

No. 23-739

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IN THE  
**Supreme Court of the United States**

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JODI A. SCHWENDIMANN, FKA JODI A. DALVEY,

*Petitioner,*

*v.*

NEENAH, INC., *et al.*,

*Respondents.*

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

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**REPLY BRIEF**

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This Court’s precedent requires that the obviousness analysis include an “explicit” “reason to combine the known elements **in the fashion claimed** by the patent at issue.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418, 127 S. Ct. 1727, 1741, 167 L. Ed. 2d 705 (2007) (emphasis added). In implementing this standard, the Federal Circuit adopted rules for this “explicit” analysis, including that the analysis:

- must address “**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 ...” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1337 (Fed. Cir. 2016) (emphasis added).
- must **not** “rely[] on hindsight bias **in selecting a lead prior art reference** after the fact.” *Yeda Rsch. v. Mylan Pharms. Inc.*, 906 F.3d 1031, 1044–45 (Fed. Cir. 2018) (emphasis added).

Despite this precedent, the Panel below rejected the argument that there was no explicit analysis of “why a skilled artisan would have chosen Kronzer as the ‘primary reference’ for the proposed combination,” holding that “the argument has no basis in our case law.” *Schwendimann v. Neenah, Inc.*, 82 F.4th 1371, 1382-84 (Fed. Cir. 2023). The Panel’s decision repudiates this Court’s controlling precedent on patent obviousness, creating ambiguity on whether selection of a primary reference based on hindsight reasoning is permitted.

The absence of the required “explicit” analysis is undisputed. Neenah’s Response does not dispute that

Neenah (and the Board) failed to articulate why a skilled artisan would have selected Kronzer as the “primary reference.” *See generally* Response Brief (“Br.”). Instead, Neenah provides three arguments for why this Court should decline to consider the Petition. Each of these responses, however, lacks merit, for the reasons described below.

### **I. There Are Compelling Reasons for Granting Review.**

First, Neenah argues that review here is not warranted because this case presents a fact issue particular to this case, not a legal issue that impacts other litigants. *See generally* Br., at 6-7. Neenah misstates the issue on which review is sought. Although the analysis of the reasons for selecting the reference (had it taken place<sup>1</sup>) is a factual question, the failure to conduct the analysis **at all** is a legal error.

Neenah also argues that the Petition fails to “explain this case’s general importance.” *Id.* at 7. To the contrary, the Petition explained that there are compelling reasons for review, including because: (1) “[t]he Federal Circuit in this case contravened its own established precedent” (i.e., *KSR* and Federal Circuit precedent) (Petition, at 4); (2) review will provide clarity to future litigants and factfinders (*id.*, at 8); and (3) review is needed to prevent hindsight reasoning. *Id.* at 6-8; *see* SUP. CT. R. 10.

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1. None of the Board’s “factual findings” that Neenah cites to (Br., at 8-9) state a single reason why a skilled artisan would have selected Kronzer and its polymers, especially in view of the teachings in the sea of prior art (e.g., Oez).

To the extent that additional reasons as to this case’s “general importance” are needed, Schwendimann further states that compelling circumstances exist because the Board departed from the accepted and usual course of judicial proceedings, such that exercise of this Court’s supervisory power is needed. *See* SUP. CT. R. 10(a). As a result of its role in both issuing and invalidating patents, the Patent Office is playing “both sides of the street.” On the one hand, Patent Office Examiners are issuing patents to inventors, telling inventors that their patents are valid. Inventors then rely upon the Patent Office’s issuance of patents in making important business decisions. On the other hand, the Patent Office’s Board then invalidates those very same patents at an **alarmingly high, 84% rate.**<sup>2</sup> Moreover, when the Board considers whether to invalidate issued patents, it applies a standard of review that includes **zero deference** to the Patent Office’s own work. As a result of the decision below, the Patent Office will now invalidate patents issued by the Patent Office **even more easily**, because litigants can rely on hindsight bias in selecting the lead reference, contrary to precedent. The need to provide fairness to patent holders before the Patent Office provides a compelling reason for review. SUP. CT. R. 10(a).

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2. *See* Paul Morinville & Dirk Tomsin, *The PREVAIL Act Won’t Work Unless PTAB Incentives Are Balanced*, IPWATCHDOG, Aug. 6, 2023, <https://ipwatchdog.com/2023/08/06/the-prevail-act-wont-work-unless-ptab-incentives-are-balanced> (noting PTAB “invalidating 84% of the patents it fully adjudicates”).

