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In The
Supreme Court of the United States

SRAM, LLC,

Petitioner,

v.

FOX FACTORY, INC.,

Respondent.

ORIGINAL

ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

In *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966), this Court recognized the pivotal importance of “objective indicia” of nonobviousness (also known as “secondary considerations”) – including the long-felt but unsolved need for the patented invention, the failure of others to arrive at the invention, and the invention’s subsequent commercial success – in determining whether a patent’s claims were obvious to a person of ordinary skill in the art at the time of the invention under 35 U.S.C. § 103.

In this case, the Federal Circuit effectively undermined this Court’s standard by improperly creating a new categorical and overly restrictive limitation on the consideration of objective indicia of nonobviousness that exists nowhere in the Patent Act or this Court’s jurisprudence.

The question presented is:

Whether the Federal Circuit erred in holding that, under 35 U.S.C. § 103, before a nexus can be presumed between objective indicia of nonobviousness and the patent claim, a patentee must first prove that a commercial product is “essentially the claimed invention” – to the exclusion of all other product features.

PARTIES TO THE PROCEEDINGS BELOW

Petitioner SRAM, LLC was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellee in the court of appeals. Respondent FOX Factory, Inc. was the petitioner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals.

RULE 29.6 STATEMENT

SRAM, LLC has no parent corporation, and no publicly traded company owns ten percent or more of its stock.

RELATED PROCEEDINGS

There are no proceedings directly related to this case within the meaning of Rule 14.1(b)(iii). Other proceedings that are not directly related to this case but involve the same or related patents and parties are:

- *FOX Factory, Inc. v. SRAM, LLC*, No. 19-1544, 2020 WL 2517105 (Fed. Cir. May 18, 2020)
- *SRAM, LLC v. Race Face Performance Prods.*, Case No. 1:15-cv-11362-MMP (N.D. Ill.)
- *SRAM, LLC v. Race Face Performance Prods.*, Case No. 1:16-cv-05262-MMP (N.D. Ill.)

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OPINIONS BELOW

The opinion of the Federal Circuit (App. 1a-22a) is reported at 944 F.3d 1366 (Fed. Cir. 2019). The Federal Circuit's order denying rehearing *en banc* (App. 23a-24a) is unreported. The Patent Trial and Appeal Board's Final Written Decisions containing its findings of facts and conclusions of law (App. 25a-159a) are unreported.

JURISDICTION

The Federal Circuit entered judgment on December 18, 2019. That court denied SRAM's timely petition for rehearing *en banc* on March 13, 2020. This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

35 U.S.C. § 103, the statute governing patent obviousness, is reproduced in the Appendix at 160a.

STATEMENT

1. This case involves a newly expressed standard requiring proving a negative, contrary to the legal standards grounded in fundamental fairness used to evaluate the obviousness of a patent under 35 U.S.C. § 103 and the underlying importance given to "objective indicia" of nonobviousness (also known as "secondary considerations"), including, *inter alia*, the long-felt but unmet need for the patented invention,

the failure of others to arrive at the invention, and the invention's subsequent commercial success. The Court's patent jurisprudence has repeatedly underscored the pivotal significance of such objective facts in the legal inquiry regarding patent obviousness. In *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966), the Court set out a framework for applying the statutory language of § 103 through an objective analysis:

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.

Id. at 17-18. Indeed, such secondary considerations “may also serve to guard against slipping into the use of hindsight, and to resist the temptation to read into the prior art the teachings of the invention in issue.” *Id.* at 36 (internal quotations and citations omitted). The Court reaffirmed this understanding in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007):

While the sequence of these questions might be reordered in any particular case, the factors continue to define the inquiry that controls. If a court, or patent examiner, conducts this analysis and concludes the claimed subject matter was obvious, the claim is invalid under § 103.

Id. at 407.

Indeed, the significance given to such objective indicia of non-obviousness traces back in this Court's jurisprudence for more than one hundred years. *See, e.g., Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 810-11 (1986) (granting petition for certiorari and remanding to Federal Circuit for further consideration of obviousness factors, including secondary considerations), *on remand, Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1578-79, 1582 (Fed. Cir. 1987) (ultimately finding patent nonobvious based in part on undisputed evidence of commercial success, failure of others, and copying); *Expanded Metal Co. v. Bradford*, 214 U.S. 366, 381 (1909) ("It may be safely said that if those skilled in the mechanical arts are working in a given field, and have failed, after repeated efforts, to discover a certain new and useful improvement, that he who first makes the discovery has done more than make the obvious improvement which would suggest itself to a mechanic skilled in the art, and is entitled to protection as an inventor."); *Keystone Mfg. Co. v. Adams*, 151 U.S. 139, 143-45 (1894) (The fact of a patented product's success in displacing an existing product "is always of importance, and is entitled to weight, when the question is whether the machine exhibits patentable invention"; likewise, "when, in a class of machines

so widely used as those in question, it is made to appear that at last, after repeated and futile attempts, a machine has been contrived which accomplishes the result desired, and when the patent office has granted a patent to the successful inventor, the courts should not be ready to adopt a narrow or astute construction, fatal to the grant.”).

