

No. 23-739

IN THE
Supreme Court of the United States

JODI A. SCHWENDIMANN, FKA JODI A. DALVEY,
Petitioner,

v.

NEENAH, INC., ET AL.,
Respondents.

**On Petition for Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit**

BRIEF IN OPPOSITION

K. LEE MARSHALL
BCLP
Three Embarcadero Center
7th Floor
San Francisco, CA 94111

JOSEPH J. RICHETTI
ALEXANDER WALDEN
BCLP
1290 Avenue of
the Americas
New York, NY 10104

BARBARA A. SMITH*
BCLP
211 N. Broadway
Suite 3600
St. Louis, MO 63102
(314) 259-2367
barbara.smith@bclplaw.com

ERIC P. SCHROEDER
BCLP
One Atlantic Center
1201 W. Peachtree N.W.
Atlanta, GA 30309

Counsel for Respondent

February 8, 2024

*Counsel of Record

QUESTION PRESENTED

Whether this Court should review Petitioner's forfeited argument on "primary reference," which was never presented to the Board, to reach the question whether the Federal Circuit erred in holding that substantial evidence supports a finding of obviousness in this context.

**PARTIES TO THE PROCEEDING
AND RULE 29.6 STATEMENT**

Neenah, Inc. was petitioner in the *Inter Partes* review proceedings below. Avery Products Corporation was co-Petitioner in certain of the *Inter Partes* review proceedings below. Ms. Jodi A. Schwendimann was the patent owner in the proceedings below. Nu-Coat, Inc. was the exclusive licensee of the patents-at-issue and, together with Ms. Schwendimann, was also a patent owner in the *Inter Partes* Review proceedings below.

Pursuant to Rule 29.6, Respondent Neenah, Inc. (“Neenah”) states that it is a wholly-owned subsidiary of Mativ Holdings, Inc., which is a publicly held company.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT	ii
TABLE OF CONTENTS.....	iii
TABLE OF AUTHORITIES	iv
STATEMENT OF THE CASE.....	1
REASONS FOR DENYING THE PETITION	3
I. PETITIONER FORFEITED THE QUESTION SHE PRESENTS BY FAILING TO RAISE IT BEFORE THE BOARD	4
II. REVIEW OF THE OBVIOUSNESS HOLDING WOULD BE FACT-BOUND ERROR CORRECTION	6
III. THE DECISION BELOW CORRECTLY APPLIED <i>KSR</i> AND IS CONSISTENT WITH THE FEDERAL CIRCUIT'S WELL-ESTABLISHED PRECEDENT	7
CONCLUSION	13

TABLE OF AUTHORITIES

Cases:	Page(s)
<i>Boag v. MacDougall</i> , 454 U.S. 364 (1982)	7
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966)	6
<i>In re Bush</i> , 296 F.2d 491 (CCPA 1961).....	2
<i>In re Cowles</i> , 156 F.2d 551 (CCPA 1946).....	2-3
<i>In re Kahn</i> , 441 F.3d 977 (Fed. Cir. 2006)	8
<i>In re Krammes</i> , 314 F.2d 813 (CCPA 1963).....	3
<i>In re Mouttet</i> , 686 F.3d 1322 (Fed. Cir. 2012)	2, 3, 10
<i>In re NuVasive, Inc.</i> , 842 F.3d 1376 (Fed. Cir. 2016)	6
<i>In re Walker</i> , 324 F.2d 977 (CCPA 1963).....	3
<i>In re Watts</i> , 354 F.3d 1362 (Fed. Cir. 2004)	6
<i>KSR Int’l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007)	4, 7, 8, 12

United States v. Olano,
507 U.S. 725 (1993) 5

United States v. Young,
470 U.S. 1 (1985) 7

WBIP, LLC v. Kohler Co.,
829 F.3d 1317 (Fed. Cir. 2016) 10, 11, 12

Yakus v. United States,
321 U.S. 414 (1944) 6

Yeda Rsch. v. Mylan Pharms. Inc.,
906 F.3d 1031 (Fed. Cir. 2018) 10, 11, 12

STATEMENT OF THE CASE

1. This petition stems from a consolidated appeal in the Federal Circuit affirming four final written decisions by the U.S. Patent and Trademark Office's Patent Trials and Appeals Board. The Board held that all challenged claims in the four related patents-at-issue, held by Petitioner—U.S. Patent Nos. RE41,623, 7,749,581, 7,754,042, and 7,766,475—were unpatentable as obvious in view of two prior art references, Kronzer and Oez.