## II. The Argument upon Which Patent Owner Is Seeking Review Was Not Forfeited Below.

Neenah also argues that review here is not warranted because the argument was “forfeited.” Br., at 4-6. As the Petition explained, however, Schwendimann preserved the substance of her Primary Reference Argument and, therefore, the Panel’s finding of forfeiture was incorrect. Petition, at 5-6 n. 2.

It is undisputed that, in the proceedings below, Schwendimann argued that Neenah never provided an explicit analysis of (1) why a skilled artisan would have looked to Kronzer (the primary reference) **at all** (especially when Oez, another reference in the sea of prior art, seemed to have the answers) and (2) why a skilled artisan would select the **polymers** from Kronzer (the primary reference) (because Oez teaches that its polymers are advantageous). *See, e.g., Schwendimann v. Neenah*, 82 F.4th at 1381 (because of Oez, a skilled artisan would have been discouraged from using Kronzer’s polymers – i.e., non-cross-linking polymers); *id.* at 1383 (why start with Kronzer?<sup>3</sup>). The fact that Schwendimann made these arguments in the context of other arguments is irrelevant because the substance is the same. The substance is the same because the **only** answer Neenah ever offered was circular reasoning: a skilled artisan would use Kronzer’s polymers because Kronzer was the primary reference. Because of Neenah’s circular logic, the issue of “why select

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3. During oral argument, the Board asked counsel for Neenah if it had an answer to the question of “why start with Kronzer.” *Id.* at 1383. The Board would not have engaged in this questioning if the issue had not been raised by the parties in the briefing leading up to the hearing.



Kronzer as the primary reference” and the issue of “why select Kronzer and its polymers at all” are substantively the same. Schwendimann preserved the substance of the issue.

Schwendimann also preserved the Primary Reference Argument below when she argued that Neenah failed to show that Kronzer “provide[d] something beneficial that [was] lacking in Oez[ ].” *Id.* at 1383.<sup>4</sup> As the Petition explained, the need to provide a non-hindsight reason for selecting Kronzer is heightened in this case because Neenah’s selection of Kronzer and its polymers was dispositive. Petition, at 3. This is because the Challenged Claims required a “white layer” having “**a polymer** that melts and mixes.” *Schwendimann v. Neenah*, 82 F.4th at 1377 (emphasis added & internal citation omitted). The Board found that Neenah had shown that the Kronzer polymers melt and mix, but Neenah had **not** shown that the Oez polymers melt and mix. *See Neenah, Inc. v. Schwendimann*, No. IPR2020-00636, 2020 WL 5539857, at \*7-\*8 (P.T.A.B. Sept. 15, 2020) (Oez); *Schwendimann v. Neenah*, 82 F.4th at 1377 (Kronzer). As a result, combinations that led with Kronzer and its polymers invalidated, but combinations that led with Oez and its

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4. The Board found this was a “a red herring” because Neenah had not proposed to “modify or improve anything in Oez-US based on Kronzer.” *Neenah, Inc. v. Schwendimann*, No. IPR2020-00915, 2021 WL 5203293, at \*9 n. 8 (P.T.A.B. Nov. 1, 2021). This misses the point: the point is that Neenah provided no reason why a skilled artisan, looking at both Kronzer and Oez, would choose to use Kronzer and its polymers over Oez and its polymers. Certainly, the substance was raised below.

polymers did not.<sup>5</sup> Thus, the characterization of the references as “primary” and “secondary” not only carried legal significance but was actually dispositive. Because the distinction was dispositive, there was a heightened reason to require some reason for selecting Kronzer and its polymers. Petition, at 3.