2. Petitioner SRAM, LLC is one of the world’s leading bicycle component manufacturers. Among its many innovative and industry-praised products, petitioner markets and sells novel bicycle chainrings under the “X-Sync” brand name, which chainrings are undisputedly covered by the claims of U.S. Patent No. 9,182,027 (“the ‘027 patent”). *See* App. 43a, 109a. The ‘027 patent is directed to a novel solution for maintaining a conventional bicycle chain on the chainring without needing extraneous devices (such as chain guards, chain tensioners, chain catchers, and derailleur configurations) to do so, thereby enabling the bicycle to be successfully and reliably ridden over challenging and rough terrain. App. 2a, 27a-28a, 92a-93a. The ‘027 patent helps to achieve such benefits by combining teeth offset from the center of the chainring with teeth having alternating narrow and wide tooth tips. App. 2a-3a, 29a-30a, 93a-95a.

a. In December 2015, petitioner sued a subsidiary of respondent for patent infringement when it copied petitioner's X-Sync chainring products in the U.S. District Court for the Northern District of Illinois. *See SRAM, LLC v. Race Face Performance Products*, Case No. 1:15-cv-11362-MMP (N.D. Ill. filed Dec. 17, 2015). Petitioner subsequently sued respondent's subsidiaries again on a patent related to the '027 patent, namely, U.S. Patent No. 9,291,250 ("the '250 patent"). *See SRAM, LLC v. Race Face Performance Products, et al.*, Case No. 1:16-cv-05262-MMP (N.D. Ill. filed May 16, 2016).

Between September 2016 and December 2016, Respondent sought *inter partes* reviews ("IPR") encompassing all twenty-six claims of the '027 patent. App. 26a, 91a; *see also* 35 U.S.C. § 315(b). The Patent Trial and Appeal Board ("Board") subsequently instituted review over all patent claims. App. 25a-26a, 90a-91a. After conducting trials pursuant to applicable regulations, precedential decisions, and other guidance, the Board issued final written decisions concluding that respondent had failed to meet its burden to prove by a preponderance of the evidence that the '027

patent claims are unpatentable under 35 U.S.C. § 103 over the cited prior art combinations. App. 88a, 158a.¹

Following this Court's guidance in *Graham*, the Board's final written decisions evaluated the scope and content of the cited prior art, ascertained the differences between the prior art and the claims at issue, addressed the level of ordinary skill in the pertinent art, and concluded that respondent had shown an "adequate rationale" to modify the prior art to arrive at the claimed invention. App. 31a-41a, 96a-107a. Consistent with this Court's jurisprudence and a long line of Federal Circuit precedent, the Board further recognized that, "[n]otwithstanding what the teachings of the prior art would have suggested to one skilled in the art, objective evidence of non-obviousness (so called 'secondary considerations') may lead to a conclusion that the challenged claims would not have been obvious." App. 42a, 108a.

¹ The Board issued a similar decision in a third IPR concluding that respondent had not proven unpatentability of certain of the '027 patent claims. See *FOX Factory, Inc. v. SRAM, LLC*, Case IPR2016-01876, Paper 59 (P.T.A.B. Apr. 2, 2018). That decision is not at issue here because respondent did not appeal.

In particular, the Board evaluated in detail petitioner's substantial evidence of great commercial success, extensive licensing, rampant copying, overwhelming praise by others, long-felt but unsolved need, and failure of others, and agreed with petitioner that its proffered evidence, with respect to the objective indicia of non-obviousness, weighed significantly in favor of non-obviousness. *Id.*

As noted by the Board, when a patent owner asserts that commercial success (or some other objective indicia) supports its contention of non-obviousness, there must of course be a sufficient relationship between that objective indicia and the patented invention. App. 42a, 108a. The term "nexus" is often used, in this context, to designate a legally and factually sufficient connection between the proven success (or other indicia) and the patented invention, such that the objective evidence should be considered in the determination of non-obviousness. *Id.* The Board found that petitioner was entitled to a presumption of nexus between the merits of the claimed invention and the evidence of secondary considerations because petitioner had shown, with unrebutted evidence, that its X-Sync chainring products were covered by and coextensive with the challenged '027 patent claims. App. 42a-46a, 108a-114a. The Board noted that, to be accorded substantial weight, there must be a nexus between the merits of the claimed invention and the objective evidence of nonobviousness. App.

42a, 108a (*citing In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed. Cir. 1995)). The Board further noted the Federal Circuit's controlling precedent on the presumption of nexus, wherein, "if the marketed product embodies the claimed features, and is coextensive with them, then a nexus is presumed and the burden shifts to the party asserting obviousness to present evidence to rebut the presumed nexus." App. 43a, 109a (*citing Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000)).

Relying upon this precedent, the Board specifically rejected respondent's assertions that the mere presence of unclaimed features or other patents for the same products did prevent the presumption of nexus, although they might serve as a basis for rebutting that presumption. App. 43a-45a, 112a-114a. Ultimately, the Board found that respondent failed to rebut that presumption of nexus and further determined that petitioner "made an extremely strong overall showing of objective indicia of non-obviousness[.]" App. 71a, 140a-141a; *see also* 53a, 121a. The Board concluded by finding that, whereas respondent's rationale to combine "rests mainly on the testimony of its expert," the "copious objective evidence demonstrates the significance and importance of Patent Owner's invention[.]" making the case of obviousness "easily outweighed by the objective evidence of non-obviousness." App. 71a-72a, 141a.

b. Respondent appealed the Board's decisions to the Court of Appeals for the Federal Circuit, which has exclusive jurisdiction over such Board decisions pursuant to 28 U.S.C. § 1295(a)(4)(A) and 35 U.S.C. § 141(c). A three-judge panel of the Federal Circuit vacated the Board's decisions and remanded for further considerations. App. 22a.

