

No. 17-1252

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IN THE  
Supreme Court of the United States

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B/E AEROSPACE INC.,  
*Petitioner*

v.

C&D ZODIAC INC.,  
*Respondent*

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**ON PETITION FOR A WRIT OF CERTIORARI**

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**B/E AEROSPACE'S REPLY TO ZODIAC'S  
BRIEF IN OPPOSITION TO PETITION FOR  
WRIT OF CERTIORARI**

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Morgan Chu  
*Counsel of Record*  
Michael R. Fleming  
IRELL & MANELLA LLP  
1800 Avenue of the Stars, Ste. 900  
Los Angeles, CA 90067  
(310) 277-1010

*Counsel for Petitioner*

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## QUESTIONS PRESENTED

The petition for *certiorari* presents the following two questions:

1. Whether inter partes review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.
2. Whether an obviousness analysis involving objective indicia of non-obviousness is a one-step legal conclusion weighing all *Graham* factors on an equal footing, or a two-step process that includes an initial determination, or *prima facie* case, of obviousness that is only subsequently balanced against the weight of the objective indicia of non-obviousness.

## **PARTIES TO THE PROCEEDINGS**

All parties are identified in the caption of this petition. Petitioner here and appellant below is B/E Aerospace, Inc. (“B/E”). Respondent here and cross-appellant below is C&D Zodiac, Inc. (“Zodiac”).

## **RULE 29.6 STATEMENT**

All parent corporations and publicly held companies that own 10% or more of Petitioner B/E’s stock: Rockwell Collins, Inc.

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**REPLY TO ZODIAC'S BRIEF IN OPPOSITION**

B/E withdraws the first Question Presented in view of the Court's decision in *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1379 (2018).

Zodiac's brief confirms that B/E's petition for certiorari should be granted to review the second Question Presented. Zodiac's argument that B/E waived this question is incorrect. B/E preserved the issue in its opening brief to the Federal Circuit. Zodiac's other arguments also lack merit. Both the Board and the Federal Circuit decisions plainly show that the determination of obviousness was made before B/E's objective evidence of non-obviousness was considered. Zodiac does not rebut B/E's argument that there are inconsistent decisions from various Federal Circuit panels regarding the proper role of objective indicia of non-obviousness, and that the law in this area is in need of clarification from the Supreme Court.

**I. B/E PRESERVED THE SECOND QUESTION PRESENTED**

Zodiac's Opposition argues that B/E waived the second Question Presented. Opp. 4-5. This is incorrect. B/E preserved the second Question by raising it in its opening brief before the Federal Circuit. In that brief, B/E clearly argued that the Board erred when it first, without considering the evidence on secondary considerations, decided that the claimed invention was obvious in view of the prior art and then, only as a second step, brushed aside the secondary considerations evidence in light of its already-formed conclusion on obviousness. One of the issues B/E presented to the Federal Circuit was

“[w]hether the Board erred in giving no weight to secondary considerations.” B/E’s Opening Brief at 5, Nos. 16-1496, 16-1497 (Fed. Circ. May 19, 2016). B/E argued the following:

The Board also erred by brushing aside extensive objective evidence of commercial success and industry awards and acclaim, which have no explanation if the patented inventions would have been obvious based on a single patent, regarding a completely unrelated mechanism (a coat rack), filed over 35 years earlier.

*Id.* at 64. B/E argued that if the Board had not “erroneously ignored” certain secondary considerations evidence, it would have found that “the objective evidence confirms that the ’838 patent’s inventions would not have been obvious.” *Id.* at 51, 56-58. B/E explained that the Board, in reaching its decision on obviousness, not only ignored the secondary considerations evidence but also engaged in impermissible hindsight bias. *Id.* at 64-65. B/E cited *Graham v. John Deere Co.* for the law on assessing obviousness and the role of secondary considerations in that analysis. *Id.* at 12-13 (quoting *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)). B/E’s opening brief before the Federal Circuit therefore presents the same issue as the second Question Presented in B/E’s petition for certiorari. Zodiac is incorrect when it argues that this issue was first raised in B/E’s reply to the Federal Circuit.

