

Fed. Circ. Raises Evidentiary Obstacles For Patentees

By **Daniel Melman and Sarah Benowich** (February 5, 2020)

The U.S. Court of Appeals for the Federal Circuit recently clarified — and effectively heightened — a patentee’s burden when relying on the commercial success of a patented product to rebut a patent invalidity challenge based on obviousness.

Vacating decisions by the Patent Trial and Appeal Board in a pair of inter partes reviews, the Federal Circuit held that the board applied the wrong standard in determining whether there was a nexus between evidence of secondary considerations of commercial success and claimed features.

Secondary considerations include factors such as the commercial success of a patented product, industry praise for an invention or evidence that the invention met a long-standing need. Federal courts and the board are required to consider such evidence when analyzing whether an invention was obvious.

Patent owners relying on evidence of secondary considerations must show that industry praise or commercial success of a product are attributable to patented features. In other words, there must be a connection or nexus between such evidence and the specific patented features for the evidence to be given substantial weight in the overall obviousness analysis.

In *FOX Factory Inc. v. SRAM LLC*[1], the Federal Circuit held that presuming a nexus is appropriate “when the patentee shows that the asserted objective evidence is tied to a specific product and that product ‘embodies the claimed features, and is coextensive with them.’”[2]

Ultimately, FOX did not create new law. However, its emphasis and admonition that federal courts and the board find a close fit between evidence of secondary considerations and claimed patented features raises evidentiary obstacles for patentees and makes it easier for accused infringers to poke holes in a patentee’s evidence.

Factual Background

FOX Factory Inc. filed two IPRs to challenge claims of SRAM LLC’s U.S. Patent Nos. 9,182,027 and 9,291,250 on obviousness grounds. The board decided that although FOX showed the prior art disclosed limitations that a skilled artisan would have been motivated to combine, it had not shown that the challenged claims would have been obvious in light of secondary considerations including commercial success of SRAM’s products.

The Federal Circuit vacated the board’s decision, holding that the board applied the wrong standard in evaluating secondary considerations to rebut the obviousness challenge.

The Parties and Patents

Both FOX and SRAM manufacture and distribute cycling equipment, including chains. SRAM owns the two patents at issue here: the '027 patent and the '250 patent. The '027 patent



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"generally covers an improved chainring structure that better maintains the chain, obviating the need for extraneous structures." [3]

Although chains are essential to allowing bicycles to move, particularly on geared bicycles, they can easily disengage from chainrings. This can be dangerous and disruptive to a smooth ride. Most bicycle makers, prior to implementing these improvements, have tried to increase chain retention by using extraneous structures as chain guides, but these patents avoid the need for any extraneous structures.

The '027 patent addresses this problem in several ways relevant to the court's decision. First, the patent includes several independent claims that disclose, respectively:

- "a chainring with alternating narrow and wide tooth tips and teeth offset from the center of the chainring";
- "tooth tips offset toward the body of the bicycle" (what the court termed "inboard offsets"); and
- so-called outboard offsets, which require teeth offset away from the body of the bicycle.

Other relevant claims include mechanisms for better chain guidance and retention, including what the court called the ">80% gap filling," referring to the ideal spaces in the chain link. [4]

The '250 patent "is a continuation of the '027 patent and includes claims reciting a chainring with alternating narrow and wide teeth and wide teeth with >80% gap filling." [5] The '250 patent features are intended to maximize chain retention. Critically, SRAM represented that the >80% gap filling "amounts to the heart of the challenged '250 patent claims combined with the narrow and wide tooth configuration." [6]

The Board's Decision

The board held that the prior art, taken together, "disclose[s] every limitation of the outboard offset independent claims and that a skilled artisan would have been motivated to combine the references." [7]

Still, based on its analysis of secondary considerations, the board determined "that FOX had not shown that the challenged claims would have been obvious." And, the board determined that "SRAM was entitled to a presumption of nexus between the challenged outboard offset claims and secondary considerations evidence pertaining to SRAM's X-Sync products." [8]

The board acknowledged that "the presumption of nexus only applies when a product is 'coextensive' with a patent claim." Coextensiveness, according to the board, meant that "claims must broadly cover the product that is the subject of the secondary considerations evidence." [9]

The board rejected FOX's argument "that SRAM's products are not coextensive with the challenged claims because the products include numerous unclaimed features." The board also rejected Fox's argument that, under *Therasense Inc. v. Becton Dickinson & Co.*,^[10] "SRAM's products are not coextensive with the independent claims because the products also embody the claims of additional patents that cover a different invention of the '027 patent."^[11]