The panel did not address the substance of any of petitioner's "copious" objective evidence, or dispute the Board's factual findings regarding that objective evidence. Rather, the panel created a new legal standard that "the patentee demonstrate that the product is essentially the claimed invention[.]" such that any "unclaimed features amount to nothing more than additional insignificant features[.]" App. 12a. The panel then concluded that, "because there are one or more features not claimed by the '027 patent that materially impact the functionality of the X-Sync products, including the >80% gap filling feature claimed in the '250 patent, nexus may not be presumed." App. 16a. The court of appeals vacated the Board's obviousness determinations and remanded for the Board to "reevaluate the import of the evidence of secondary considerations with the burden of proving nexus placed on the correct party." App. 22a.

c. Petitioner filed a petition for rehearing *en banc* in this case. Former Chief Judge of the Federal Circuit, Hon. Paul R. Michel, submitted an amicus curiae brief in support of petitioner's petition for rehearing *en banc*, contending that "[t]he panel's decision deviates sharply from and indeed changes this Court's precedent on the once-simple 'presumption-of-nexus' used to assess a patent claim's objective indicia of non-obviousness." C.A. Dkt. 72 at 1. Chief Judge (ret.) Michel explained further:

For whatever reason, however, the Federal Circuit panel on appeal substantially tightened the requirements for this nexus-presumption, establishing a new standard that a patentee can meet only if it proves that the commercial product and the claimed invention are "*essentially*" identical. Indeed, and admittedly for the first time, the panel holds that this means the patentee must prove not only that the product has the features recited in the relevant claim; but also that the product doesn't have any *additional un-claimed* features either, or that, on the "spectrum" it describes, any such un-claimed features are "insignificant."

Id. at 1-2 (internal citation omitted and emphasis in original). The Federal Circuit denied the petition for rehearing *en banc* in a *per curiam* order on March 13, 2020. App. 23a-24a.

REASONS FOR GRANTING THE PETITION

The court of appeals ignored established precedent and erroneously created a new set of legal standards to prove a negative to evaluate objective evidence in a nonobviousness analysis. The court of appeals' newly imagined standards are wholly divorced from its own and this Court's own deep-rooted precedent and effectively eviscerate the ability of a patent owner to benefit from a presumption of nexus between a patent claim and objective evidence of a successful commercial product whenever more than a single patent claim covers the product or the product includes unclaimed features that are not "insignificant."

1. As this Court has long held, objective evidence of nonobviousness (so-called "secondary considerations") may lead to a conclusion that the challenged patent claims would not have been obvious, notwithstanding what the teachings of the prior art would have suggested to one skilled in the art. *See Graham*, 383 U.S. at 17-18; *KSR*, 550 U.S. at 399. Likewise, the Federal Circuit has previously endorsed objective evidence of nonobviousness "may often be the most probative and cogent evidence in the record" and "may often establish that an invention appearing to have been obvious in light of the prior art was not." *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340, 1349 (Fed. Cir. 2012). While it is

true that, to be accorded substantial weight, there must be a nexus between the merits of the claimed invention and the objective evidence of nonobviousness, *see GPAC*, 57 F.3d at 1580, the Federal Circuit has also repeatedly held that, “if the marketed product embodies the claimed features, and is coextensive with them, then a nexus is presumed and the burden shifts to the party asserting obviousness to present evidence to rebut the presumed nexus.” *Brown & Williamson*, 229 F.3d at 1130.

The court of appeals has reiterated that a nexus is presumed “even when the product has additional, unclaimed features,” including features that contribute to the success of the product. *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 734, 747 (Fed. Cir. 2016); *Ecolochem, Inc. v. Southern California Edison Co.*, 227 F.3d 1361, 1378 (Fed. Cir. 2000). This presumption of nexus applies even where the patented product embodies and is coextensive with multiple patent claims and/or multiple patents. *See, e.g., Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392-94 (Fed. Cir. 1988); *PPC Broadband*, 815 F.3d at 737, 746-47; *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1324, 1329-32 (Fed. Cir. 2016); *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1073 (Fed. Cir. 2018).

The court of appeals upends that long-standing precedent and creates new, nebulous, and overly restrictive standards inconsistent with the primacy given to objective evidence under the Court's own jurisprudence. First, the court of appeals imposes a new requirement that no nexus can be presumed until the patent owner first demonstrates that the commercial product is "essentially the claimed invention" and that the product only contains "insignificant" unclaimed features that do not "materially impact" the functioning of the product. App. 12a-14a, 16a. The Panel decision further holds that no nexus can be presumed where multiple patent claims or multiple related patents cover the product unless those patent claims or patents are "essentially the same invention." App. 17a. These newly contrived standards directly undermine and contradict this Court's and the Federal Circuit's own well-established precedent.

The court of appeals has created a burden on the patent holder to prove a negative, even though respondent had not offered credible evidence that commercial success and other objective evidence proven by petitioner was caused by factors other than the patented claims. This contravenes the court of appeals' own precedent:

A patentee is not required to prove as part of its *prima facie* case that the commercial success of the patented invention is *not* due to factors other than the patented invention. It is sufficient to show that the commercial success

was of the patented invention itself. A requirement for proof of the negative of all imaginable contributing factors would be unfairly burdensome, and contrary to the ordinary rules of evidence.

