

Keys To Success Through Secondary Considerations At PTAB

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With only a few success stories, proving nonobviousness through secondary considerations (also known as “objective indicia of nonobviousness”) has always been challenging at the Patent Trial and Appeal Board. Presenting such a case takes a lot of time and resources to find and develop evidence and, therefore, can hardly seem worth it.

The PTAB recently issued guidance on secondary considerations in nearly all the procedural contexts in which it will decide this issue: America Invents Act trials and appeals from prosecution and ex parte reexams. The PTAB provided much needed strategic direction, which can mean the difference between winning and losing. This article discusses the lessons learned from these cases.

Perhaps the most significant hurdle to proving nonobviousness through secondary considerations is demonstrating a nexus between the proffered evidence and the claimed invention. Practitioners need to muster their evidence, but they need to specifically tie that evidence to the claimed invention. If a nexus is shown, then the PTAB will consider the strength of the objective-indicia evidence itself and determine if, on balance, that evidence outweighs the prima facie obviousness case.

Secondary Considerations in IPRs: Lectrosonics Inc. v. Zaxcom Inc. (Precedential)

In this case,[1] the PTAB addressed objective indicia twice. The PTAB first addressed objective indicia for the original claims and then addressed the objective indicia for proposed substitute claims in a contingent motion to amend. For the original claims, the PTAB found a lack of nexus. But, the PTAB found that the objective indicia outweighed the obviousness finding for the amended claims and thus granted the motion to amend. The difference between winning and losing – in this as well as many cases – was nexus.

The PTAB provided a comprehensive legal framework providing several lessons for practitioners. First, practitioners should try to avail themselves of the nexus presumption if possible, which was unavailable to the patentee here. To do so, the patentee needs to show “that the asserted objective evidence is tied to a specific product and that product ‘embodies the claimed features, and is coextensive with them.’”

The coextensive requirement “is to ensure that nexus is only presumed when the product tied to the evidence of secondary considerations ‘is the invention disclosed and claimed.’” When making such an argument,

practitioners need to know that the coextensiveness requirement is not met when the product “includes a ‘critical’ unclaimed feature that is claimed by a different patent and that materially impacts the product’s functionality.”

All is not lost if practitioners cannot avail themselves of the presumption because practitioners’ fallback position is to argue nexus. In this situation, “the patent owner is still afforded an opportunity to prove nexus by showing that the evidence of secondary considerations is the ‘direct result of the unique characteristics of the claimed invention.’” Practitioners must show that the secondary-consideration evidence results from something that is both claimed and novel in that “there must be a nexus to some aspect of the claim not already in the prior art.” Practitioners can argue that the evidence is tied to a new feature or “that it is the claimed combination as a whole that serves as a nexus for the objective evidence.”

Once practitioners have demonstrated a sufficient nexus, then the fact-finder will “weigh the secondary considerations evidence presented in the context of whether the claimed invention as a whole would have been obvious to a skilled artisan.”

Original Claims

The patent owner’s secondary consideration case failed because the PTAB found that the patent owner had not demonstrated a nexus between the evidence presented and the claimed invention. Specifically, the evidence presented was directed to an unclaimed feature. It is therefore critical that practitioners demonstrate that their evidence is tied to a claimed feature, which is what the patent owner was able to do for the amended claims.

Amended Claims

For the amended claims, the PTAB found that there was a nexus based on two declarants, who tied long-felt need directly to the newly added claim limitations by specifically referring to those limitations. The PTAB also was convinced that there was a long-felt need after reviewing the declarations which described the prior art, the problems in the prior art, and how the claimed invention solved those problems. Thus, practitioners should draft their declarations to expressly discuss specific claim limitations, and when addressing long-felt need, practitioners should explain precisely the prior art and its problems, as well as how the claimed invention solves those problems.

When considering industry praise received along with an Emmy award, the PTAB also found there was a nexus because members of the award committee praised a claimed feature. Although some of the praise was directed to unclaimed features, that was considered as leaning “neither for nor against nonobviousness.” Therefore, when arguing industry praise, practitioners should muster as much evidence as they can because, even if some is found directed to an unclaimed feature, it will not be held against patentability.

The patent owner also argued failure of others, but the PTAB was not convinced because the declaration was conclusory. Practitioners need to remember to provide ample evidentiary support for their declarants’ conclusions.

In the end, however, the PTAB weighed a weak prima facie case of obviousness against significant secondary consideration evidence and found the amended claims were nonobvious. This demonstrates the balancing that occurs between the strength of the prima facie case and the strength of the secondary consideration case. Practitioners not only need to bolster their secondary consideration case with as much evidence specifically tied to the claims as possible, but they also need to weaken the prima facie case by attacking it directly.

Secondary Considerations During Prosecution: Ex Parte Thompson (Informative)

This case[2] was an appeal from an examiner's rejection. The invention is a television cable distribution box that addresses the problem of cable theft from legacy cable distribution boxes by using an authentication device, an electronic access control system, and a lock that electronically unlocks the box when access to the box is granted. The dispute concerned whether the examiner properly considered the probative value of four expert declarations evidencing a long-felt need and failure of others.

The PTAB provided a road map for showing long-felt need:

- "[T]he need must have been a persistent one that was recognized by ordinarily skilled artisans."
- "[T]he long-felt need must not have been satisfied by another before Appellant's invention."
- "[T]he invention must, in fact, satisfy the long-felt need."

Persistent Need

The PTAB found all declarations probative on this issue, but one less so. It was unclear in that declaration exactly how long that declarant considered cable theft had been a problem because he tied the time frame to his time of employment, rather than specific dates. This shows the importance of giving precise facts and dates in declaration evidence.