Finally, the board determined that FOX could not rebut the nexus presumption and that FOX had not shown by a preponderance of the evidence that the challenged claims would have been obvious.^[12]

Practical Implications of the Federal Circuit's Holding

The Federal Circuit agreed that FOX had presented substantial evidence that the prior art references, taken together, disclosed every limitation of the claims and that a skilled artisan would have been motivated to combine the references.^[13]

Turning to SRAM's evidence of secondary considerations, the court explained that such evidence is relevant to the obviousness inquiry only if there is a strong connection between the evidence and the claims themselves. To that end, "the evidence of secondary considerations must have a 'nexus' to the claims, i.e., there must be 'a legally and factually sufficient connection' between the evidence and the patented invention." It is the patentee's burden to show that such a nexus exists.^[14]

The Federal Circuit stated that if the patentee shows that the asserted evidence is tied to a specific product and that the product "is the invention disclosed and claimed," then the patentee is entitled to a "presumption of nexus between the asserted evidence of secondary considerations and a patent claim."^[15]

In short, presuming a nexus between secondary evidence and claims is appropriate "when the patentee shows that the asserted objective evidence is tied to a specific product and that product 'embodies the claimed features, and is coextensive with them.'"^[16]

Importantly, a patentee is not entitled to such a presumption when, for example, "the patented invention is only a component of a commercially successful machine or process."^[17] In effect, the patentee is entitled to a presumption of the required nexus only when the evidence of secondary considerations directly overlaps with the patent claims, and what the patent claims is a coextensive with the product's key features rather than covering simply a single or minor component of the process or product.^[18]

Recognizing that "there is rarely a perfect correspondence between the claimed invention and the product," the Federal Circuit cautioned that there still must be close connection.^[19] This supports "the purpose of the coextensiveness requirement [which] is to ensure that nexus is only presumed when the product tied to the evidence of secondary considerations 'is the invention disclosed and claimed.'"^[20]

The Federal Circuit concluded that no reasonable fact finder could conclude that the chainrings in question were coextensive with the patent claims. Thus, SRAM was not entitled to the presumption of a nexus between the evidence of secondary considerations and the patent claims.

The Federal Circuit determined that there was insufficient overlap, observing that although SRAM had characterized the >80% fill as a critical feature and the heart of the invention,

the claims at issue did not include this (and other) features.

The Federal Circuit used an analogy of a car to show that there needs to be a tight commercial nexus supporting a presumption. For example, if a patent included claims covering brake pads and others directed more broadly to an automobile that recites generally brake pad functions, the Federal Circuit noted that it would be “beyond dispute that the ‘brake pad’ claims would not be entitled to a nexus presumption with any secondary considerations evidence tied to commercially sold automobiles containing those brake pads.”[21]

Conclusion

In recent years, there has been a trend to increasingly focus on secondary considerations in the context of obviousness challenges, and the Federal Circuit has closely assessed lower courts’ analyses of these factors. Patent owners facing such challenges should diligently marshal evidence demonstrating that the commercial success of their products carefully aligns with the scope of their patent claims.

At the core of the FOX decision is the Federal Circuit’s strong exhortation that lower courts carefully examine evidence of secondary considerations and the propriety of any legal presumptions in favor of such evidence, lest the nexus requirement lose its meaning and potentially “rest entirely on minor variations in claim drafting.”[2]

Following FOX, evidence of commercial success relating to sales of a multifaceted product may not be relevant to secondary considerations where a challenged patent claim covers only a specific product feature. In such situations, patentees should consider introducing evidence explaining how unclaimed features are unimportant.

While in FOX it was clear that certain unclaimed features were critical to the commercial success of SRAM’s products, in other cases this may be a close question. Whether a particular feature is insignificant to the commercial success of a product may become a new battleground in the analysis of secondary considerations of nonobviousness.

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[1] 944 F.3d 1366 (Fed. Cir. Dec. 18, 2019).

[2] Fox, at 1373.

[3] Id. at 1369.

[4] Id.

[5] Id.

[6] Id. at 1375.

[7] Id. at 1371.

[8] Id.

[9] Id.

[10] 593 F.3d 1289 (Fed. Cir. 2010), vacated on other grounds, 374 F. App'x 35 (2010).

[11] FOX, at 1371-72.

[12] Id. at 1372.

[13] Id. at 1379.

[14] Id. at 1373.

[15] Id.

[16] Id.

[17] Id.

[18] Id.

[19] Id. at 1374.

[20] Id.

[21] Id. at 1376-77.

[22] Id. at 1376.