Demaco, 851 F.2d at 1394. As warned by its own precedent, the appeals court panel

“put the shoe on the wrong foot”:

Demaco adduced no evidence to show that the paving stone's commercial success was due to any factor other than its patented structure. There was no evidence that its success was due, for example, to advertising or other factors unrelated to its technological advantages. By placing the burden on Langsdorff to prove that commercial success was *not* due primarily to advertising or other factors such as technical service to licensees and the licensing of other products, the district court put the shoe on the wrong foot.

Id.

2. Preserving the presumption of nexus for objective indicia of non-obviousness is critical to protecting the fundamental rights of patent holders. The United States Constitution grants to Congress the power to grant patents, a proprietary right granted to an inventor: “The Congress shall have Power To . . . promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries[.]” U.S. CONST. art. I, § 8, cl. 8. Of particular note is the use of the word “Right” in this clause. This is the only place in the Constitution the Founding Fathers actually used the word “Right.” This makes clear that concept of a patent and the patent system were fundamentally

important to the Founding Fathers and to the success and stability of our unique form of government. Indeed, on January 8, 1790, President George Washington delivered his first State of the Union speech to Congress. *See From George Washington to the United States Senate and House of Representatives, 8 January 1790* , FOUNDERS ONLINE (available at <https://founders.archives.gov/documents/Washington/05-04-02-0361>). In this first ever State of the Union, only months after the ratification of the Constitution and assuming office, President Washington asked Congress to exercise its powers granted in the Constitution to enact a patent statute. *Id.* Congress followed suit, passing the Patent Act of 1790 as the third law ever passed by Congress. *See Patent Act of 1790, Ch. 7, 1 Stat. 109-112 (Apr. 10, 1790).*

A patent confers a property right, one defined by the claims that follow the detailed description of the invention within the patent document itself. These claims define the metes and bounds of that property right, much like a deed may define the extent of a parcel of real property. *See 37 C.F.R. § 1.75(b).* There may be multiple claims in a given patent, but each claim defines its own, unique invention. *Id.* Each claim is required by rule to be a separate invention from any other claim within a patent. *Id.* This allows an inventor to define their invention in different ways. This procedure implicitly recognizes that an invention may be defined in many different

ways, due to both the complexity and imprecision of language, as well as to the potentially complicated nature of any given invention.

Patent Law never requires a patent owner to prove a negative fact. Generally, this is true in all areas of the law. This maxim exists because long ago legal scholars and other legal stakeholders recognized the near impossibility of proving that something is not true. The Federal Circuit recognized this issue when patent owners attempted to show a nexus between their patented inventions and their successful commercial products. Patent challengers would challenge the validity of the patent owner's evidence, arguing that the patent owner had not proved that no other factor was responsible for the commercial product's success. The solution for the Federal Circuit was the presumption that a nexus exists where a patent owner shows that the commercial product embodies and is coextensive with the patent claims-at-issue. The Federal Circuit found that such evidence was more than sufficient for the patent owner to meet its burden of showing a nexus, so the burden to produce rebuttal evidence then shifted to the patent challenger.

Burden shifting frameworks are not new, nor are they unique to Patent Law. For example, nearly every law student learns about *res ipsa loquitur* in law school. *Res ipsa loquitur* is a tort law doctrine wherein a court may infer negligence, without

direct evidence, from the very nature of an accident or injury in the absence of direct evidence on how any defendant behaved. Such a showing typically requires, *inter alia*, the tort plaintiff to make a showing of proof that the injury typically follows defendant's negligence, and that the injury was caused by something within the exclusive control of the defendant. In this tort context, as well as in the Patent Law context of presuming a nexus, legal stakeholders have taken note that when certain facts are present, a certain cause is almost necessarily the actual cause. This evidence has been found, over many years, to be so reliable that direct evidence is not required. Thus, like other presumptions that result in a burden shift, the presumption of a nexus is rooted in sound and reliable inferences that are so specific and trustworthy that courts have allowed the burden-shifting procedure to become a legal rule.

3. 35 U.S.C. § 103 is one of the core statutes of the Patent Laws defining the "inquiry that controls" for objectively analyzing the validity of a patent claim. *KSR*, 550 U.S. at 406-07. As such, the question of how objective evidence of nonobviousness should be treated as part of this controlling inquiry is an issue of exceptional importance. The Court should grant this petition for a writ of certiorari.

I. THE FEDERAL CIRCUIT ERRED IN HOLDING THAT A PATENT OWNER MUST FIRST PROVE THAT A PRODUCT IS “ESSENTIALLY THE CLAIMED INVENTION” IN ORDER TO PRESUME A NEXUS BETWEEN A PATENT CLAIM AND OBJECTIVE EVIDENCE OF NONOBVIOUSNESS.

This Court and the Federal Circuit have long recognized the primacy of an objective obviousness analysis that considers the scope and content of the cited prior art, the differences between the prior art and the patent claims at issue, the level of ordinary skill in the pertinent art, and any objective evidence of non-obviousness. This last category of secondary considerations such as commercial success, long-felt but unmet need, and failure of others “focus attention on economic and motivational rather than technical issues” and “may also serve to guard against slipping into the use of hindsight, and to resist the temptation to read into the prior art the teachings of the invention in issue.” *Graham*, 383 U.S. at 36 (internal quotations and citations omitted). Thus, this objective evidence “may often be the most probative and cogent evidence in the record” and “may often establish that an invention appearing to have been obvious in light of the prior art was not.” *Transocean*, 699 F.3d at 1349.