Zodiac is also incorrect when it alleges that B/E did not contend in its opening brief that the Board made any legal mistakes. Opp. 2, 9-11. As the above statements from B/E’s opening brief show, B/E

argued to the Federal Circuit that the Board had conducted legal error by not considering evidence of secondary considerations in reaching its decision on obviousness. B/E's subsidiary discussion of the secondary considerations evidence does not change this. The factual discussion of the evidence only confirms that had the Board properly considered the evidence as part of its obviousness analysis, it would have found that the claimed invention was not obvious.

B/E's Federal Circuit reply brief responds to Zodiac's opposition by elaborating on the arguments first raised in B/E's opening brief, including that the Board failed to properly consider the secondary considerations evidence. For example, Zodiac's opposition brief to the Federal Circuit incorrectly argued that the Board weighed the *Graham* factors: "Weighing the evidence of secondary considerations against the 'strong evidence of obviousness in view of Betts,' the Board concluded that the challenged claims were obvious." Zodiac's Opposition Brief at 26, Nos. 16-1496, 16-1497 (Fed. Cir. Sept. 13, 2016) (citation omitted). In response, B/E's reply explained that contrary to Zodiac's mischaracterization, "the Board reached its obviousness conclusion before even considering B/E's objective evidence" and "[t]he Board incorrectly relegated the objective analysis to rebuttal evidence." Response and Reply Brief of Appellant B/E Aerospace, at 31, Nos. 16-1496, 16-1497 (Fed. Cir. Nov. 10, 2016).

B/E's reply also discussed *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 839 F.3d 1034 (Fed. Cir. 2016), *cert. denied*, 138 S. Ct. 420 (2017), which was decided on October, 7, 2017, after Zodiac's opposition but before



B/E's reply. The Court in *Apple* held that "it is error to reach a conclusion of obviousness until all those [*Graham*] factors [including objective indicia] are considered." *Id.* at 1048. The fact that B/E's reply discussed this intervening decision and responded to Zodiac's opposition does not take away from the fact that B/E's opening brief squarely challenges the way the Board treated secondary considerations and thus preserves this issue for review by the Supreme Court.

In addition, Zodiac is incorrect when it alleges that the Federal Circuit did not address B/E's argument. The Federal Circuit considered B/E's argument in the following passage:

Finally, we see no error in the Board's ultimate determination of obviousness. The Board weighed the 'strong evidence of obviousness' in view of Betts against the 'moderate' evidence of industry praise and the 'weak' evidence of copying and commercial success before concluding that the claims would have been obvious over Betts when combined with the knowledge of an ordinarily skilled artisan. *Board Decision*, 2015 WL 6470951, at \*11. We agree.

Pet. 37. B/E's petition for certiorari discusses this: "This, in effect, did exactly what *Cyclobenzaprine* instructs that one cannot do: the Board and the Federal Circuit reached a first view of the 'evidence of obviousness,' and only then asked if the objective indicia were sufficient to overcome that view." Pet. 16.

Zodiac's Opposition to B/E's petition for certiorari further suffers from the fact that Zodiac relies on

cases that are distinguishable. Opp. 4-5. For example, *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319-20 (Fed. Cir. 2006) and *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1320-21 n.3 (Fed. Cir. 2005) both are distinguishable because the petitioners in those cases relied on arguments that appeared only in the footnotes of their opening appeal briefs, and were not otherwise developed. In *Cutter v. Wilkinson*, 544 U.S. 709, 719 n.7 (2005), unlike here, the issues raised (certain defensive pleas) “were not addressed by the Court of Appeals.” In the current case, by contrast, the Federal Circuit considered and decided the issue. Pet. 37. And unlike in *CRST Van Expedited, Inc. v. E.E.O.C.*, 136 S. Ct. 1642, 1645 (2016), this is not a case of a petitioner changing its arguments “between the certiorari and merits stages.” Here, B/E raised the same issue at the Federal Circuit that it now raises in the certiorari petition.

