

# An 'obvious' time to take secondary considerations seriously

By Jason E. Stach, Esq., and Michelle G. Rice, Esq., *Finnegan, Henderson, Farabow, Garrett & Dunner LLP*

AUGUST 31, 2020

Secondary considerations are by no means “secondary in importance.” Rather, in the right circumstances, secondary considerations can be the “most probative and cogent evidence”<sup>1</sup> of nonobviousness and make the difference between winning and losing.

In a recent line of cases, the Federal Circuit stressed the importance of secondary considerations and elaborated on the requirements for them to be effective in demonstrating nonobviousness.

---

## Now is the time to rethink the importance of secondary considerations.

---

The Patent Trial and Appeal Board (“the Board”) has also designated a number of decisions on secondary considerations as precedential or informative.

Now is the time to rethink the importance of secondary considerations — perhaps more aptly referred to as “objective evidence” or “objective indicia” of nonobviousness — in defending against obviousness as a patent owner, or refuting them as a patent challenger.

### GENERAL STANDARDS

Factual findings underlying an obviousness analysis include:

- (1) the scope and content of the prior art,
- (2) difference between the prior art and the claims at issue,
- (3) the level of skill in the pertinent art, and
- (4) secondary considerations.<sup>2</sup>

Secondary considerations can include, for example, commercial success, industry praise, longfelt but unsolved needs, failure of others and unexpected results. And to be accorded substantial weight, secondary-consideration evidence must have a “nexus” to the claimed invention, which requires a “legally and factually sufficient connection.”<sup>3</sup>

A patent owner is entitled to a presumption of nexus if the asserted evidence is “tied to a specific product” that embodies and is “coextensive” with the claimed features.<sup>4</sup>

Without a presumption, a patent owner can prove a nexus by showing its secondary-consideration evidence is the “direct result” of some unique aspect of the invention.<sup>5</sup>

### DEMONSTRATING OR REFUTING NONOBVIOUSNESS THROUGH SECONDARY CONSIDERATIONS

#### Nexus

A presumption of nexus does not require a perfect correspondence between a product and the claimed features. The patent owner must, however, demonstrate a substantial correspondence such that “the product is essentially the claimed invention.”<sup>6</sup>

A presumption is inappropriate, for example, if the unclaimed features materially affect the product functionalities.

Therefore, a patent owner should consider addressing unclaimed features included in the product by, for example, supplying evidence that the claimed features, as opposed to the unclaimed ones, constitute the essence of the product, are significant to its function, or drive its market success.

For instance, in *Fox Factory Inc. v. SRAM LLC*,<sup>7</sup> the Federal Circuit held that the Board erred in presuming a nexus between SRAM’s patent claims and its XSync chainring products.

The court noted that the X-Sync chainrings included an unclaimed gap filling feature that SRAM described as “critical” to the product’s ability to retain a chain under many conditions.

Referring to SRAM’s marketing materials, the court noted that the XSync chainrings also included other unclaimed features that materially impact the product’s functioning.

Given the materiality of the unclaimed features, the court concluded that a presumption of nexus was inappropriate.

In essence, the court was unwilling to presume a nexus where features other than those claimed may have driven the commercial success and other secondary considerations at issue in the case.

To establish a nexus, the secondary-consideration evidence does not have to be *exclusively* linked to novel features recited in the claims; a nexus may exist if the evidence is linked at least in part to some novel aspect of the claimed invention.

In addition, the novel aspect does not necessarily have to be an individual feature where the novelty resides in a combination of known elements.<sup>8</sup>

For instance, in *Ex parte Whirlpool Corp.*,<sup>9</sup> the patent owner presented evidence of industry praise and commercial success of its refrigerators having an in-door ice system.

The industry praised a removable and transparent ice bin — a feature not recited in the claims — and the claimed feature of mounting an ice bin on the refrigerator door. The Board found a nexus between the praise and the claimed invention because it related at least in part to a claimed feature.