Despite acknowledging its own precedent about the importance of such objective evidence and the further precedents that a presumption of nexus has been applied to patented products including unclaimed features (some of which are even covered by

other patents), the Federal Circuit nonetheless turned that precedent on its head and created a new legal standard requiring a patent owner to prove that a patented product is “essentially the claimed invention[,]” to the exclusion of other unclaimed or separately patented features, before a nexus can be presumed between a patent claim and objective evidence of nonobviousness. App. 12a, 16a-17a.

That approach, however, would virtually eliminate the ability of a patent owner to rely upon objective indicia of nonobviousness. This new standard finds no credible basis in any statutory requirement of 35 U.S.C. § 103, any of this Court’s cases, or any of the Federal Circuit’s existing precedent. Rather, a straightforward application of this Court’s and the Federal Circuit’s jurisprudence regarding the importance of objective evidence in the obviousness inquiry establishes that a nexus is properly presumed even when the patented product (1) has additional, unclaimed features (including features that contribute to the success of the product); and (2) embodies and is coextensive with multiple patent claims and/or multiple patents.

A. The Federal Circuit's Precedents Establish That Nexus Is Properly Presumed Between A Patent Claim And Objective Evidence Of Nonobviousness Regardless Of Whether The Product Has Additional, Unclaimed Features.

The court of appeals' decision overturns its own burden-shifting framework for more than thirty years and is plainly contrary with the underlying importance accorded to objective evidence by the Court's *Graham* and *KSR* precedents and against the nexus rule grounded in fundamental fairness.

1. First established in *Demaco* and followed by *PPC Broadband* and *Ecolochem*, the Federal Circuit has consistently held that unclaimed features may rebut a presumption, but cannot prevent a finding of a presumption based on objective evidence where the commercial product embodies and is coextensive with the patent claims-at-issue. See *Demaco*, 851 F.2d at 1393 ("When the patentee has presented [sufficient evidence for a presumption] of nexus, the burden of coming forward with evidence in rebuttal shifts to the challenger, as in any civil litigation."); *PPC Broadband*, 815 F.3d at 746-47; *Ecolochem*, 227 F.3d at 1378. The *Demaco* Court explained that such a rule is grounded in fundamental fairness and the rules of evidence:

A patentee is not required to prove as part of its prima facie case that the commercial success of the patented invention is *not* due to factors other than the patented invention. It is sufficient to show that the commercial success

was of the patented invention itself. *A requirement for proof of the negative of all imaginable contributing factors would be unfairly burdensome, and contrary to the ordinary rules of evidence.*

Demaco, 851 F.2d at 1394 (italicized emphasis in original, bold italicized emphasis added).

In *PPC Broadband*, the court of appeals again commented on this issue, stating that, where the evidence shows that a successful product is the invention disclosed and claimed in the patent-at-issue, a nexus is presumed between the objective evidence and the successful product, and “[t]his is true *even when the product has additional, unclaimed features.*” 815 F.3d at 747 (emphasis added). This clear statement was made without reservation or limitation.

2. Contrary to this precedent, the court of appeals held that no presumption could be found for petitioner due to certain unclaimed features. The court of appeals effectively overturns the *Demaco* rule and reverses the burden-shifting effect of the presumption, forcing the patent owner to prove first that the product is “essentially the claimed invention[,]” meaning that the product does not include any other unclaimed features that “materially impact” the functionality of the product or are otherwise not “insignificant.” App. 12a-13a, 16a. Under the court’s rationale, the patent

owner must first prove a negative whenever a patent challenger merely alleges unclaimed features.

3. As explained in *Demaco*, such a framework eviscerates the effectiveness of the presumption, as previous patent challengers were required to rebut a patentee's showing with evidence, and not with only argument and conjecture. See 851 F.2d at 1393-94. "It is thus the task of the challenger to adduce evidence to show that the commercial success was due to extraneous factors other than the patented invention, such as advertising, superior workmanship, etc." *Demaco*, 851 F.2d at 1393 (further noting that "'argument' and 'conjecture' are insufficient: [the] argument that a nexus between commercial success and [patent owner's] invention is lacking and its conjecture that some of the commercial success here proven may have been due to elements in nonasserted claims are inadequate to overcome the objective evidence of record").

Notably, in *Ecolochem*, the Federal Circuit found a presumption even in the face of admitted unclaimed features that actually contributed to the success of the commercial product. 227 F.3d at 1378. In particular, the *Ecolochem* Court confirmed that the patented commercial product was successful "based on two factors: the improved filtration process, and the mobility of the commercial embodiment." *Id.* The *Ecolochem* Court further recognized that the improved filtration process was covered

by the claims-at-issue, although the mobility characteristics were not. *Id.* However, even given these undisputed facts that unclaimed features contributed to the commercial success of the patented product, the Federal Circuit found a presumption of nexus was proper, then shifted to the patent challenger the burden of showing that the claimed features were not responsible for the patented product's success. *Id.*

4. From an evidentiary standpoint, the presumption of nexus “is generally made out when the patentee shows both that there is commercial success, and that the thing (product or method) that is commercially successful is the invention disclosed and claimed in the patent.” *Demaco*, 851 F.2d at 1392. *Demaco* identifies only one limitation to this presumption finding: where “the thing that is commercially successful is not coextensive with the patented invention[.]” *Id.* The sole example given in *Demaco* of a lack of coextensiveness was tied to situations where “the patented invention is only a component of a commercially successful machine or process,” *id.*, which is “[a] limited exception[.]” *WBIP*, 829 F.3d at 1329 n.3.

