



Federal Circuit: PTAB Erred In Presuming Nexus Where Commercial Product Was Not Coextensive With Patented Invention

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SRAM, LLC (“Patent Owner”) is the owner of Patent No. 9,182,027 (the ‘027 Patent), which claims an improved bicycle chainring structure that maintains the bicycle chain in place better than existing chainrings. The claims at issue recite specific features, including alternating narrow and wide tooth tips and teeth offset from the center of the chainring. The claims do not, however, require additional chainring improvements identified in the specification, including an “80% gap-filling” feature. During IPR of a related patent, Patent Owner referred to this feature as “critical.”

Petitioner FOX Factory, Inc. filed two (simultaneous) IPR petitions requesting review of claims 1-26 of the ‘027 Patent. Petitioner asserted a number of grounds alleging that the claims would have been obvious based on several prior art references. The PTAB instituted review on both petitions. In response, Patent Owner introduced evidence of a number of secondary considerations, relying on certain chainring products that allegedly embodied the invention. The PTAB found that a combination of prior art references disclosed every limitation of the independent claims at issue, and that a skilled artisan would have been motivated to combine those references. Nonetheless, in light of Patent Owner’s objective evidence, the PTAB determined that Petitioner failed to show that the challenged claims would have been obvious.

On appeal, the Federal Circuit found that the PTAB had applied the wrong standard to determine whether there was a presumption of nexus between the challenged claims and the objective evidence. Objective evidence is only given substantial weight if there is a nexus

between that evidence and the challenged claims. When the objective evidence includes a product allegedly embodying a claim, a court presumes there is a nexus between the product and the claim if the product is “coextensive” with the claim. In this case, the PTAB interpreted the coextensiveness requirement to mean only that the claims must broadly cover the product. The Federal Circuit disagreed with that interpretation. The court explained that the mere presence of some unclaimed features in the product will not necessarily preclude a presumption of nexus—indeed, perfect correspondence between a product and a claim is rare. But a patent owner must show that the product is essentially the claimed invention. Here, the product in question included a number of unclaimed features that materially impacted the functionality of the product, and the Federal Circuit could not conclude that the product was the invention claimed in the '027 Patent that would trigger a presumption of nexus. Accordingly, the burden to show sufficient nexus should have remained with Patent Owner. The Federal Circuit remanded for the PTAB to consider secondary consideration under the appropriate allocation of the burden.

Practice Tip: Patent owners relying on a product to show evidence of secondary considerations should assess whether the product embodies critical unclaimed features. If so, a patent owner would be well advised to include ample evidence of nexus when arguing nonobviousness, instead of simply relying on a presumption of nexus.

Fox Factory, Inc. v. SRAM, LLC, No. 2018-2024/2018-2025 (Fed. Cir. Dec. 18, 2019)

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