The Panel’s finding of forfeiture incorrectly elevated form over substance. Petition, at 5-6 n. 2. The Panel found that Schwendimann had forfeited the argument because her comments below did not “describe[] the Primary Reference Argument.” *Schwendimann v. Neenah*, 82 F.4th at 1384. Issue preservation, however, “does not demand the incantation of particular words.” *Nelson v. Adams*, 529 U.S. 460, 469, 120 S.Ct. 1579, 146 L.Ed.2d 530 (2000). Instead, the issue is preserved “so long as it can be said that the tribunal was ‘fairly put on notice as to the substance of the issue.’” *Nike Inc. v. Adidas AG*, 812 F.3d 1326, 1342 (Fed. Cir. 2016) (internal citations omitted). Here, the Panel’s focus on whether Schwendimann used the words “Primary Reference” ignores the fact that the Board and Neenah were fairly put on notice as to the substance of Schwendimann’s argument. Schwendimann’s

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5. Neenah asserts that, in that IPR petition challenging the ‘554 Patent, Neenah “did not present any grounds based on Oez as the primary reference and Kronzer as the secondary reference.” Br., at 9 n. 2. Neenah appears to be quibbling over whether Kronzer was a “secondary” reference or a “tertiary” reference, but that difference is unimportant. One of the Grounds in the IPR involved the combination of Oez-US (as the primary reference) in view of two additional references: Meyer and Kronzer. *Neenah v. Schwendimann*, 2020 WL 5539857, at \*3. The Board found that, for the combination that led with Oez and its polymers, Neenah **failed** to explain how Oez’s polymers melt and mix. *Id.* at \*7-\*8.

arguments that a skilled artisan would not look to Kronzer (both “at all,” but also specifically to Kronzer’s polymers) preserved the substance.

Finally, Neenah overstates the impact of the alleged forfeiture. Even if Schwendimann had not presented the substance of her argument below (which she did), there is no absolute bar to deciding the issue on appeal, because forfeiture is a matter of discretion. *Medtronic, Inc. v. Teleflex Innovations S.À.R.L.*, 68 F.4th 1298, 1305 (Fed. Cir. 2023) (internal citation omitted). Here, compelling circumstances exist for considering the Petition. In particular, if the issue in this Petition is not addressed by this Court, parties litigating the issue of obviousness will be unclear as to the status of the law of *KSR*, *Yeda*, and *WBIP*. The holdings in those cases have not been – and could not have been overruled – by the Panel decision in this case. But, at the same time, the Panel’s decision in this case plainly states that there is no basis in the Federal Circuit’s law to conclude that a party must articulate a basis for selecting the primary prior art reference. Guidance from this Court is necessary to prevent future confusion as to the state of the law on obviousness.

### **III. Supreme Court and Federal Circuit Precedent Requires an Explicit Analysis – Beyond Hindsight Reasoning – of Why a Skilled Artisan Would Select Kronzer and Its Polymers.**

Neenah argues that review here is not warranted because the decision below correctly applied *KSR* and is consistent with the Federal Circuit’s precedent. Br., at 7. But the Supreme Court’s decision in *KSR* prohibits “slipping into use of hindsight,” and hindsight reasoning

was the only possible reason for Neenah’s selection of Kronzer (the primary prior art reference) and its polymers. Petition, at 6-7; *see also KSR*, 550 U.S. at 421 (internal quotation omitted). The problem with Neenah’s obviousness analysis is not that it failed to use some “magic words,” as Neenah asserts (Br., at 7), but instead that Neenah failed to articulate **any** reason for combining the elements in the fashion claimed. *KSR*, 550 U.S. at 418. Neenah used the polymers from Kronzer **only** because Kronzer was the primary reference, but Neenah never articulated any reason to select Kronzer in the first place.<sup>6</sup> Petition, at 5-6 n. 2. The only reason was hindsight: Neenah selected Kronzer and its polymers because, like the inventive polymers, Kronzer’s polymers melted and mixed during application. This type of hindsight reasoning is expressly prohibited by *KSR*.

Federal Circuit decisions have implemented *KSR*’s prohibition against hindsight reasoning, adopting rules required for the obviousness analysis. For example, in *WBIP*, the Federal Circuit articulated the following rules:

Too often **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 ... the references in a way that renders the claimed invention obvious. **The**

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6. The Panel noted that Neenah explained adding a white pigment to Kronzer’s layers would improve Kronzer’s transfer sheets for application to dark fabrics. *Schwendimann v. Neenah*, 82 F.4th at 1383. That answer, however, addresses why a skilled artisan would incorporate a material (pigment) **from Oez**, not the why a skilled artisan would select Kronzer and its polymers.

**real question is whether that skilled artisan would have plucked one reference out of the sea of prior art** (Phipps) **and combined it** with conventional coolant elements **to address some need present in the field** .... Whether a skilled artisan would be motivated to make a combination **includes whether he would select particular references** in order to combine their elements.

*WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1337 (Fed. Cir. 2016) (emphasis added). Neenah argues that the language from *WBIP* is “case-specific dicta.” Br., at 11. The plain language from *WBIP*, however, quoted above, articulates **rules**, not dicta. Indeed, the Federal Circuit applied the rules articulated in *WBIP* in subsequent case law. *See Yeda*, 906 F.3d at 1044 (quoting *WBIP*, 829 F.3d at 1337 (“The real question is whether that skilled artisan would have plucked one reference out of the sea of prior art ....”). Had the language from *WBIP* been “dicta,” the Federal Circuit in *Yeda* would not have characterized the language as part of the Federal Circuit’s “previous[] caution.” *See id.* The language in *WBIP* is binding precedent.

Neenah also, incorrectly, argues that *WBIP* is consistent with the holding below. *See* Br., at 10. Although both cases involve an obviousness analysis in “a sea of prior art,” the similarities stop there. In *WBIP*, the Federal Circuit **required** a reason for plucking one reference out of the sea of prior art (which it found missing). In contrast, here, the Board and Panel found the claims were obvious but never required any reason for selecting Kronzer or its polymers. The holding below is **in**consistent with *WBIP*.

In *Yeda*, the Federal Circuit reiterated its own, longstanding rule “against relying on hindsight bias in selecting a lead prior art reference after the fact”:

[W]hile we have previously cautioned against relying on hindsight bias in selecting a lead prior art reference after the fact, we find no hindsight in the Board’s analysis. *See, e.g., WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1337 (Fed. Cir. 2016) (“The real question is whether that skilled artisan would have plucked one reference out of the sea of prior art ...”); *Ortho-McNeil Pharm., Inc. v. Mylan Labs., Inc.*, 520 F.3d 1358, 1364 (Fed. Cir. 2008).

*Yeda*, 906 F.3d at 1044–45. Despite this clear rule, Neenah argues that the law has **never** required a basis for choosing the primary reference and that this language in *Yeda* is also merely “case-specific dicta.” Br., at 11. Again, Neenah is incorrect. The language in *Yeda* is not “dicta” but instead a clear **rule** based on *KSR* and existing Federal Circuit decisions cited in *Yeda*, including *WBIP* and *Ortho-McNeil*.<sup>7</sup>

Neenah is also incorrect that the analysis in *Yeda* was proper here. *See* Br., at 12. *Yeda* involved “a finite

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7. The second decision cited in *Yeda* also articulated a rule “against relying on hindsight bias in selecting a lead prior art reference.” *See Ortho-McNeil Pharm.*, 520 F.3d at 1364. In that case, which, like this case, did **not** involve a finite number of alternatives, the party seeking to invalidate failed to show that a skilled artisan would have started with the material that the inventor started with. *Id.* That is the precise analysis that is lacking here.

and known pool of options,” “far from a ‘sea of prior art.’” *Yeda*, 906 F.3d at 1044 (quoting *KSR*, 550 U.S. at 421). **Because of** “the small field of prior art references,” the Federal Circuit found no error in selection of the prior art reference. *Id.* In stark contrast, here, there **was** a sea of prior art for the skilled artisan to choose from, as is apparent from the lengthy “References Cited” section in each Patent. Given the sea of prior art, it was **impermissible** to use hindsight bias as the reason for selecting a lead prior art reference (Kronzer), especially because Neenah admittedly used Kronzer’s primary reference status to supply “everything in the challenged claims with the exception of one feature.” Br., at 12.

The failure to articulate any reason for selecting Kronzer and its polymers conflicts with *KSR* and Federal Circuit precedent. The decisions (which have not been overruled) set forth a clear rule that, in a crowded “sea of prior art” field, the obviousness analysis must include an explicit analysis of why a skilled artisan would select the prior art references. Because the decisions are precedential, they cannot be overturned without an *en banc* panel, which was not present here. Nevertheless, the case below states that such a rule has “no basis in [the Federal Circuit’s] case law.” *Schwendimann v. Neenah, Inc.*, 82 F.4th at 1384. The effect of the Panel’s decision in this case is that the Federal Circuit has abandoned – but not expressly overruled – its own precedent. Review by this Court is necessary to avoid confusion for future litigants and factfinders addressing obviousness. Review by this Court also is necessary to prevent hindsight bias.

**CONCLUSION**

For the reasons set forth herein, Petitioner respectfully requests the Court grant her Petition.

Respectfully submitted,

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