The court of appeals protests that, unless it expands this narrow exception, “the coextensiveness requirement would rest entirely on minor variations in claim drafting[.]” and cites an example about claims directed to “brake pads” on a related “automobile.” App. 16a. Yet, not only could that presumption be easily rebutted in that

instance, but also the example given is indistinguishable from the facts involved in the Federal Circuit's precedential *Polaris* decision.

In *Polaris*, the Federal Circuit reversed the Board's denial of a presumption of nexus for claims that broadly "cover the *entire* vehicle, rather than 'only a component of a commercially successful machine.'" 882 F.3d at 1073 (emphasis in original). The claims tied to objective evidence in *Polaris* recite "components housed within ... ATVs, and specif[y] the spatial relationship between these components." *Id.* at 1060. Again, instead of being limited to only these components, the claims broadly covered an entire ATV vehicle. *See, e.g., id.* at 1063, 1073. Thus, in *Polaris*, because the claims were directed to an entire vehicle, and not to only the claimed components of the vehicle, the Federal Circuit found the Board erred by not presuming a nexus. *Id.* at 1073.

Multiple other controlling precedent from the Federal Circuit also specifically holds that a presumption of nexus is appropriate where "the patentee shows both that there is commercial success, and that the thing (product or method) that is commercially successful is the invention disclosed and claimed in the patent." *Demaco*, 851 F.2d at 1392; *see also PPC Broadband*, 815 F.3d at 747 ("When the patentee has pre-

sented undisputed evidence that its product is the invention disclosed in the challenged claims, it is error for the Board to find to the contrary without further explanation.”); *WBIP*, 829 F.3d at 1329-32. Under this precedent, whether additional, unclaimed features are present in the commercial product has no effect on whether a presumption of nexus is applied in the first instance.

The court of appeals’ decision here improperly shifts the burden to patent owners to prove the negative – namely, that the commercial product has no “significant” unclaimed features contributing to the success or functionality of the product – in order to gain the presumption of nexus between the objective evidence and the challenged claims. This is contrary to Federal Circuit precedent, is inconsistent with the jurisprudence of this Court affirming the importance of objective evidence in the obviousness analysis under 35 U.S.C. § 103, and justifies a grant of the petition for certiorari on this basis alone.

B. The Federal Circuit’s Precedents Establish That Nexus Is Properly Presumed Between A Patent Claim And Objective Evidence of Nonobviousness Even When The Product Is Covered By Multiple Patent Claims, Including Claims From Related Patents.

Especially damaging to the ability of patent owners to protect their successful inventions through robust and varied patent claims, the court of appeals virtually

eliminated the possibility of more than one claim in a patent or related patents sharing a presumption of nexus, holding that “[w]here a product embodies claims from two patents, a presumption of nexus can be appropriate only if the claims of both patents generally cover the same invention[,]” or “essentially the same invention.” App. 17a.

1. The court of appeals’ decision ignores its own applicable precedent, which does not require claims to be “essentially the same invention” in order to share a presumption of nexus. As a matter of basic patent law, each patent claim necessarily includes different features than the other claims in that patent or any related patent. Otherwise, the Patent Office could not issue the claims. *See* 37 C.F.R. § 1.75(b) (“More than one claim may be presented provided they differ substantially from each other and are not unduly multiplied.”); MANUAL OF PATENT EXAMINING PROCEDURE § 2107.02 (9th ed. R-10.2019, June 2020) (“Each claim (i.e., each ‘invention’), therefore, must be evaluated on its own merits for compliance with all statutory requirements.”); *Gould Inc. v. United States*, 579 F.2d 571, 576 (Ct. Cl. 1978) (“It is also important to keep in mind that each claim of a patent is a separate and distinct invention.”).

2. For each of the cases cited by the court of appeals in support of its newly imagined standard, the scope of the claimed inventions varies significantly and shows that the Federal Circuit has previously and consistently endorsed a presumption of nexus even when the commercial product is covered by multiple patent claims (including claims from related patents) significantly different in scope.

For example, in *WBIP*, the claims of the two patents-at-issue (U.S. Patent Nos. 7,832,196 and 7,314,044), are respectively directed to a “method of controlling emissions from an internal combustion engine configured for marine application” and to a “marine engine” itself. 829 F.3d at 1329 n.3. As a preliminary matter, the claims across the two patents are not even directed to the same statutory class of invention (method vs. apparatus). Further, claim 26 of the ‘196 patent recites certain required features not found in claim 1 of the ‘044 patent, including: (1) “an internal combustion engine”; (2) “driving an electric generator”; (3) “driving a variable load on the engine”; (4) a sensor “located upstream of [a] catalyst”; (5) “the catalyst being configured to simultaneously reduce oxides of nitrogen, carbon monoxide and hydrocarbons”; and (6) using “electronic fuel injection.” Not only are these claims of widely differing scope, but they even cover mere components (an internal combustion engine) of an overall system (an electricity generation system). Nevertheless, the *WBIP* Court

found a presumption of nexus appropriate for these multiple related patents for a single product. *Id.* at 1331.