Further, the Supreme Court’s “traditional rule is that ‘[o]nce a federal claim is properly presented, a party can make any argument in support of that claim; parties are not limited to the precise arguments they made below.’” *Lebron v. Nat’l R.R. Passenger Corp.*, 513 U.S. 374, 379 (1995) (alteration in original) (quoting *Yee v. City of Escondido, Cal.*, 503 U.S. 519, 534 (1992)). Here, B/E consistently pressed its claim that the ’838 patent was not obvious due in part to secondary considerations—a discussion that spans over ten pages of B/E’s opening brief to the Federal Circuit. *See, e.g.*, B/E’s Opening Brief at 51-63, Nos. 16-1496, 16-1497 (Fed. Cir. May 19, 2016). This claim embraces the argument that the objective evidence, when properly considered as part of the obviousness inquiry, confirms that the claimed

invention was not obvious—an argument that B/E also articulated in its opening brief to the Federal Circuit. Further, the Court’s “practice ‘permit[s] review of an issue not pressed so long as it has been passed upon.’” *Lebron*, 513 U.S. at 379 (alteration in original). Even assuming B/E did not preserve the issue in its opening brief to the Federal Circuit, which it did, the Federal Circuit “passed” upon B/E’s secondary considerations claim by first determining that the invention was obvious and then passing on the secondary considerations evidence. *See* Pet. 16 (“[T]he Board and the Federal Circuit reached a first view of the ‘evidence of obviousness,’ and only then asked if the objective indicia were sufficient to overcome that view.”); *see also id.* at 37. This further confirms that the second Question Presented in B/E’s petition for certiorari was preserved for review by the Supreme Court.

## **II. THE BOARD’S AND FEDERAL CIRCUIT’S DECISIONS DIRECTLY IMPLICATE THE SECOND QUESTION PRESENTED**

### **A. The Court Should Address The Inconsistent Decisions Concerning The Proper Role Of Objective Indicia of Non-Obviousness**

B/E’s petition for certiorari should be granted to address inconsistent decisions from Federal Circuit panels addressing obviousness and the secondary considerations factor from *Graham*. Pages 8-15 of B/E’s petition for certiorari explain this problem using examples from the Federal Circuit to demonstrate the inconsistencies in the decisions of various panels. Zodiac’s Opposition does not dispute

that there is such an inconsistency. Zodiac instead urges that the cases engaging in a two-step analysis do not improperly shift the burden to prove validity to the patent owner. Opp. 11. But Zodiac misses the point. As detailed in B/E's petition, the problem is that certain Federal Circuit panels interpret *Graham* to mean that secondary considerations should be considered concurrently with the other *Graham* factors to arrive at a decision on obviousness while other panels believe that secondary considerations may be used as rebuttal evidence once it has already been determined that the invention is obvious. Only one of these approaches can be correct, and it is B/E's position that only the former approach is consistent with *Graham*.

Zodiac falsely alleges that B/E wants a rigid framework. Opp. 1. To the contrary, B/E respectfully asks that the Supreme Court clarify that the flexible analysis set forth in *Graham* requires that all factors, including secondary considerations, be considered when determining obviousness. *See* Pet. 11-15.

Zodiac's Opposition argument regarding the *Apple v. Samsung* case likewise misses the point. Zodiac argues that the case "did not break new ground on obviousness." Opp. 8-9. But this is precisely the point; there is nothing new about the problem discussed in the opinions from the *Apple* case. They discuss the long-standing problem that is the widespread misapplication of secondary considerations evidence in the Federal Circuit's decisions on obviousness. *See* Pet. 9-11.

**B. The Current Case Presents The Question Of Whether Obviousness Analysis Is a One-Or Two-Step Process**

Zodiac’s Opposition incorrectly argues that the Board’s and Federal Circuit’s decisions below do not implicate the second Question Presented. Opp. 5-7. A review of both decisions confirms that it was first decided that the claims are obvious and only then was the secondary considerations evidence used to rebut the determination of obviousness.