Each of the patents is directed to multi-layered image transfer sheets (and methods for making and using the sheets) that incorporate a white pigment within one or more layers to improve the quality of an image transferred onto dark fabric (*e.g.*, a black t-shirt). App.3a-4a. The Board determined that (i) Kronzer taught all of the layers and features of the claimed image transfer sheets and taught that pigments could be included in the layers, but did not expressly teach the use of a white pigment, (ii) Oez taught the use of a white pigment in image transfer sheets to improve the quality of image transfers on dark fabrics, and (iii) based on these express teachings it would have been obvious to include a white pigment in Kronzer's image transfer sheet. *See* App.10a-12a. Thus, Kronzer in light of Oez rendered the patents invalid on the basis of obviousness.

In addition to these four patents, Respondent Neenah also challenged a fifth related patent held by Petitioner (U.S. Patent No. 7,771,554, the "554 patent"). App.9a. The Board declined to institute that challenge, finding that Neenah's IPR Petition presented a different Kronzer/Oez obviousness ground.

App.10a at n.8. As the Federal Circuit held, the proposed combination of Kronzer and Oez at issue in the challenge to the '554 patent was “unlike the proposed combination of Kronzer and Oez at issue in the current appeal . . . and, accordingly the '554 Decision has no bearing on the outcome of this appeal.” See App.22a at n.10.

2. The Federal Circuit held that the Board’s decisions were supported by substantial evidence and affirmed, stating that “[t]he Board meticulously considered and addressed each of [Petitioner’s] arguments, explaining why the record contradicted each argument.” See App.10a.

The only argument on which Petitioner seeks review is her so-called “primary reference” argument. The Federal Circuit rejected the primary reference argument on two independent grounds. First, the court held that Petitioner forfeited the argument by not raising it before the Board. App.22a-25a. The decision below exhaustively explains why the argument was not preserved and held that no exceptional circumstance warranted review notwithstanding the forfeiture. See App.25a.

After finding the argument forfeited, the court then went on to explain that “to the extent [it] was not forfeited, the argument has no basis in [the court’s] case law.” App.25a. On the merits, the court explained that “[w]e have made clear that ‘where the relevant factual inquiries underlying an obviousness determination are otherwise clear,’ characterizing references ‘as “primary” and “secondary” is merely a matter of presentation with no legal significance.’” See App.26a. (quoting *In re Mouttet*, 686 F.3d 1322, 1333 (Fed. Cir. 2012) and citing *In re Bush*, 296 F.2d 491, 496 (CCPA 1961) (Rich, J.), *In re Cowles*, 156 F.2d 551, 554 (CCPA

1946), *In re Krammes*, 314 F.2d 813, 816–17 (CCPA 1963), and *In re Walker*, 324 F.2d 977, 984–85 (CCPA 1963)).

The court further explained that “we have acknowledged ‘that there may be some cases in which relevant factual determinations inhere in such characterization of prior art references,’” but found that Petitioner “has not brought any such case to our attention, and we could find none.” See App.26a (quoting *Mouffet*, 686 F.3d at 1333). The court concluded that “this case is certainly not one because, as we explained above [in the detailed discussion of the Board’s findings], the relevant factual determinations supporting the Board’s obviousness conclusions are clear, supported by substantial evidence, and refute any concern of hindsight bias.” *Id.*

3. Petitioner asks the Court to review her forfeited primary reference argument and clarify the law on obviousness by requiring the Board to “articulate[] reasoning with some rational underpinning” to support an obviousness combination, and also explain the basis for selecting one prior art reference as “primary” and another as “secondary” when multiple prior references support an obviousness determination. Pet.8-9.

REASONS FOR DENYING THE PETITION

The Court should deny the petition. Petitioner never presented her primary reference argument to the Board. When she raised it for the first time to the Federal Circuit, that court straightforwardly held she forfeited it and noted that no special circumstances warranted considering an argument she failed to preserve. Petitioner’s forfeiture of the question she presents counsels against this Court’s review. The peti-

tion nowhere seriously engages that problem, and certainly offers no reason to forgive the forfeiture now and grant review.

If the Court were inclined to overlook the problem of forfeiture, it should still deny the petition because it presents no question worthy of review. The central holding below—that the challenged patents are invalid because they are obvious—is fact-bound and supported by substantial evidence. It implicates no broader question and nothing of importance outside the confines of this case. Moreover, and contrary to the arguments the petition makes, the decision below correctly applies this Court’s decision in *KSR* and creates no conflict with any decision of the Federal Circuit.