---

### When relying on commercial success, a patent owner should provide supporting documentation or explanations of the alleged success.

---

In addition, although the doormounted bin itself was known in the art, the claimed combination of an ice maker placed above the door-mounted ice bin was deemed novel. According to the Board, the praise and commercial success addressed the claimed novel combination, and therefore satisfied the nexus requirement.

By their nature, secondary considerations often develop after the applicant files a patent application or the Patent Office issues a patent. Indeed, the name “secondary considerations” derives from the fact that the evidence is secondary (or later) in time.<sup>10</sup>

Commercial success, for instance, may occur long after a patentee releases a product, with some products taking months or years to succeed. But the features proven to be competitive in the marketplace may not correspond to features recited in the originally filed or issued claims.

In cases where a link develops between a secondary consideration of nonobviousness and an unclaimed feature, a patent owner facing a patent challenge before the Board may consider submitting a motion to amend with substitute claims reciting that unclaimed feature.

That way, even if a nexus cannot be established for the original claims, the secondary-consideration evidence may save the substitute, albeit narrower, claims.

Alternatively, if prosecution remains open in the challenged patent’s family, the patent owner may consider adding claims in a continuation application directed to that unclaimed feature.

For instance, in *Lectrosonics Inc. v. Zaxcom Inc.*,<sup>11</sup> during a PTAB proceeding, Zaxcom moved to add a feature to the challenged claims. The Board found that Zaxcom had submitted expert testimony referring to the new feature and explaining the significance of that feature in the marketplace.

The Board found this evidence “strongly” probative in establishing a nexus between the new feature and the evidence of secondary considerations, which included industry awards that Zaxcom alleged had praised the new feature.

Although the Board found no nexus for the original claims, it concluded that Zaxcom’s evidence had a sufficient nexus for its amended substitute claims.

After weighing the evidence, the Board ultimately held the substitute claims patentable because, in its view, the secondary-consideration evidence weighed in favor of nonobviousness.

When facing secondary-consideration evidence, a patent challenger should consider mapping that evidence to the claimed elements and probe any potential gaps.

If the patent owner’s product includes unclaimed features, the patent challenger should investigate the significance of those unclaimed features, such as how they affect the product’s function or contribute to the product’s commercial success.

The patent owner’s own marketing statements boasting the novelty or attractiveness of unclaimed features may be helpful in negating a nexus.

#### Commercial success

When relying on commercial success, a patent owner should provide supporting documentation or explanations of the alleged success. General statements, such as unspecified assertions of increased sales, generally will not suffice.

For instance, in *Robert Bosch LLC v. Iancu*,<sup>12</sup> Bosch argued commercial success to support nonobviousness, presenting sales figures of about \$70M over three years.

The Board accorded that evidence little weight because Bosch presented “raw sales data lacking supporting documentation.”<sup>13</sup>

Bosch also did not explain how the sales were significant, nor did it compare the sales data to prior or subsequent years’ sales. The Federal Circuit affirmed the Board’s decision.

In addition, a patent owner should present evidence demonstrating commercial success attributable to the claimed features *separate* from success attributable to unrelated features.

In *Shoes by Firebug LLC v. Stride Rite Children’s Group LLC*,<sup>14</sup> for instance, Firebug submitted testimony of its owner and

named inventor of the challenged patents that one licensee reported \$1.3 million in sales of Firebug's products in 2014.

The Board accorded that evidence limited weight because the sales figure covered products unrelated to the challenged patents. On appeal to the Federal Circuit, Firebug contended that the Board failed to consider two license agreements that included the challenged patents.

The court held that the license agreements were also entitled to little weight because they included numerous other intellectual property rights. The court therefore affirmed the Board's obviousness determination.

A patent challenger, when refuting alleged commercial success, should examine whether the patent owner provided documentation substantiating its alleged success.

It should also ascertain whether its evidence covers unrelated products or features, or if it results from other unrelated business factors. If the evidence lacks a connection to the claimed features, the alleged success generally will not provide much probative weight.