In its decision, the Board first stated “[a]pplying the recessed forward wall design of Betts to an aircraft lavatory, . . . *renders obvious* the subject matter of claims 9, 21, and 31.” Pet. 59 (emphasis added). Later in its decision the Board considered the evidence of secondary considerations and wrote:

Considering all the evidence presented, including the strong evidence of obviousness in view of Betts, the moderate evidence of industry praise, and the weak evidence of copying and commercial success, we determine that claims 1, 3-7, 9, 10, 12-14, 16-19, 21, 22, 24-29, 31, and 33-37 would have been obvious over Betts to a person of ordinary skill in the art.

Pet. 67. These statements confirm that the Board engaged in an improper two-step analysis. The Board expressly acknowledges that it first found “strong evidence of obviousness in view of Betts” and only then it considered the objective evidence of non-obviousness.

The Federal Circuit also used an improper two-step analysis when it agreed with the Board's decision. The Federal Circuit wrote:

Finally, we see no error in the Board's ultimate determination of obviousness. The Board weighed the "strong evidence of obviousness" in view of Betts against the "moderate" evidence of industry praise and the "weak" evidence of copying and commercial success before concluding that the claims would have been obvious over Betts when combined with the knowledge of an ordinarily skilled artisan. *Board Decision*, 2015 WL 6470951, at \*11. We agree.

Pet. 37. Like the Board, the Federal Circuit started with the determination of "evidence of obviousness" and only then considered the objective evidence of non-obviousness.

Zodiac's Opposition focuses on the fact that Board and the Federal Circuit, after considering the objective evidence of non-obviousness, concluded that the claims are obvious. Opp. 7. But Zodiac overlooks the fact that the Board and the Federal Circuit first determined that the Betts prior art reference rendered the claims obvious and only then moved on to consider the objective evidence of non-obviousness and decided that the obviousness decision should stand.

Zodiac's Opposition incorrectly assumes that just because the decisions below accurately stated the law, they necessarily applied the law correctly. Opp. 7-12. This is not the case. As the quotes above from

both decisions confirm, the Board and the Federal Circuit did not accurately apply *Graham*.

In addition, B/E's petition does not turn on semantics and whether the determination of non-obviousness is labeled a *prima facie* determination. Opp. 9-11. B/E's point is that the use of the term *prima facie* in connection with the initial determination of non-obviousness only confirms that there is a two-step analysis at work in the Board's and Federal Circuit's decisions. Pet. 9.

Moreover, the Board's error, which the Federal Circuit sanctioned, is not without consequence. By first deciding obviousness, both the Board and the Federal Circuit necessarily decided whether there was a motivation to combine and engaged in hindsight bias without even evaluating the evidence of secondary considerations. B/E's Opening Brief at 47, Nos. 16-1496, 16-1497 (Fed. Circ. May 19, 2016). And as the Supreme Court in *Graham* observed, objective considerations counter hindsight by serving to "resist the temptation to read into the prior art the teachings of the invention in issue." Pet. 12 (quoting *Graham v. John Deere*, 383 U.S. 1, 17 (1966)). But by using secondary considerations as part of a two-step analysis, as the Board and the Federal Circuit did here, this evidence cannot serve its function of countering hindsight. Neither the Board nor the Federal Circuit considered secondary considerations on equal footing with the remaining evidence on obviousness. This case, therefore, squarely presents the Supreme Court with an opportunity to clarify this important legal issue.

### III. CONCLUSION

For the foregoing reasons, B/E respectfully submits that its petition for certiorari should be granted. When properly applied, B/E's objective evidence of non-obviousness makes clear that the '838 patent is not obvious.

Dated: September 18, 2018

/s/ Morgan Chu  
Morgan Chu

Irell & Manella LLP  
1800 Avenue of the Stars,  
Suite 900  
Los Angeles CA, 90067  
Telephone: (310) 277-1010  
Facsimile: (310) 203-7199  
mchu@irell.com  
*Counsel for:*  
  
*Petitioner*  
*B/E Aerospace, Inc.*