I. PETITIONER FORFEITED THE QUESTION SHE PRESENTS BY FAILING TO RAISE IT BEFORE THE BOARD.

The Court should not review the primary reference argument because Petitioner forfeited it below, does not explain or excuse that forfeiture, and offers no special circumstances meriting this Court’s review of the question.

1. The primary reference argument on which the petition seeks review was forfeited below. The Federal Circuit squarely held as much, *see* Pet.App.25a, and Petitioner admitted the forfeiture in her reply brief below. She conceded that she had failed to present the argument “directly” to the Board, but asserted this was “irrelevant” because it had been “indirectly” preserved. *See* App.23a. The Federal Circuit thoroughly considered and rejected each of Petitioner’s three arguments for “indirect” preservation. *See* App.23a-25a. The petition addresses this primary

problem of forfeiture only in passing, relegating it to a single sentence of a single footnote and stating only that “[n]otably, these same arguments by [Petitioner] demonstrate why the Federal Circuit’s findings as to waiver . . . were incorrect.” Pet.6 at n.2.¹ The petition offers no explanation why the Federal Circuit’s detailed findings as to forfeiture were “incorrect,” much less why her forfeiture should not preclude this Court’s review.

2. Not only did Petitioner forfeit—or, in her words, waive—the argument below, she also made absolutely no attempt to excuse this failure either before the Federal Circuit or before this Court. The decision below correctly states Petitioner “d[id] not cite any exceptional circumstances that could warrant consideration of her Primary Reference Argument.” See App.25a. Nor does she attempt to do so here, likely because no exceptional circumstances exist that would warrant consideration of the primary reference argument by this Court.

The Petition thus suffers from waiver twice over, first by forfeiting the argument before the Board, and now by waiving any argument that the Federal Circuit erred in holding that the primary reference argument was forfeited. See, e.g., *United States v. Olano*, 507 U.S. 725, 731 (1993) (“No procedural principle is

¹ The “waiver” sentence’s reference to the “same arguments” presumably refers to the footnote’s earlier “explanation why it matters – *as a factual determination* – that Kronzer was selected as the primary reference.” Pet.6 at n.2 (emphasis added). Of course, error correction of a factual determination is an exceptionally weak basis on which to grant review. See *infra* Sec. II. *Arguendo* if the forfeiture was, in the petition’s own words, an intentional *waiver* of the argument below, and not just forfeiture.

more familiar to this Court than that’ a right of any other sort, ‘may be forfeited in . . . civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it.’”) (quoting *Yakus v. United States*, 321 U.S. 414, 444 (1944)); accord *Google*, 980 F.3d 858, 863 (Fed. Cir. 2020) (“We have regularly stated and applied the important principle that a position not presented in the tribunal under review will not be considered on appeal in the absence of exceptional circumstances.”); *In re NuVasive, Inc.*, 842 F.3d 1376, 1380 (Fed. Cir. 2016) (a party forfeits “an argument that it ‘failed to present to the Board’ because it deprives the court of ‘the benefit of the Board’s informed judgment.’”) (quoting *In re Watts*, 354 F.3d 1362, 1367–68 (Fed. Cir. 2004)).

II. REVIEW OF THE OBVIOUSNESS HOLDING WOULD BE FACT-BOUND ERROR CORRECTION.

Were the Court inclined to overlook the problem of forfeiture and consider the question presented on the merits, it would be engaging in routine error correction of the Board’s fact-bound obviousness determination.

As the decision below explains, “[t]he question of obviousness is resolved *on the basis of underlying factual determinations* including (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) objective evidence of non-obviousness.” App.39a. (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966) (emphasis added)).

Reviewing obviousness in this case, the Federal Circuit stated plainly that “the relevant factual determi-

nations supporting the Board's obviousness conclusions are clear, supported by substantial evidence, and refute any concern of hindsight bias." App.26a.

Nothing in that conclusion merits this Court's review, and the question whether these patents are invalid as obvious has no special importance beyond this case. Granting review would be inconsistent with the Court's "institutional role," which is to "ensur[e] clarity and uniformity of legal doctrine," not to engage in "the case-specific process of reviewing the application of law to the particularized facts of individual disputes[.]" *United States v. Young*, 470 U.S. 1, 34 (1985) (Blackmun J., concurring); see also *Boag v. MacDougall*, 454 U.S. 364, 368 (1982) (Rehnquist, J., dissenting) ("To remain effective, the Supreme Court must continue to decide only those cases which present questions whose resolution will have immediate importance far beyond the particular facts and parties involved.").