#### Industry praise

A patent owner should sufficiently describe alleged praise or awards to enable courts or the Board to evaluate the evidence and discern its connection with the claimed features. For instance, in the *Robert Bosch* case discussed above, Bosch argued that its wiper blade product won three awards.

That evidence was given minimal weight because Bosch provided "no description" or copies of those awards, and it did not explain as to "what these awards were for and how specifically they relate to the claimed invention."<sup>15</sup>

Further, although the praise does not have to refer exclusively to the claimed features, it must address at least some claimed aspects to be accorded substantial weight. In *Boston Scientific SciMed Inc. v. Iancu*,<sup>16</sup> for example, Boston Scientific offered evidence that the industry praised its products.

The court held that this evidence carried little weight because it was undermined by evidence that the praise was linked to unclaimed features and resulted partly from Boston Scientific's existing market share.

When refuting a patent owner's alleged industry praise, a patent challenger should investigate whether the praise represents an opinion from the industry at large, how recipients of alleged awards were selected, and whether the praise relates to the claimed features.

Reviewing the patent owner's press releases regarding the awards may reveal helpful statements attributing the praise to unclaimed features.

#### Long-felt, unmet need and failure of others

When relying on failure of others, a patent owner should provide details identifying actual failed attempts by others to

develop features recited in the claims or to address problems solved by the claims. Conclusory assertions generally will not suffice.

Also, the fact that the patentee lacked competition in the marketplace, without more, may be insufficient.

For instance, in *Lectrosionics*, Zaxcom's expert stated that Zaxcom had no competition for eight years until Sony released a competing product.

The Board found this evidence to be "conclusory and without adequate support," and it noted that the lack of competition itself failed to prove whether others "tried and failed" at developing a solution.<sup>17</sup>

In contrast, in *Sanofi-Aventis U.S. LLC v. Dr. Reddy's Laboratories Inc.*,<sup>18</sup> Sanofi presented evidence that multiple research groups around the world attempted to develop effective taxane cancer treatments, and Sanofi's claimed compound was only the third to obtain FDA approval.

The Federal Circuit affirmed the district court's finding that this evidence of failure warranted "significant weight" in the obviousness analysis.

To establish a long-felt need, the Board explained in *Ex parte Thompson*<sup>19</sup> that a patent owner must prove:

- (1) a persistent need recognized by ordinarily skilled artisans;
- (2) that the need had not been satisfied by another before the invention; and
- (3) that the invention satisfies the need.

To show the alleged need was unmet, the parties should take into account whether any prior art, cited in the record or otherwise, had addressed that alleged need.

For instance, in *Nike Inc. v. Adidas AG*,<sup>20</sup> Nike alleged a long-felt need in the industry for solutions to minimize material waste in shoe production.

The court affirmed the Board's conclusion that Nike failed to demonstrate that the alleged need existed, stating that Nike's arguments focused solely on one particular prior art reference and ignored relevant teachings of other asserted references addressing that problem.

Any alleged need, therefore, already appeared to have been satisfied.

Parties should also be mindful not to conflate the long-felt need inquiry with the existence of a motivation to improve existing systems. The "[absence of an] unmet need does not necessarily mean that there is no motivation to improve a system."<sup>21</sup>

*Celgene Corp. v. Peter*<sup>22</sup> involved appeals from IPRs challenging two related Celgene patents, both directed to safely delivering potentially hazardous drugs to a patient.

In one IPR, the Board found no long-felt need for a better delivery system partly because existing systems were adequate. In the other IPR, however, the Board found that there was a motivation to improve existing distribution systems because of the severity of possible adverse effects.

The Federal Circuit found the Board's findings to be reconcilable, explaining that there is no conflict between the absence of a longfelt need and a motivation to improve existing systems, especially in a context involving safety.

### Copying

Copying involves a different inquiry from an infringement analysis and may focus on a different set of evidence. Similarities between a challenged patent and an accused product, while relevant to infringement, do not automatically establish copying.

