inventions must be "non-obvious" to receive patent protection.

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