Nowhere in its nine pages does the Petition explain this case's general importance.

III. THE DECISION BELOW CORRECTLY APPLIED *KSR* AND IS CONSISTENT WITH THE FEDERAL CIRCUIT'S WELL-ESTABLISHED PRECEDENT.

In any event, the Petition should be denied because the decision below faithfully applies this Court's precedent and creates no conflict with any Federal Circuit decision.

1. The decision below is consistent with *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). Nothing in *KSR* requires the Board (or the Federal Circuit) to incant magic words about primary and secondary references to determine obviousness simply because more

than one reference supports that finding. Quite the opposite. *KSR* expressly rejected a “rigid approach” to obviousness determinations, instead embracing “an expansive and flexible approach” (sometimes called a “functional approach”) to evaluating obviousness. *KSR*, 550 U.S. at 415. *KSR* nowhere imparts significance to the characterization of a reference as “primary” or “secondary,” much less requires that a finding of obviousness based on a combination of references must provide a separate rationale why a skilled artisan would have selected one reference as “primary” and another as “secondary.”

In fact, as Petitioner acknowledges, *see* Pet.7, an obviousness analysis will often involve considering “the interrelated teachings of multiple patents,” “the background knowledge possessed by a person having ordinary skill in the art,” and various other factors, “in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.” *KSR*, 550 U.S. at 418. The Court only requires that this “analysis should be made explicit,” by providing “some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *Id.* (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

This decision easily meets that standard. As the Federal Circuit held, the Board “meticulously” considered the parties’ arguments and evidence pertaining to obviousness and provided a detailed and clear obviousness analysis with factual findings supported by substantial evidence. *See* Pet.App.10a–16a. For example, the Board found that: (i) Kronzer and Oez were aligned with a common goal of improving the quality of multi-layered image transfer sheets, (ii) Kronzer’s and Oez’s image transfer sheets were complimentary

and compatible, (iii) Kronzer teaches all of the layers of the claimed image transfer sheets, (iv) Kronzer teaches that its image transfer sheets can be used to transfer images to any color fabrics, (v) Kronzer expressly invites the use of pigments in its layers, and (vi) Oez expressly teaches that adding a white pigment to a transfer sheet layer improves image quality for image transfers to dark fabrics. *See id.* In view of these findings, the Board concluded that “a skilled artisan would have recognized that the Oez technique would improve the similar transfer sheet disclosed in Kronzer, and would have had a reason to combine the teachings of Kronzer and Oez,” namely: “to improve the Kronzer transfer sheet when printing on a dark fabric.” *See* Pet.App.11.a–13a. Accordingly, Petitioner’s assertion that the Board’s obviousness analysis was “entirely absent” lacks merit.² *See* Pet.7.

2. Nor does the decision conflict with any Federal Circuit precedent. The Federal Circuit has long held

² Petitioner also asserts that the need to articulate a separate basis for selecting Kronzer as the primary reference was “heightened” because, in the IPR proceeding for the ‘554 patent, the Board found that Neenah did not sufficiently demonstrate that the combination of Oez and Kronzer with Oez as the primary reference rendered the ‘554 patent claims obvious. *See* Pet.7–8. That mischaracterizes the record. In that IPR petition, Neenah did not present any grounds based on Oez as the primary reference and Kronzer as the secondary reference. Contrary to Petitioner’s suggestion, the Board did not find certain patent claims obvious over Kronzer in view of Oez and other patent claims not obvious over Oez in view of Kronzer. Rather, as the Federal Circuit noted, the proposed combinations in the IPR involving the ‘554 patent were “different grounds for assessing obviousness, and, accordingly, the ‘554 Decision has no bearing on the outcome of this appeal.” *See* App.19 at n. 10.

that when that court characterizes prior art references as “primary” and “secondary,” it is just using convenient labels, not importing legal significance. *See* App.26a (“We have made clear that ‘where the relevant factual inquiries underlying an obviousness determination are otherwise clear,’ characterizing references ‘as “primary” and “secondary” is merely a matter of presentation with no legal significance.’”) (quoting *In re Mouttet*, 686 F.3d 1322, 1333 (Fed. Cir. 2012)). The decision below traces that principle back, through the Federal Circuit’s predecessor court, to 1946—meaning the precedent is both unbroken and long-standing. *See id.* Petitioner fails to address *Mouttet* or any of the cited CCPA decisions or explain how its primary reference argument could possibly be reconciled with this precedent. *See* Pet.5–6. Where the Petitioner espouses conflict with Federal Circuit’s precedent, that court sees only consistency.