Similarly, the claims of the three related patents in *PPC Broadband* (U.S. Patent Nos. 8,287,320, 8,313,353, and 8,323,060) vary widely in scope. *See* 815 F.3d at 737. Claim 7 of the '353 patent recites a "method of assembling a coaxial connector[.]" while exemplary claims 1 and 8 of the '060 and '320 patents, respectively, recite coaxial cable connectors themselves. Further, each of these claims has features not shared with the others. Claim 8 of the '320 patent recites a connecting nut that "does not touch [the claimed] connector body," and a post engaged with the claimed connector body, limitations lacking in the other two patent claims discussed in *PPC Broadband*. Claim 7 of the '353 patent is the only representative claim to recite a process for assembling a connector having a specific positioning of a post flange, which is used to maintain electrical continuity, and fails to recite an ability to maintain electrical continuity when a connecting nut is either partially or fully tightened, unlike the other claims. Claim 1 of the '060 patent is the only identified claim to recite a post flange having a lip to assist with maintaining electrical continuity, a "continuity post engaging surface extending from the lip surface[.]" and a coupler in-

stead of the nut of the other claims. Even though the claims from these related patents varied significantly in scope, the Federal Circuit nevertheless presumed a nexus between each of these claims and the underlying products. *Id.* at 747.

Likewise, in *Gator Tail, LLC v. Mud Buddy LLC*, 618 Fed. App'x. 992 (Fed. Cir. 2015), the Federal Circuit presumed a nexus between U.S. Patent Nos. 7,052,340 and 7,297,035, which were respectively directed to a “portable drive assembly” and a “marine craft” including such a portable drive assembly. *See* 618 Fed. App'x at 993, 996, 1000. In addition to one patent claiming a component versus the other patent claiming an entire vehicle with that component, the related patent claims also recite significant structural differences for the claimed invention. For example, claim 1 of the '035 patent recites a “shaft housing extending in excess of 18 inches beyond [a] drive housing,” *id.* at 996, whereas claim 1 of the '340 patent has a broader range of a “driven assembly extending at least 12 inches beyond [a] drive housing.” Internal to the '340 patent, claim 4 requires additional structures, such as vertical triangular fin located below the shaft housing, in contrast to claim 6, which has no such limita-

tion but adds the limitation of a self-contained air-cooled utility engine having a horizontal output shaft. Despite these differences, the Federal Circuit still endorsed a shared presumption of nexus. *Id.* at 1000.²

3. Other precedents from the Federal Circuit similarly hold that multiple patent claims can share a presumption of nexus, even though the claims differ significantly in scope and therefore would not satisfy the Panel's newly-created "essentially the same invention" rule. *See, e.g., Demaco*, 851 F.2d at 1389-94 (awarding presumption of nexus for claims 9, 13, and 29-33 of U.S. Patent No. 4,128,357 where claim 9 only covered the slab elements of a paving structure compared to claims 13, 32, and

² In *Media Techs. Licensing, LLC v. Upper Deck Co.*, 596 F.3d 1334 (Fed. Cir. 2010), cited at page 18 of the court of appeals' decision (*see* App. 18a), it is unclear whether a nexus was presumed. However, in direct contravention to the court of appeals' assertion that "the related patents were drawn to the same invention," App. 18a, the claimed inventions were quite different. Claim 1 of U.S. Patent No. 5,803,501 requires the patented memorabilia card to include "a background image and a foreground image" of a famous person and a certificate of authenticity. By comparison, exemplary claim 23 of related U.S. Patent No. 6,142,532 has no such limitation but instead requires "a portion of, but not the entirety, of an authentic memorabilia item" that is "a tiny piece of wood taken from [a] bat."

33 covering the overall system of a paving structure; where claims 13 and 33 required slab elements to be arranged a herringbone pattern deemed by an executive of the patent owner to be “quite important to the strength of the pavement under traffic load” even though the other claims did not include this limitation; and where claims 9 and 29-33 had inclined sides of the slab elements shorter than the end face sides, a limitation not found in claim 13); *Polaris*, 882 F.3d at 1060-61, 1073 (confirming presumption of nexus applied between claims 34 and 36-38 of U.S. Patent No. 8,596,405 and a successful ATV vehicle known as the “RZR,” even though the claims differed significantly in the types of spatial limitations applicable to the vehicle, including that claim 37 requires a low point of the vehicle’s “seating surface is below a top of the engine[,]” while claim 38 requires that “all portions of the engine are located rearwardly of at least a portion of a seat in the seating area”).

4. In short, the court of appeals’ newly conceived requirement that multiple patents and patent claims can only share a presumption of nexus if they are “essentially the same invention” is a fundamental misunderstanding of patent law and misreading of its own precedent. By definition, patent claims are always different inventions and thus have no “insignificant” additions. Nothing in the Patent Law, this Court’s precedent, or the Federal Circuit’s own precedent says otherwise.

