

No. \_\_\_\_\_

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**In The  
Supreme Court of the United States**

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ZUP, LLC,

*Petitioner,*

v.

NASH MANUFACTURING, INC.,

*Respondent.*

—◆—  
**On Petition For Writ Of Certiorari  
To The United States Court Of Appeals  
For The Federal Circuit**

—◆—  
**PETITION FOR WRIT OF CERTIORARI**

—◆—  
MATTHEW M. WAWRZYN  
*Counsel of Record*  
WAWRZYN & JARVIS LLC  
2700 Patriot Blvd., Suite 250  
Glenview, IL 60026  
847.656.5864  
matt@wawrzynlaw.com

**QUESTION PRESENTED**

Whether evidence of “secondary considerations” (e.g., a long-felt, but unresolved, need for the patented invention) is less important, functioning at a diminished capacity from time to time to rebut *prima facie* evidence of obviousness.

**PARTIES TO THE PROCEEDING**

The petitioner is ZUP, LLC. Respondent is Nash Manufacturing, Inc.

**CORPORATE DISCLOSURE STATEMENT**

Pursuant to Supreme Court Rule 29.6, ZUP, LLC has no parent corporation, nor does any publicly held company own any stock in ZUP, LLC.

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**PETITION FOR A WRIT OF CERTIORARI**

ZUP, LLC petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.



**OPINIONS BELOW**

The opinion of the court of appeals is reported at 896 F.3d 1365. The opinion of the district court is reported at 229 F. Supp. 3d 430.



**JURISDICTION**

The judgment of the court of appeals was entered on July 25, 2018. A petition for rehearing was denied on September 28, 2018. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).



**STATUTORY PROVISIONS INVOLVED**

35 U.S.C. § 103(a). “A patent may not be obtained through the invention is not identically disclosed or described as set forth in section 102, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall

not be negated by the manner in which the invention was made.”<sup>1</sup>

35 U.S.C. § 282(a). “A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”

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## STATEMENT OF THE CASE

### Background

Glen Duff and his wife bought a motorboat. The motivation for the boat was the couple’s four teenage daughters, who were beginning to spend more time away from the family when school and other work was completed. The Duffs envisioned hours and hours out on the water as a family, having fun together with the boat.

It worked. The Duffs as a family began to take groups from their Church out on the water. During

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<sup>1</sup> Section 103 has since been amended. *See* Leahy Smith America Invents Act, Pub. L. No. 112-29, sec. 3(c), § 103, 125 Stat. 284, 287 (2011) (“AIA”). Because the application that led to the ‘681 patent was filed before March 16, 2013, pre-AIA § 103(a) applies. *See id.* sec. 3(n)(1), 125 Stat. at 293; *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 449 n.7 (Fed. Cir. 2015).

these outings, Glen Duff observed that only a segment of a given group of kids would try to waterski. Getting up and out of the water into a standing position while being towed by a motorboat requires both upper body strength and finesse. As such, Glen Duff noticed that, by and large, the more athletic kids successfully waterskied, where others tried and failed, or did not try at all.

This inspired Duff to invent a board that would allow everybody—the young and old, the athlete and the weakling—to get up into a standing position while being towed by a motorboat. Duff called his invention the ZUP Board. It had three main components: a tow hook, side-by-side handles placed after the tow hook, and side-by-side foot bindings placed after the handles in the middle section of the board.

The method of using the ZUP Board is for the user to lie prone on the board in the water grasping each handle. Once the board is being towed by the motorboat and achieves a substantially parallel position relative to the water surface, the rider achieves a kneeling position by placing her knees on the board. Then, the rider achieves a crouching position by placing each foot in a foot binding. Finally, she removes each hand, one at a time, from the handles, placing each hand on the towrope handle, which she removes from the tow hook.

Duff applied for and was issued a patent on both the ZUP Board and the method of using the ZUP Board



outlined above. Duff assigned the patent to his company ZUP, LLC.

Nash Manufacturing, Inc. has been manufacturing and selling water recreation goods for over 50 years. Nash's president, Keith Parten, is an inventor and has been issued patents that cover some of the goods that Nash manufactures and sells.