Not Satisfied by Another

The PTAB analyzed the examiner's assertion that the problem of cable theft had been solved by another. The PTAB agreed with the appellant that the problem is not preventing cable theft in general, "but rather cable theft in 'Legacy Cable Distribution Boxes.'" This problem had not been solved. The takeaway here is to define the problem as narrowly as possible to ensure that no one has solved it before.

Satisfy the Long-Felt Need

The PTAB first found that some claim elements are "reasonably commensurate" with the cable boxes discussed in the declarations. Second, the PTAB noted that all four declarations described deployments where the inventive cable boxes solved cable theft. This evidence was very specific, discussing particular groups of dozens of installations, even though they were a small fraction of the thousands of installations deployed.

The PTAB found one installation to be "perhaps the strongest evidence." In that installation, 13 legacy cable boxes that had experienced cable theft were replaced with the inventive boxes and the declarant stated that he "was unaware of any thefts in those locations after replacement." For this prong to be successful, practitioners should show nexus and evidence of specific actual success stories tied to the claimed invention.

Ultimately, the PTAB reversed the examiner's obviousness rejection with instructions to reassess the obviousness determination.

Secondary Considerations During Ex Parte Reexams: Ex Parte Whirlpool Corp. (Informative)

This case^[3] was an appeal from an ex parte reexamination concerning a refrigerator with a freezer compartment containing an ice delivery system mounted on the freezer door, or IDI refrigerators. The PTAB considered the appellant's secondary consideration evidence of 11 declarations, each with attached exhibits, addressing: (1) industry praise; (2) evidence of copying; (3) commercial success; and (4) long-felt need.

Nexus

The examiner found that the patent owner had not established a nexus because some of the evidence referred to unclaimed features. The PTAB disagreed stating that "[a]n invention may be praised or commercially successful for reasons other than the claimed invention but a nexus may still exist as long as it can be shown that such praise or success is also due in part to the claimed invention." The PTAB found that some, but not all, of the praise was for a claimed feature.

The PTAB also disagreed with the examiner's position that there was no nexus because the praise and commercial success was for a door-mounted ice bin known in the art at the time. The PTAB acknowledged the rule that the secondary consideration must result from "what is both claimed and novel." But, the PTAB found that the novelty was found in the combination of elements, not the novelty of any single element.

The PTAB was very willing to find a nexus here.

Industry Praise

The appellant relied on declarations from existing employees, all of whom testified that when they previously worked for appellant's competitors, they considered the IDI refrigerators to be a "major innovation." The appellant also relied on various publications, such as a Consumer Reports article, that praised the IDI refrigerator. Practitioners should not rely exclusively on testimony of existing employees, which the PTAB can readily dismiss because of bias. But, to make their case more compelling like the appellant did here, practitioners should muster as much objective evidence as possible.

Copying

The appellant had uncovered internal documents from the requestor indicating that the patent at issue was "expected to be problematic" to the development of products competitive with the IDI refrigerators. The requestor attempted to design around the patent, but those products were nevertheless found to infringe. Rarely will practitioners have such evidence unless there was a prior or co-pending litigation, as was the case here. However, such evidence can be compelling.

Commercial Success

The appellant had expert testimony showing a market share increase from 0.6% to 4.2% over about five years. During this time, the appellant's per-unit advertising costs decreased, demonstrating that the commercial success was not due to marketing. Removing marketing as the cause of success pins that success to the invention itself and makes for a very strong showing.

Long-Felt Need

The primary reference in the prima facie case was published 24 years before the filing date of the patent at issue. The PTAB relied on the U.S. Court of Appeals for the Federal Circuit's holding in *Leo Pharmaceutical Products Ltd. v. Rea*,^[4] in which the court stated "[t]he length of the intervening time between the publication

dates of the prior art and the claimed invention can also qualify as an objective indicator of nonobviousness.” The PTAB was swayed by the appellant’s refrigerators satisfying a need that went unfulfilled for 24 years.

In view of this very powerful secondary consideration case, the PTAB reversed the examiner’s rejection.

Conclusion

It has been historically very difficult to win a secondary consideration argument at the PTAB. These three cases, however, show that the PTAB is perhaps now more willing to find such arguments persuasive in many of the types of cases that it hears, from AIA trials to appeals from examination and reexamination.

When presenting an objective-indicia case, practitioners should muster as much evidence as possible (e.g., long-felt need, failure of others, industry praise, copying, etc.). If one or more of those arguments is unsuccessful, it will not be used to negate patentability, although too much evidence that is unsuccessful can surely be seen to weaken the case.

The best evidence will come from objective sources, like publications and disinterested parties, because the PTAB cannot dismiss it (or give it little weight) due to bias. Most important, however, is demonstrating a nexus between that evidence and the claimed invention.

Ultimately, the PTAB will balance the strength of the prima facie case against the strength of the secondary consideration case. Thus, practitioners need to weaken the prima facie case as much as possible through a direct attack in conjunction with developing a strong secondary consideration case.

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[1] Lectrosionics, Inc. v. Zaxcom, Inc., Case IPR 2018-00129, Paper No. 33 (P.T.A.B. Jan. 24, 2020)

[2] Ex parte Thompson, Appeal 2011-011620 (P.T.A.B. March 21, 2014)

[3] Ex parte Whirlpool Corp., Appeal 2013-008232 (P.T.A.B. Oct. 30, 2013)

[4] Leo Pharma., v. Rea, 726 F.3d 1346, 1359 (Fed. Cir. 2013)