The focus of the copying analysis is whether others made efforts to replicate a patent owner's inventions. Even if no specific product is involved, the proffered evidence is relevant to copying if it indirectly demonstrates actual copying efforts by others.

Relevant evidence of copying can include access to an issued patent coupled with evidence showing a competitor changing its design, or access to articles about a patented method and others subsequently borrowing ideas from those articles.<sup>23</sup>

In *Liqwd Inc. v. L'Oreal USA Inc.*,<sup>24</sup> for instance, the Federal Circuit held that the Board erred in disregarding evidence about L'Oreal's efforts to replicate Liqwd's patented method.

Although Liqwd had not shown that L'Oreal copied a specific patented product, Liqwd's evidence showed that L'Oreal used a specific type of acid in developing its products because of its access to Liqwd's then-confidential patent application disclosing the patented method of using that acid.

The court held that this evidence was relevant to copying and remanded for the Board to consider the evidence in its obviousness analysis.

If a specific product covered by a challenged patent is being copied, a patent owner should submit evidence specifying alleged copies replicating that particular product.

General assertions of a competitor offering similar products or the patent owner's allegations of infringement, without more, generally will not be accorded much weight.

In *Robert Bosch*, for example, Bosch asserted that it created a new "market category" by introducing its new windshield wiper blades, and that others sold "knockoffs" that looked identical to its products.<sup>25</sup>

Bosch's evidence, however, focused on the fact that it had filed a single patent infringement lawsuit against the sellers of the alleged knockoffs.

The Board gave no probative weight to Bosch's copying allegations, noting that "[m]erely offering competing products or alleging infringement are not signs of nonobviousness," and the record lacked persuasive evidence of efforts by others to replicate Bosch's specific products.<sup>26</sup>

The Federal Circuit affirmed the Board's conclusion.

### CONCLUSION

With the right record, secondary considerations may save a challenged patent's claims from being deemed obvious.

When relying on secondary considerations, a patent owner should establish a complete record with evidentiary support. Unsubstantiated assertions tracking relevant legal requirements generally will not be accorded much weight.

In AIA trials, a party should fully develop the record before the Board. If the Board's decision is appealed to the Federal Circuit, with a proper record before the Board, the court will likely defer to the Board's weighing of secondary-consideration evidence leading to its ultimate conclusion regarding obviousness.

Even if the Federal Circuit disagrees with the Board's nexus finding or the weight accorded to certain evidence, the Board's findings will often be upheld if substantial evidence supports its ultimate obviousness determination.

When refuting secondary-consideration arguments, a patent challenger should attempt to refute the nexus between the evidence and the claimed invention, investigating any potential disconnect between the two and focusing in particular on any unclaimed features that may affect the analysis.

The patent challenger may also consider challenging the probative weight of the patent owner's secondary-consideration evidence if it lacks factual support in the record.

As the recent cases discussed above demonstrate, courts and the Board continue to develop the law on secondary considerations, and in the right circumstances, secondary considerations may save the day for a patent owner.

But they will only do so if presented in a complete and thoughtful way, as opposed to being a "secondary" afterthought.

### Notes

<sup>1</sup> *Stratoflex Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983).

<sup>2</sup> *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). Some judges on the Federal Circuit view secondary considerations as rebuttal evidence against a prima facie showing of obviousness based on the other *Graham* factors. See, e.g., *Merck Sharp & Dohme Corp. v. Hospira Inc.*, 874 F.3d 724, 730-31 (Fed. Cir. 2017) (affirming the district court's holding that the patent owner's secondary consideration evidence could not overcome the showing of obviousness based on the prior art). Other judges have held that secondary considerations must be considered before reaching an ultimate determination on obviousness. See, e.g., *Apple Inc. v. Samsung Elecs. Co. Ltd.*, 839 F.3d 1034, 1048 (Fed. Cir. 2016). Under either

approach, however, secondary considerations remain a significant part of the obviousness analysis.