On behalf of Nash, Parten discussed with ZUP whether ZUP would be interested in partnering on the manufacture, distribution, and sale of the ZUP Board. As part of those negotiations, Parten praised the ZUP Board. During an initial phone conference in 2014, for example, Parten complimented the ZUP Board, telling ZUP: "You have a great product by the way!" App. 16-17. Further, Mr. Parten agreed that the ZUP Board was directed at the correct market segment, stating: "Think you are spot on with Wally Weekender. Same guy that rides a kneeboard and tube. Want to be able to do it the first time every time." *Id.*

Negotiations between ZUP and Nash broke down. Subsequently, Nash brought its own board to market that can be configured as the ZUP Board, with a tow hook, followed by side-by-side handles, followed by side-by-side foot bindings. Nash calls its board the Versa Board, and displayed the Versa Board at a surf expo that Duff was also attending on behalf of ZUP.

Duff approached Parten at the expo, stating that ZUP holds a patent covering the ZUP Board. Parten replied, "'get over it' and said that patents are meaningless in the water recreation industry." App. 42-43.

ZUP filed a complaint alleging, in part, that Nash's Versa Board infringes the ZUP patent.

### **Procedural History**

On Nash's summary-judgment motion, the District Court invalidated ZUP's patent as obvious under 35 U.S.C. § 103. The District Court reviewed the prior art and found references that separately and individually disclosed, among other things, a tow hook, side-by-side handles, and side-by-side foot bindings. The lower court reasoned that it would have been obvious for one of ordinary skill in the art to combine these three elements in one product. In addition, the District Court reasoned that the evidence of "secondary considerations" that ZUP proffered was insufficient to overcome the court's finding of obviousness. ZUP introduced expert testimony and Nash's statements to establish both a long, but unresolved, need in the water recreation market to combine board components for ease of use, as well as Nash's copying. On the other hand, Nash introduced no evidence of "secondary considerations."

The Court of Appeals for the Federal Circuit, in a two-to-one vote, affirmed the District Court with the same analysis, reasoning that the evidence of "secondary considerations" was insufficient to overcome a *prima facie* case of obviousness: "The weak evidence of secondary considerations presented here simply cannot overcome the strong showing of obviousness." App. 18-19.

Judge Newman dissented: “The requirement that the secondary considerations ‘overcome’ the conclusion based on the first three factors is incorrect, for the obviousness determination must be based on the invention as a whole including the evidence of all four *Graham* factors. It is incorrect to convert the fourth *Graham* factor into ‘rebuttal,’ requiring it to outweigh the other three factors.” App. 29



### REASON FOR GRANTING THE PETITION

A litigant in the Federal Circuit can expect this Court’s standards to apply, in some cases. For example, in the case of *Apple Inc. v. Samsung Electronics Co., Ltd.*, the en banc court allowed the jury to rest substantial weight on evidence that the defendant copied the plaintiff’s product that embodied the patent-in-suit. 839 F.3d 1034, 1058 (Fed. Cir. 2016) (“‘Rigid preventative rules that deny factfinders recourse to common sense . . . are neither necessary under our case law nor consistent with it.’”) (quoting *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007)). That decision vacated a panel that had discounted the copying evidence pursuant to a technical Federal Circuit rule. *Id.* at 1056.

Such inconsistency, of course, is not limited to the Federal Circuit’s application of the law of “obviousness.” For example, look at recent decisions construing 35 U.S.C. § 101. *See generally Berkheimer v. HP Inc.*,

890 F.3d 1369 (Fed. Cir. 2018) (denying petition for rehearing en banc).

This case illustrates the inconsistent application of our patent laws by the Federal Circuit.

**I. The Court Should Grant the Writ and Reaffirm the Non-Technical Moorings of the Obviousness Analysis.**

This Court has repeatedly stressed that the obviousness analysis is functional and operates from the dynamic perspective of an ordinary artisan in the field. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 399 (2007) (“Throughout this Court’s engagement with the question of obviousness, our cases have set forth an expansive and flexible approach inconsistent with the way the Court of Appeals applied its TSM test here.”); *id.* at 418 (“[F]or a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.”); *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 12 (1966) (“The Hotchkiss formulation . . . lies not in any label, but in its functional approach to questions of patentability.”); *id.* at 25 (“Certainly a person having ordinary skill in the prior art . . . would immediately see that the thing to do was what Graham did. . . .”).