3. The two cases the Petition highlights—*WBIP, LLC v. Kohler Co.*, 829 F.3d 1317 (Fed. Cir. 2016) and *Yeda Rsch. v. Mylan Pharms. Inc.*, 906 F.3d 1031 (Fed. Cir. 2018)—are consistent with the holding below and with the *Mouttet* line of cases. The petition argues that *WBIP* and *Yeda* require that an obviousness determination based on combinations of prior art references must “articulate a reason that a skilled artisan would select the primary prior art reference (as well as the secondary references).” Pet.4-5. These cases do *not* adopt the per se rule the petition describes.

At base, the holdings in *WBIP* and *Yeda* simply affirm decisions based on substantial evidence in light of the facts presented by those parties. *See WBIP*, 829 F.3d at 1337 (“We see no legal error in the ultimate conclusion that Kohler failed to prove that the asserted claims would have been obvious by clear and

convincing evidence.”); *Yeda*, 906 F.3d at 1045–46 (“Given the small field of prior art references with clinical support, we find no clear error in the Board’s finding that the ‘[p]otent and promising activity in the prior art’ would have encouraged a POSITA to traverse the experimental options to produce this invention.”).

The statements to which the petition points are case-specific dicta, *not* a “rule” about primary and secondary sources for purposes of evaluating obviousness. Nevertheless, this dicta does not espouse a tension in the caselaw. Neither *WBIP* nor *Yeda* establishes a “rule” that the Board must explain why one prior reference is “primary” and another “secondary” in an obviousness challenge based on two prior references.

The statement in *WBIP* (that “[t]he real question is whether that skilled artisan would have plucked one reference out of the sea of prior art . . . and combined it . . . to address some need present in the field”) was simply that court’s way of affirming a finding of *non-obviousness* in that case. There, multiple objective considerations of non-obviousness (“commercial success, long-felt need, industry praise, skepticism, and copying”) supported the jury’s verdict of non-obviousness. *WBIP*, 829 F.3d at 1337. The statement on which the petition relies to show a conflict is actually just a simple articulation why the jury verdict in that case was supported by substantial evidence, namely, because *WBIP* was *not* a case in which “the obviousness analysis is framed as an inquiry into whether a person of skill, with two (and only two) references sitting on the table in front of him, would have been motivated to combine (or . . . could have combined) the

references in a way that renders the claimed invention obvious.” *Id.*

For its part, *Yeda distinguished WBIP*, noting that “far from a ‘sea of prior art,’ the references before the Board presented a finite and known pool of . . . options easily traversed to show obviousness.” *Yeda*, 906 F.3d at 1044 (quoting *WBIP*, 829 F.3d at 1337). *Yeda* endorsed the Board’s analysis, which began with one prior reference, “which it found disclosed every claim element except [one feature]” that it then found would have been obvious based on the secondary references. *Yeda*, 906 F.3d at 1044. Likewise here, the Board found (and Petitioner did not dispute) that Kronzer teaches everything in the challenged claims with the exception of one feature, namely, a white pigment. The Board then found his only missing feature would have been obvious based on the express teachings in Oez that the use of a white pigment in an image transfer sheet improves image quality when transferring images to dark fabrics. *See* App.10a-12a. This case and *Yeda* are consistent.

* * *

Ultimately, the Board’s obviousness analysis, and the Federal Circuit’s review and affirmance of it, aligns with this Court’s guidance in *KSR* as well as the Federal Circuit’s prior cases on obviousness. The decision is supported by substantial evidence and offers no importance to parties beyond this dispute. Review is especially ill-advised here, as the central argument was forfeited below, that forfeiture is not challenged, and it presents an independent ground to affirm.

CONCLUSION

The petition should be denied.

Respectfully submitted,

K. LEE MARSHALL
BCLP
Three Embarcadero Center
7th Floor
San Francisco, CA 94111

JOSEPH J. RICHETTI
ALEXANDER WALDEN
BCLP
1290 Avenue of
the Americas
New York, NY 10104

BARBARA A. SMITH*
BCLP
211 N. Broadway
Suite 3600
St. Louis, MO 63102
(314) 259-2367
barbara.smith@
bclplaw.com

ERIC P. SCHROEDER
BCLP
One Atlantic Center
1201 W. Peachtree
N.W.
Atlanta, GA 30309

Counsel for Respondent

February 8, 2024

*Counsel of Record