Focusing on the differences in patent claim language does not “turn the inquiry into one of form over substance,” as the court of appeals suggests. App. 16a-17a. The language of a patent claim is its substance – it is the identification of the invention itself. There is no bar in the Court’s precedent (or the Federal Circuit’s precedent, for that matter) for multiple claims from one patent or multiple related patents sharing a rebuttable presumption of nexus, so long as the claims embody and are coextensive with the commercial products. The Court should not disregard the substance of patent claims or the precedent that recognizes their importance.³

³ In addition to former Chief Judge of the Federal Circuit, Hon. Paul Michel, multiple commentators have criticized the Federal Circuit’s decision and its negative implications for the obviousness analysis under 35 U.S.C. § 103. See, e.g., Dennis Crouch, *Nexus: Product must be “Essentially the Claimed Invention”* (Dec. 18, 2019) (available at <https://patentlyo.com/patent/2019/12/product-essentially-invention.html>) (“This is an important case for anyone arguing secondary indicia — not a good case for patent holders. The court here again raised the ‘nexus’ hurdle by holding that a presumption of nexus can only be achieved by proving that the product being sold by the patentee is ‘essentially the claimed invention.’”) (emphasis in original); Matthew Bultman, *Patent Defenses May Get Trickier After Federal Circuit Ruling* (Dec. 24, 2019) (available at <https://news.bloomberglaw.com/ip-law/patent-defenses-may-get-trickier-after-federal-circuit-ruling?context=search&index=2>) (“The decision in *Fox*

II. THIS COURT SHOULD REVIEW THE FEDERAL CIRCUIT'S ERRONEOUS DECISION IN THIS CASE.

Recognizing the central importance of the obviousness inquiry under 35 U.S.C. § 103 for uniformity in evaluating patent validity for the Nation's inventions, which controlling inquiry necessarily includes the review of any pertinent objective evidence of nonobviousness (so called "secondary considerations"), this Court has previously granted certiorari on multiple occasions to provide proper guidance on the scope and analysis required under § 103. *See Graham*, 383 U.S. at 17-18; *KSR*, 550 U.S. at 399,

Factory Inc. v. SRAM LLC by the U.S. Court of Appeals for the Federal Circuit may create headaches for companies trying to argue their patent doesn't cover an obvious invention[.] ... [Attorneys] predicted the question of whether a particular feature is insignificant will become a battleground. It's going to be very muddy in other cases.") (internal quotations omitted); Jason D. Eisenberg, et al., *Nexus: the PTAB's Objective Indicia of Non-Obviousness Analysis Under Fox Factory Designated as Precedential* (July 2020) (available at <https://www.sterneckessler.com/news-insights/publications/nexus-ptabs-objective-indicia-non-obviousness-analysis-under-fox-factory>) ("In *Fox Factory*, the Federal Circuit raised the 'nexus' bar, making it more difficult for patent owners to prove that the objective indicia of non-obviousness of a product being sold by the patentee is essentially the claimed invention.").

407; *Dennison*, 475 U.S. at 810-11. This case presents a singular opportunity to provide certainty and clarity to the essential and efficient functioning of the patent system on the especially important question of how objective evidence of non-obviousness should be treated with respect to patented products having unclaimed features.

As this Court recognized more than fifty years ago in *Graham*, objective evidence regarding an invention's commercial success, long-felt but unsolved need, failure of others, and other facts "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18. Moreover, such considerations "may also serve to guard against slipping into the use of hindsight, and to resist the temptation to read into the prior art the teachings of the invention in issue." *Id.* at 36 (internal quotations and citations omitted).

Such considerations of non-obviousness under 35 U.S.C. § 103 are taken into account on almost a day-to-day basis during prosecution of patent applications, challenges of patent validity during IPRs and reexamination proceedings, and patent litigation. The decision by the court of appeals here therefore has far-reaching implications across the entire patent landscape, as noted by multiple commentators in the field and as criticized by the former Chief Judge of the Federal Circuit himself, Hon. Paul Michel. Moreover, by adopting a wholly new "appellate-created categorical

rule[] and hierarch[y] as to the relative weight or significance of proffered evidence,” the court of appeals has ignored the “highly fact-dependent” nature of the obviousness inquiry and sought to interpose itself into what is otherwise “the province of the fact-finder to resolve these factual disputes regarding whether a nexus exists between commercial success of the product and its patented features, and to determine the probative value of evidence of secondary considerations.” *WBIP*, 829 F.3d at 1331 (internal quotations omitted). Finally, this newly conceived rule by the court of appeals violated fundamental fairness, the rules of evidence, and common sense by requiring the patent owner to prove first a negative – namely, that no other product features contribute to the patented invention – before any presumption of nexus can attach to its objective evidence, contravening the court’s own precedent on this point:

A patentee is not required to prove as part of its prima facie case that the commercial success of the patented invention is *not* due to factors other than the patented invention. It is sufficient to show that the commercial success was of the patented invention itself. ***A requirement for proof of the negative of all imaginable contributing factors would be unfairly burdensome, and contrary to the ordinary rules of evidence.***

Demaco, 851 F.2d at 1394 (italicized emphasis in original, bold italicized emphasis added). Such a rule will essentially eviscerate the submission of objective evidence

in obviousness inquiries because the vast majority of patent owners will be unlikely to prove that no other feature of a patented product contributed to its success.

* * *

The question presented by this petition is whether 35 U.S.C. § 103 or any precedent of the Court require that, before a nexus can be presumed between objective indicia of nonobviousness and the challenged patent claim, a patentee must first prove that a commercial product is “essentially the claimed invention” – to the exclusion of all other contributing product features. Since the Federal Circuit exercises exclusive jurisdiction over appeals from the Board, 28 U.S.C. § 1295(a)(4)(A), no other Circuit will weigh in on this question, and patent owners throughout the country will be adversely affected by having to satisfy a heightened standard of proof with respect to the patentability of their invention not otherwise found in the Patent Law or this Court’s jurisprudence. The Court should grant certiorari now, in this case, to decide whether such a new standard of proof is required by law.

CONCLUSION

The petition for writ of certiorari should be granted.

Respectfully submitted,



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