The decisions below denying ZUP a trial do so with a technical view that ignores the statute and this Court’s functional governing standard. Here, the defendant Nash had been in the field for over 50 years, obtaining numerous patents on water recreation

devices similar to the ZUP Board. App. 39. Nash had tried, but failed, to create a device that would allow broader participation in watersports like waterskiing. App. 72. Nash praised the ZUP Board. App. 16-17. Nash attempted to do business with ZUP, obtaining a ZUP Board from ZUP to analyze. App. 39. Instead of partnering with ZUP, however, Nash decided to copy ZUP. The ZUP Board is nonobvious if Nash tried and failed to invent it for over 50 years and then copied it after failing to partner with ZUP.

The split panel of the Federal Circuit declined to apply en banc precedent in favor of ZUP. *See Apple Inc. v. Samsung Electronics Co., Ltd.*, 839 F.3d 1034, 1048 (Fed. Cir. 2016) (en banc) (“A determination of whether a patent claim is invalid as obvious under § 103 requires consideration of all four *Graham* factors, and it is error to reach a conclusion of obviousness until all of those factors are considered.”). In *Apple*, the en banc Court of Appeals vacated the panel’s decision holding Apple’s patent obvious, instead affirming the district court’s holding of non-obviousness based, in part, on evidence of secondary considerations similar to the record evidence here. *Id.* at 1058.

The en banc Court of Appeals credited the evidence of defendant’s (Samsung’s) praise of the product embodying the patent: “The record contains multiple internal Samsung presentations given by different Samsung groups at different times stating that the iPhone’s slide to unlock feature is better than the various Samsung alternatives.” *Apple*, 839 F.3d at 1054. The full court further admonished diminishing this

evidence of industry praise and long-felt need with the panel's resort to technical labels: "To the extent that Samsung's quote should be interpreted as precluding a jury finding of long-felt need favoring non-obviousness when the difference between the prior art and the claimed invention is small, we reject such a categorical rule. This type of hard and fast rule is not appropriate for the factual issues that are left to the province of the jury." *Id.* at 1056.

The Federal Circuit in *Apple* applied the functional, commonsense analysis taught by this Court since *Hotchkiss v. Greenwood*, 11 How. 248, 267 (1851) ("In other words, the improvement is the work of the skillful mechanic, not that of the inventor."). Samsung praised and copied Apple's patented feature. *Apple*, 839 F.3d at 1053-55. This evidence provided the jury with a strong foundation on which to rest its non-obviousness judgment.

Compare this Federal Circuit panel's analysis. First, the majority panel decision demotes evidence of secondary considerations to evidence that may rebut a *prima facie* obviousness finding: "The weak evidence of secondary considerations presented here simply cannot overcome the strong showing of obviousness." App. 18-19.

Second, although review was of a summary-judgment motion, Nash's praise and copying of the ZUP Board were severely discounted instead of viewed in the light most favorable to ZUP. In fact, the panel applied the same rigid analysis the en banc decision

criticized in *Apple*, 839 F.3d at 1056: “As we have said before, ‘[w]here the differences between the prior art and the claimed invention are as minimal as they are here, however, it cannot be said that any long-felt need was unsolved.’ *Geo. M. Martin Co. v. All. Mach. Sys. Int’l LLC*, 618 F.3d 1294, 1304-05 (Fed. Cir. 2010).” App. 17.

This panel discounted evidence that Rule 56 of the Federal Rules of Civil Procedure entitles the benefit of the doubt. This injustice is amplified, where no one disagrees that Nash failed to produce any evidence of secondary considerations. The panel declined to follow more Federal Circuit precedent on this score, which holds that the challenger’s failure to introduce evidence regarding secondary considerations is reversible error. *InTouch Tech., Inc. v. VGO Comm’cns, Inc.*, 751 F.3d 1327, 1352 (Fed. Cir. 2014) (“By failing to account for objective evidence of nonobviousness, Dr. Yanco’s analysis was incomplete, and ultimately insufficient to establish obviousness by clear and convincing evidence.”); *id.* at 1352 n.8 (“[W]here, as here, an expert purports to testify, not just to certain factual components underlying the obviousness inquiry, but to the ultimate question of obviousness, the expert must consider all factors relevant to that ultimate question.”).



**CONCLUSION**

The petition for a writ of certiorari should be granted.

Respectfully submitted,

MATTHEW M. WAWRZYN

*Counsel of Record*

WAWRZYN & JARVIS LLC

2700 Patriot Blvd., Suite 250

Glenview, IL 60026

847.656.5864

matt@wawrzynlaw.com