<sup>3</sup> See, e.g., *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988).

<sup>4</sup> *Fox Factory Inc. v. SRAM LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019).

<sup>5</sup> *Id.* at 1374.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 1366.

<sup>8</sup> See, e.g., *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324, 1333 (Fed. Cir. 2019).

<sup>9</sup> *Ex parte Whirlpool Corp.*, Appeal No. 2013-008232 (P.T.A.B. Oct. 30, 2013) (designated as informative on Apr. 14, 2020).

<sup>10</sup> See, e.g., *WBIP LLC v. Kohler Co.*, 829 F.3d 1317, 1328 (Fed. Cir. 2016); *Truswall Sys. Corp. v. Hydro-Air Engineering Inc.*, 813 F.2d 1207, 1212 (Fed. Cir. 1987) (“That evidence is ‘secondary’ in time does not mean that it is secondary in importance.”).

<sup>11</sup> *Lectrosionics Inc. v. Zaxcom Inc.*, No. IPR2018-01129, Paper 33 (P.T.A.B. Jan. 24, 2020) (designated as precedential on Apr. 14, 2020).

<sup>12</sup> 778 F. App’x 871 (Fed. Cir. 2019).

<sup>13</sup> *Id.* at 881.

<sup>14</sup> 962 F.3d 1362 (Fed. Cir. 2020).

<sup>15</sup> *Robert Bosch*, 778 F. App’x at 881.

<sup>16</sup> 811 F. App’x 618 (Fed. Cir. 2020).

<sup>17</sup> *Lectrosionics*, No. IPR2018-01129, Paper 33 at 71.

<sup>18</sup> 933 F.3d 1367 (Fed. Cir. 2019).

<sup>19</sup> *Ex parte Thompson*, Appeal No. 2011-011620 (P.T.A.B. Mar. 21, 2014) (designated as informative on Apr. 14, 2020).

<sup>20</sup> 955 F.3d 45 (Fed. Cir. 2020).

<sup>21</sup> 931 F.3d 1342, 1353 (Fed. Cir. 2019).

<sup>22</sup> *Id.* at 1342.

<sup>23</sup> See *Liqwd Inc. v. L’Oreal USA Inc.*, 941 F.3d 1133, 1137-38 (Fed. Cir. 2019).

<sup>24</sup> *Id.* at 1133.

<sup>25</sup> *Costco Wholesale Corp. v. Robert Bosch LLC*, No. IPR2016-00036, Paper 69 at 43-44 (P.T.A.B. Apr. 24, 2017).

<sup>26</sup> *Id.*

*This article was published on Westlaw Today on August 31, 2020.*

## ABOUT THE AUTHORS



**Jason E. Stach** (L), a partner at **Finnegan, Henderson, Farabow, Garrett & Dunner LLP** in the firm’s Atlanta office, has experience in several areas, including challenging and defending patents in post-grant proceedings at the U.S. Patent and Trademark Office, litigating in district courts and at the U.S. International Trade Commission, representing clients before the U.S. Court of Appeals for the Federal Circuit, managing worldwide patent portfolios, and counseling clients on due diligence and freedom-to-operate issues. He also handles cases involving electrical, computer, software, chemical, pharmaceutical, medical device and mechanical technologies. He can be reached at [jason.stach@finnegan.com](mailto:jason.stach@finnegan.com). **Michelle G. Rice** (R), an associate in the firm’s Washington office, maintains a diverse practice involving litigation and patent prosecution. She works on cases at the U.S. International Trade Commission and the district courts, and post-grant proceedings before the Patent Trial and Appeal Board. She also handles patent prosecution relating to electronics, software, data processing and business methods. She can be reached at [michelle.rice@finnegan.com](mailto:michelle.rice@finnegan.com).

**Thomson Reuters** develops and delivers intelligent information and solutions for professionals, connecting and empowering global markets. We enable professionals to make the decisions that matter most, all powered by the world’s most trusted news organization.