

# On second thoughts

David L McCombs, Eugene Goryunov, Jonathan Bowser, and Samuel Drezdzon examine secondary considerations at the US Patent Trial and Appeal Board

**In an *inter partes* review (IPR) or post-grant review (PGR) proceeding, a patent owner may attempt to rebut an obviousness showing by presenting evidence of secondary considerations tending to show non-obviousness.<sup>1</sup>**

Evidence of a long-felt but unsolved need, the failure of others, unexpected results, industry skepticism, commercial success, copying, licensing, and industry praise are considered in the secondary considerations inquiry.<sup>2</sup> The patent owner offering evidence of secondary considerations must establish a “nexus” between the evidence and the merits of the claimed invention.<sup>3</sup> Nexus must either be demonstrated or may be presumed in appropriate circumstances. In *Fox Factory, Inc v SRAM, LLC*,<sup>4</sup> the US Court of Appeals for the Federal Circuit neatly harmonised existing Federal Circuit case law on when a patent owner may be entitled to a rebuttable presumption of nexus into a straightforward test.

This article reviews the Federal Circuit’s guidance in *Fox Factory* as well as recent Patent Trial and Appeal Board (PTAB or board) decisions that applied *Fox Factory*, and analyses why some patent owners were successful in establishing a nexus while others were not.

## **Fox Factory clarified when the nexus presumption may attach**

In *Fox Factory*, the Federal Circuit reiterated that:

“A patentee is entitled to a rebuttable presumption of nexus between the asserted evidence of secondary considerations and a patent claim if the patentee shows that the asserted evidence is tied to a specific product and that the product is the invention disclosed and claimed.”<sup>5</sup>

It is therefore appropriate to presume a nexus “when the patentee shows that the asserted objective evidence is tied to a specific product and that product embodies the claim features,

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and is coextensive with them.”<sup>6</sup> Conversely, for example, “if the patented invention is only a component of a commercially successful machine or process, the patentee is not entitled to a presumption of nexus.”<sup>7</sup> As another example, “a patent claim is not coextensive with a product that includes a ‘critical’ unclaimed feature that is claimed by a different patent and that materially impacts the product’s functionality.”<sup>8</sup> An unclaimed feature is not always a nexus killer, however. Nexus may still be presumed where “unclaimed features amount to nothing more than additional insignificant features.”<sup>9</sup> Even if nexus is not presumed, the patent owner can still “prove nexus by showing that the evidence of secondary considerations is the direct result of the unique characteristics of the claimed invention”.<sup>10</sup>

In *Fox Factory*, the Federal Circuit reversed the board’s determination that evidence of secondary considerations overcame the petitioner’s obviousness showing. The court held that the PTAB incorrectly presumed a nexus between evidence of the commercial

success of the patent owner’s product and the challenged claims. The patent owner’s product included features that “materially impact [its] functionality” and that are not covered by the challenged claims. These additional features are, instead, covered by the claims of another, unchallenged patent. Thus, the court held that the proffered evidence of commercial success was not coextensive with the challenged claims.<sup>11</sup>

## **PTAB decisions**

### **Finding no presumption of nexus after *Fox Factory***

The board’s precedential decision in *Lectrosonics, Inc v Zaxcom, Inc*<sup>12</sup> provides helpful insight into how PTAB panels apply the secondary considerations inquiry clarified by *Fox Factory*. There, the board determined that the patent owner was not entitled to a presumption of nexus for evidence of long-felt need, failure of others, and industry praise. According to the board, the patent owner did not “provide an analysis demonstrating that its products are coextensive (or nearly coextensive) with the challenged claims”. The patent owner further did not establish a nexus, as a general matter, because its evidence was directed to product features not recited by the claims. In particular, the board found that evidence of industry praise was directed to a “critical feature” of the product, one that was not claimed.<sup>13</sup>

Similarly, in *American National Manufacturing Inc v Sleep Number Corp*,<sup>14</sup> the board determined that the patent owner was not entitled to a presumption of nexus. The patent owner argued that its evidence of commercial success was coextensive with the challenged claims because its patent “claims an entire product – an air bed system”, which includes features recited in the challenged claims directed to adjusting the pressure of an air bed. The board disagreed, finding that the product was not coextensive “simply because the claims broadly recite an air bed system”. Evidence “indicating particular structural and

functional similarities of [the] products with the claim” does not “show sufficiently that [the board] can merely presume [the] products are the invention claimed”.<sup>15</sup> The board explained that “[n]exus can be presumed only when ‘the thing (product or method) that is commercially successful is the invention disclosed and claimed in the patent.’”<sup>16</sup>

The *Lectrosomics* and *American National Manufacturing* decisions illustrate that the board will not presume a nexus if the patent owner fails to make the requisite showing of coextensiveness or that a product or process practises the claimed invention.

### PTAB decisions

#### Finding a presumption of nexus after Fox Factory

The board has found nexus where patent owners explain, on an element-by-element basis, how the proffered secondary considerations evidence is coextensive with the claimed invention. For example, in *Becton, Dickinson & Co v Baxter Corp Englewood*,<sup>17</sup> the board determined that the patent owner was entitled to a presumption of nexus for secondary considerations evidence. During the IPR, the patent owner submitted evidence about a product called DoseEdge and, separately, expert testimony from a medical doctor that performed an “element-by-element comparison” of the challenged claim to DoseEdge, highlighting features as both the “main reason for DoseEdge’s commercial success” and the “key feature” of the challenged claim. The patent owner argued that DoseEdge included a “hard stop feature” that “prevented patients from receiving [the] wrong drug, which is the main reason for DoseEdge’s commercial success”.<sup>18</sup> The expert’s testimony showed that the challenged claim contained this “key feature”.<sup>19</sup> The board credited the expert’s testimony in finding that DoseEdge embodied the challenged claim and supported the presumption of nexus.<sup>20</sup>

Similarly, in *Nuna Baby Essentials, Inc v Britax Child Safety, Inc*,<sup>21</sup> the board again determined that the patent owner was entitled to the nexus presumption. The patent owner asserted that the challenged patent was embodied in two child seat products and provided instruction manuals and user guides to establish that the products’ installation system is the same as that recited in the challenged claims. The board was convinced, despite the fact that the patent owner did not provide expert testimony comparing the claims to the products. According to the board, the coextensiveness requirement was met, because “the claims are reasonably straightforward and descriptive and the product user guides are quite clear as to the relevant corresponding structure and function

of the commercial products.”<sup>22</sup> In other words, the claims were coextensive with the details of the product user guides.

While expert testimony and an element-by-element comparison were key to the board presuming nexus in *Becton, Dickinson*, the board showed in *Nuna Baby Essentials* that it may be willing to simply analyse patent owner’s documentary evidence if that evidence is “quite clear”.

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### Summary

The recent PTAB cases suggest that patent owners attempting to take advantage of evidence of secondary considerations, and are specifically seeking to establish the nexus presumption, would do well to consider providing expert testimony that performs an element-by-element comparison between the evidence and the challenged claim to meet the “coextensive” requirement. As they say, however, your mileage may vary based on the specific facts of the case.

### Footnotes

1. *Graham v John Deere Co*, 383 US 1, 17-18 (1966).
2. *Id.*, at 17.
3. *ClassCo, Inc v Apple, Inc*, 838 F.3d 1214, 1220 (Fed Cir 2016).
4. 944 F.3d 1366, 1373-74 (Fed Cir 2019).
5. *Id.*, at 1373.
6. *Id.*, at 1373 (emphasis added).
7. *Id.*
8. *Id.*, at 1375.
9. *Id.*, at 1374 (“[W]e have never held that the existence of one or more unclaimed features, standing alone, means nexus may not be presumed. Indeed, there is rarely a perfect correspondence between the claimed invention and the product.”) (emphasis original).
10. *Id.*, at 1373-74.
11. *Id.*, at 1374-76.
12. IPR2018-01129, Paper 33 (24 Jan 2020) (precedential).
13. *Id.*, at 31-35.
14. IPR2019-00497, Paper 114 (30 Sept 2020).
15. *Id.*, at 86-87.
16. *Id.*, at 87 (quoting *Demaco Corp v F Von Langsdorff Licensing Ltd*, 851 F.2d 1387, 1392 (Fed Cir 1988)).
17. IPR2019-00119, Paper 51 (29 Apr 2020).
18. *Id.*, at 30.
19. *Id.*
20. *Id.*, at 30-31.
21. IPR2019-00663, Paper 20 (2 Sept 2020).
22. *Id.*, at 59.

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